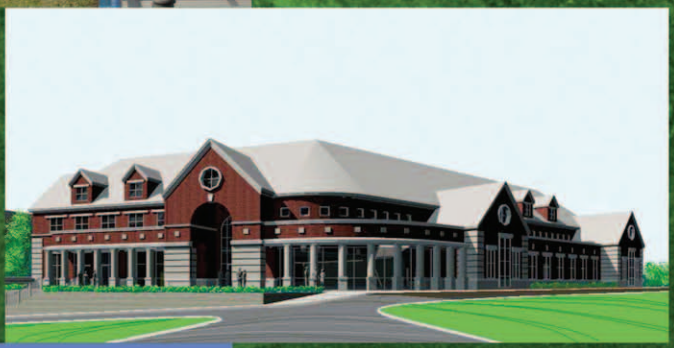
County of Fairfax, Virginia

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2007



"Continuing Our Tradition of Fiscal Excellence"

COUNTY OF FAIRFAX

1742

VIRGINIA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2007

Department of Finance

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COUNTY OF FAIRFAX
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COUNTY OF FAIRFAX, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2007

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Introductory Section

The Introductory Section contains the letter of transmittal, which provides an overview of the County of Fairfax's finances, economic prospects, and achievements. Also, included in this section is the Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association. It is the highest form of recognition in governmental financial reporting.

County of Fairfax, Virginia

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

November 9, 2007

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the County of Fairfax, Virginia (the County) for the fiscal year ended June 30, 2007 in accordance with the *Code of Virginia*. The financial statements included in this report conform to generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the County. All necessary disclosures have been included to enable the reader to gain the maximum understanding of the County's financial affairs.

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

Governmental Structure

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

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

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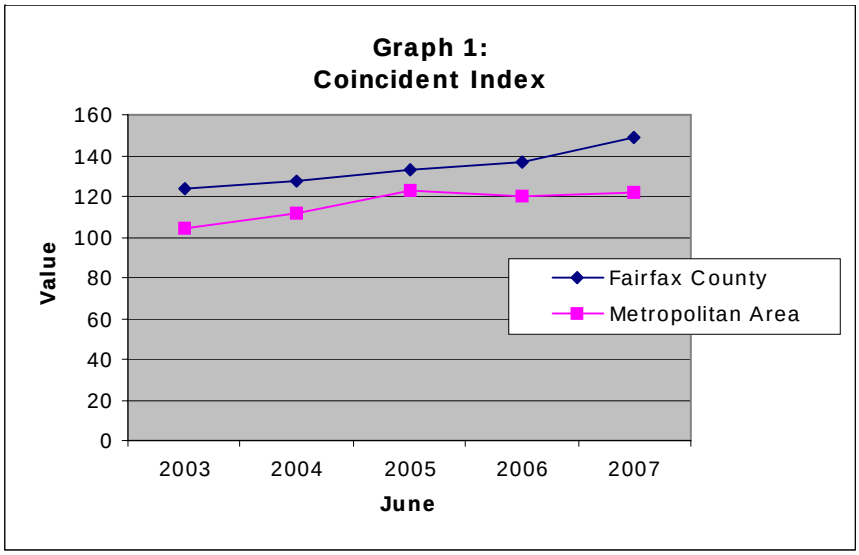
Cities and counties in Virginia are discrete units of government that under Virginia law may not be overlapping districts. Fairfax County surrounds the City of Fairfax and is adjacent to the City of Falls Church and the City of Alexandria. Properties within these cities are not subject to taxation by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

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

ECONOMIC CONDITION AND OUTLOOK

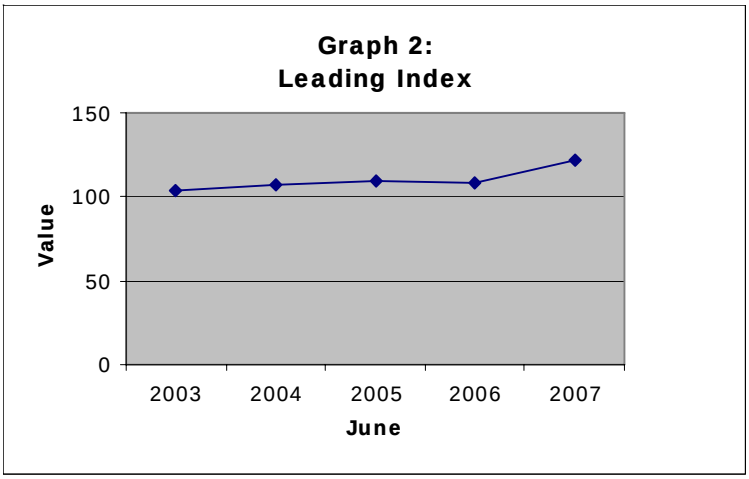
Local Economy

The Coincident Index, which represents the current state of the County's economy based on a value of 100 from 1996, was 149.1 in June 2007, as compared to 147.5 in June 2006. The Coincident Index for the Washington Metropolitan Area was 122.1 in June 2007. On a monthly over-the-year basis, the County's Coincident Index continued to increase, gaining 1.11 percent from June 2006. The Coincident Index has experienced an increase for 43 consecutive months on an over-the-year basis. Components of the Coincident Index include consumer confidence, total employment, transient occupancy tax collections, and sales tax collections. In June 2007, transient occupancy tax collections were sharply higher following three months of decline, while total employment growth, consumer confidence, and sales tax revenues all continued a downward trend. The slowdown in the economy can be partly attributed to higher energy prices and concerns regarding the downturn in the residential real estate market, which have raised consumer anxiety and shifted spending patterns. Still, the underlying strength of the region's economy has helped it to outperform the national economy and the fundamentals supporting the economy's continuing growth remain sound. Job growth of 2.2 percent and a low unemployment rate of 2.1 percent point to a growing economy, with 14,000 net new jobs being added during fiscal year 2007, accounting for 30 percent of the Washington region's gain. Graph 1 indicates the strength of the County's economy over the past five years in relation to the Washington Metropolitan Area.



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

The Leading Index, which is designed to forecast the performance of the County's economy nine to twelve months in advance and is based on a value of 100 from 1996, was 122.2 in June 2007, as compared to 121.1 in June 2006. While the Leading Index has registered gains in alternating months in 2007 it continues to track higher and has been up in 43 of the last 49 months. Components of the Leading Index for the County include initial claims for unemployment insurance, new automobile registrations, residential building permits



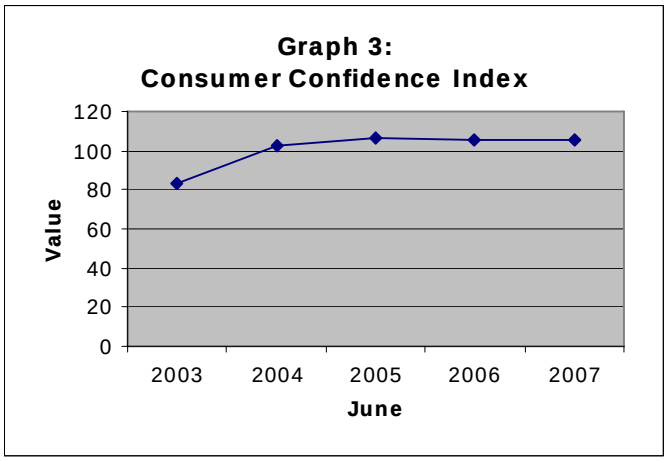
Source: Economic Indicators, Fairfax County Department of Management and Budget

and consumer expectations. In June 2007, both automobile registrations and initial unemployment insurance claims contributed to the Index's gains. The Leading Index for the County for the past five years is shown in Graph 2.

The Consumer Confidence Index, which is composed of a "present situation" factor and an "expectations" factor, was 105.3 in June 2007, as compared to 105.7 in June 2006. With consumer confidence slipping, consumer spending may continue to lag for the short term. However, with the residential real estate market expected to strengthen; gasoline prices falling with the end of the summer driving season; and the normal increase in retail spending toward the end of the year; the outlook remains positive for the remainder of the year. As Graph 3 indicates, consumer confidence has remained steady from 2005 to 2007, following a gradual increase from 2003 to 2005.

Economic Development

Economic development activities of the County are carried out through the Fairfax County Economic Development Authority (EDA) whose commissioners are appointed by the Board of Supervisors. The EDA 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 assists in resolving County-related issues. Pursuant to its enabling legislation, the EDA encourages investment in the County with tax-exempt industrial revenue bond financing.



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

To promote Fairfax County as the place to locate for a United States presence, the EDA has opened overseas offices in Bangalore, India; Tel Aviv, Israel; London, England; Frankfurt, Germany; and Seoul, South Korea. A strong foreign-owned business sector helps diversify the County's economy and enhance opportunities for trade. In 2006, the EDA assisted 172 foreign-owned business prospects with real estate requirements. In addition, in 2006 thirty-three foreign-owned firms announced investments in the County. The presence of more than 355 international firms contributes significantly to the diverse and prosperous business community in the County.

The total inventory of office space in the County was more than 105 million square feet at the end of calendar year 2006, making Fairfax County the largest office market in the Commonwealth of Virginia and one of the largest suburban office markets in the United States. Industrial/flex inventory in the County was estimated at 38.4 square million feet. The vacancy rates (including sublet space) for the office market and industrial flex markets were 9.2 percent and 7.8 percent, respectively, in 2006.

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. 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. Dulles averages over 60,000 passengers daily, with service to 81 domestic and 41 international destinations. On the East Coast, the airport is the second largest transatlantic gateway. Over 23 million passengers, including more than 5 million international travelers, flew in and out of Washington Dulles in 2006.

The redevelopment and revitalization of the County's more mature business areas continue to be supported by the Board. There are seven designated commercial areas of the County, including 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. Revitalization projects are underway or near completion in each of these areas. These projects involve planning for a community vision and sense of place, marketing of local businesses, and attracting private development and investment. A number of capital improvements to the streetscapes, such as new sidewalks, trees, and upgraded street lighting, have enhanced these communities.

The County continues to be actively involved in planning for the impact of BRAC (Base Realignment and Closure) to Fort Belvoir. BRAC will result in the net addition of approximately 19,000 workers to the southern area of the County. BRAC realigns Fort Belvoir adding administrative, medical, and special/intelligence missions creating the requirement for roads, including a multi-modal transportation infrastructure, utilities, and support facilities by September 2011.

Employment

Approximately 31,200 payroll businesses, including corporate and regional headquarters, information technology firms, sales and marketing offices, and business services are located within Fairfax County. Local businesses create employment in such diverse areas as computer software development and systems integration; telecommunications; Internet and Internet-related services; wholesale and retail trade; defense and homeland security; and financial services. A very high proportion of local jobs are in high-wage, highly skilled technical, professional, scientific, and managerial service occupations.

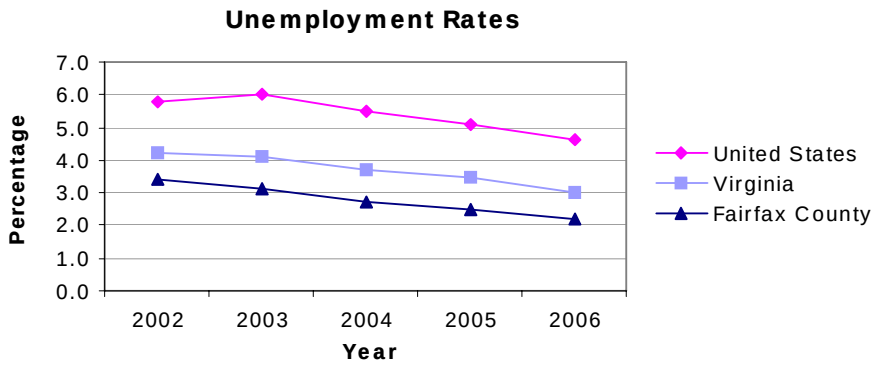
Quality firms and industries continue to thrive in Fairfax County. The County is home to more than 5,000 technology companies, seven Fortune 500 companies, 358 foreign-owned firms, and nearly 300 trade associations. Area companies range from entrepreneurial startups to Fortune 500 corporate headquarters. More than 90 percent of local business establishments have fewer than 50 employees. A major global business center, the County also has a sizable and growing base of large and mid-sized companies. More than 40 private, non-retail companies have 1,000 or more employees based in the County. Minority and woman-owned businesses also make considerable contributions to the County's economy. The County leads Virginia in the number of companies owned by Asians and Pacific Islanders, African-Americans, Hispanics, American Indian and Alaska Natives, and women.

The County hosts a large and lively mix of technology-driven enterprises that deliver a full spectrum of high-end services and solutions to government, industry, and consumer markets worldwide. Nearly 5,000 technology establishments directly employ over 125,000 people – one in four jobs countywide. Technology firms specialize in aerospace, biotech/biomedical, energy/environment, engineering/R&D, enterprise software, systems integration, technology consulting, and telecommunications. Since 1980, technology job growth has increased nearly seven-fold. The Washington Metropolitan Area has more technology jobs than any other metro area in the United States, and Fairfax County is home to 20 of the top 30 largest technology employers in the area.

The County has outpaced the nation, the state, and the Washington region in job creation and economic growth in 2006. Since 1990, the County has added more than 10,000 new business establishments and 250,000 new jobs. Through the efforts of the EDA, more than 6,000 jobs were added by 144 companies during 2006. The County has become a job magnet since 1990 as outsourced federal government work fuels the growth of private-sector companies, especially those that do work for the Defense and Homeland Security departments. The County's proximity to Washington Dulles International Airport has also boosted economic development.

The unemployment rate in the County was 2.1 percent in June 2007, a decrease from the 2.5 level reported in June 2006. The Commonwealth of Virginia and national unemployment rates in June 2007 were 3.2 percent and 4.5 percent, respectively. The number of County residents holding jobs in June 2007 was approximately 590,000, representing a gain of almost 12,000 residents, or 2.1 percent over June 2006.

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

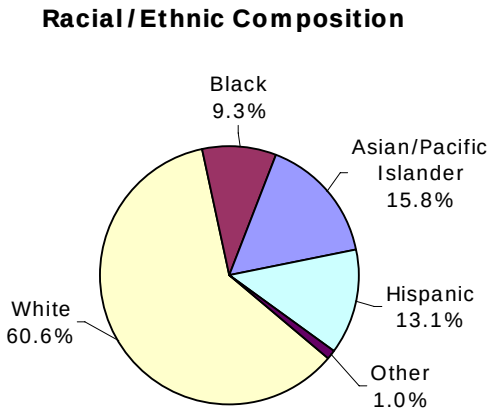


Source: Virginia Employment Commission, Annual Unemployment Statistics

Demographic Information

The estimated population of the County for calendar year 2006 is slightly over one million people. In 1980, Fairfax County was the third most populous jurisdiction in the Washington, D.C. Metropolitan Area, as defined by the U.S. Census Bureau (Census), with a population of 596,900. By 1990, Fairfax County, with 818,600 residents, had become the most populous jurisdiction in the metropolitan region. In 2002, Fairfax County crossed the one million mark, with a population of 1,004,400 people. It is anticipated that the population will grow to 1.2 million people by the year 2025.

As illustrated in the charts that follow, the composition of the County's population is quite diverse. In 2006, almost 40 percent of the population was non-white. In 2005, almost 40 percent of the County's population consisted of ethnic minorities. The fastest growing group – Hispanics – has doubled their share of the County's

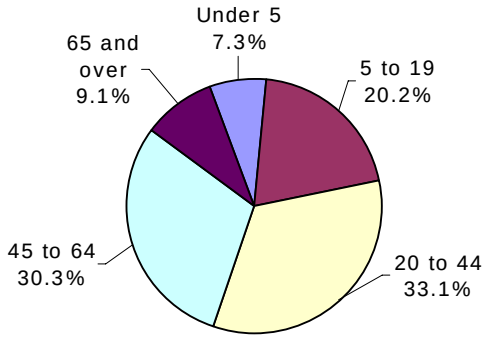


Source: U.S. Census Bureau, 2006 American Community Survey

population between 1990 and 2005. Asians and Pacific Islanders are the second fastest growing ethnic or racial group, having doubled their percentage of the County's population since 1990. These two minority groups are anticipated to remain the County's most rapidly expanding racial or ethnic groups during the next five years. In 2006, nearly 33 percent of all County residents spoke a language other than English at home. In 2006, almost 40.0 percent of the population was 45 years or older, while slightly more than a quarter of the population was under 20 years old.

As reported in the American Community Survey, Fairfax County had an annual median household income of $103,318 in 2006, as compared to $54,301 in the Commonwealth of Virginia and $48,451 in the United States. The County's level in 2006 is more than double the income level in 1983 of $42,600 and is the highest of any county in Virginia.

Population Age Distribution



Source: U.S. Census Bureau, 2006 American Community Survey

The style, size, and value of homes being built in the County have changed dramatically since 1970. Today's homes are larger in size, more densely grouped, and less likely to be detached single-family homes. In 1970, nearly 70 percent of the housing in the County was single-family detached units, 24.4 percent was multi-family units, and only 5.9 percent was townhouse units. As of 2006, single-family detached units represent 52.4 percent and townhouses make up 23.6 percent. In addition, the median size of a single-family detached home more than doubled from 1,800 square feet in 1970 to over 3,700 square feet in 2003. The median market value of owner-occupied housing has increased considerably since 1970. In 1970, the median value of a housing unit was $35,400 compared to $575,900 in 2006.

Public Schools

Fairfax County Public Schools (FCPS), with a student population of 164,486 for fiscal year 2007, is the largest educational system in the Commonwealth of Virginia and is the 13th largest in the United States out of over 15,000 school divisions. The School Board is composed of nine magisterial (election) district representatives plus three at-large members with each member serving a four-year term. A student representative, selected for a one-year term, participates in discussions but does not vote. The operating costs of FCPS are funded primarily by payments from the General Fund of the County to FCPS; additional funds are provided by the federal government and the Commonwealth of Virginia. Capital funding for public school facilities is provided primarily by the sale of general obligation bonds by the County.

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

To meet the individual needs of students and to enhance academic achievement, FCPS offers a wide variety of programs starting in elementary school and continuing through high school graduation and beyond to adult education. At the elementary school level, for the 2007–2008 school year, 73 schools offer full-day kindergarten; 20 schools are Project Excel schools, offering a reorganized school day, focused instructional programs, and computer-based phonics instruction; 18 schools are identified as focus schools, offering unique school-wide instructional initiatives to benefit the school's students and the community; and 27 schools offer foreign language partial-immersion programs.

At the middle and high school levels, FCPS continues to offer students challenging academic experiences. The May 2006 issue of *Newsweek* cited FCPS high schools as among the top high schools in the country based on the ability to challenge students with Advanced Placement (AP) or International Baccalaureate (IB) courses. Four school teams comprised of middle and high schools offer the IB Middle Year program which prepares students for the IB diploma program offered at eight FCPS high schools. A total of 277 FCPS students – 78.4 percent of all candidates – earned the International Baccalaureate (IB) diploma in 2007. In addition, programs for gifted students are available at all grades in all schools and qualified students may attend Thomas Jefferson High School for Science and Technology (TJHSST), which is designated as one of the Governor's magnet schools for science and technology.

An extensive program for students pursuing opportunities in technical careers also has been developed. FCPS has five professional technical academies, offering courses in business, health occupations, industrial technology, marketing, engineering, international studies, human services, communications, and work and family studies program areas. FCPS also provides an extensive adult education program offering basic education courses and vocational and enrichment programs to adults in the community.

There is a strong academic program across the County for college-bound students. For school year 2005-2006, 59.1 percent of graduates earned advanced diplomas, and approximately 93.2 percent of high school graduates continued on to post-secondary educational programs. The National Merit Scholarship Corporation announced that 209 FCPS seniors had been named semifinalists in the 2008 National Merit Scholarship program. Thomas Jefferson High School for Science and Technology had 151 semi-finalists. In fiscal year 2007, the County had 85 final scholarship recipients. In 2007, the number of advanced placement exams taken increased more than 10 percent over 2006, and since 2004 there has been an overall increase of 35 percent in the number of exams taken. In addition to the increase in the number of tests taken, there is a slight improvement in the percentage of exam scores of three or above to 67 percent in 2007, up from 66 percent in 2006. In 2007, FCPS students had an average combined critical reading, mathematics, and writing SAT score of 1639 as compared to the combined average score for Virginia of 1520 and the national average of 1511.

FCPS has developed strong accountability systems to ensure that every child receives a quality education as compelled by the federal No Child Left Behind Act (NCLB). For the 2006-2007 school year, FCPS invested in enhancements such as the FCPS 24/7 Learning Initiative to develop Standards of Learning predictor assessments and formative assessments. This data is used to tailor remediation efforts to each child's needs. Students in FCPS continue to show improvement on the Virginia Standards of Learning (SOL) tests and are passing with advanced proficiency in greater numbers – in some subjects over the 50 percent mark – according to 2006-2007 preliminary data released by the Virginia Department of Education.

FCPS also emphasizes the use of technology throughout its programs. FCPS has a three to one student to computer ratio with more than 90,000 workstations. All teachers and staff members have access to e-mail, and all classrooms and administrative sites are connected for Internet access with Internet content filtering to block inappropriate websites. In addition, wireless laptop labs continue to be implemented at many schools. A web-enabled library system is available for students and parents and the Keep in Touch system provides citizens the ability to receive school closing announcements and other school-related information via e-mail. In 2007, FCPS was named a winner of the prestigious CIO 100 Award from *Chief Information Officer* (CIO) magazine in recognition of its innovative use of information technology. FCPS was recognized for the creation and deployment of the FCPS 24-7 Learning Initiative, an instructional web portal that combines content management and web technologies and offers students, teachers, parents, and staff members round-the-clock access to instructional materials and student assignments via the internet. This is the fourth CIO 100 Award won by FCPS in five years.

Colleges and Universities

George Mason University (GMU) and Northern Virginia Community College (NVCC) are the two largest higher education institutions located in Fairfax County. For the 2005-2006 school year, GMU had an enrollment of nearly 30,000 students in 156 disciplines, including doctoral programs, while NVCC had approximately 64,000 students in six campuses in Northern Virginia. Other institutions of higher education located in Fairfax County include Averett University, the Keller Graduate School of Management, ITT Technical Institute, National-Louis University, the Virginia Polytechnic Institute and State University, and the University of Virginia – the latter two located in the Northern Virginia Graduate Center - and the recently opened University of Virginia Darden School of Business. 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.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

Continuing Our Tradition of Fiscal Excellence

For the 30th consecutive year the County was recognized by the Government Finance Officers Association (GFOA) for excellence in financial reporting. In addition, for the 22nd consecutive year the County received the Distinguished Budget Presentation Award for its annual budget for fiscal year 2008. The County prides itself on continuing its tradition of fiscal excellence as evidenced by its unique financing arrangements to accomplish strategic goals; its spirit of full disclosure in financial reporting; its capital improvement program; and its participative budgetary process confirmed by an award-winning performance measurement program. Fiscal excellence allows the County to thrive in a creative economy and continue its commitment to public safety, quality communities, affordable housing, environmental stewardship, transportation improvements, and technology initiatives.

The Creative Economy

The County has been selected to host the 2007 National Conference on the Creative Economy. Sponsored in part by *Fortune* magazine, the conference will examine the role that a strong, creative workforce plays in the growth and success of businesses and communities in an information-based economy. For over 30 years, the County's Economic Development Authority has promoted the County as one of the world's premier business locations, and the County is winning national attention for what is one of the most remarkable economic transformations in history. The U.S. Department of Labor, *Time* magazine, and the *Wall Street Journal* have all recently recognized the County for its economic success, and this national attention will continue when the County hosts this conference October 24-25, 2007.

This attention speaks volumes to the companies that the County wants to attract, retain, and support. It tells companies that this is a vibrant business community that has all the elements needed to be successful: a highly skilled workforce, plentiful market opportunities, domestic and international air connections, and a standard of living that appeals to employees and their families.

Commitment to Public Safety

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

In anticipation of future needs for public safety, the County has started construction on the new Public Safety and Transportation Operations Center (PSTOC). The 113,000 square-foot PSTOC will consolidate regional public safety and transportation operations in a partnership between the County, the Commonwealth of

Virginia, and the Washington Metropolitan Area Transit Authority. The centerpiece of the project provides for locating the County's Public Safety Communications Center and an Emergency Operations Center under the same roof with the Virginia State Police communications center and the Virginia Department of Transportation's traffic management center. The PSTOC will be operational 24 hours a day, 7 days per week. Co-locating these first responders will create opportunities for better coordination and response. Groundbreaking was in late 2005 and the PSTOC is slated to open in early summer 2008.

Homeland security and emergency preparedness are key priorities in the County. The County manages a Community Emergency Alert Network (CEAN) to deliver important emergency alerts, notifications, and updates to citizens during a major crisis or emergency in the County. The County received the top honor in the Emergency Management, Large Government category for its CEAN from the Public Technology Institute in its 2005/2006 Technology Solutions Award competition, an annual program that recognizes local governments that have demonstrated how they have improved services to the community. The County also presented its *Ready...Pack...Go* emergency preparedness campaign targeting area faith community leaders who then educated their faith community members about preparing a home emergency preparedness kit.

In 2007, the County received the Catalyst Award from Emergency Services Integrators, Inc.'s WebEOC User Advisory Board. WebEOC is a web-based incident management software system used by emergency managers and other County departments to better manage significant events. In late 2005, the County took the lead in the Northern Virginia region by becoming the recipient of more than $1.2M in federal grant funds to create a Northern Virginia WebEOC program. The award is given for outstanding regional WebEOC integration, sharing of data and user group information. The NOVA WebEOC Users Group, consisting of 10 Northern Virginia jurisdictions of which Fairfax is the nexus, was judged to meet the high standards of the award by having a grouping of three or more WebEOCs share data within an active user group.

In September 2006, the County completed its plan for handling a pandemic flu outbreak. The County has taken a coordinated approach to planning for pandemic flu, involving numerous County agencies, Public Schools, the cities of Fairfax and Falls Church, the towns of Herndon and Vienna, as well as area hospitals, the Red Cross, and other private sector groups and partner organizations. In 2007, the County presented a series of seminars titled "Keeping Your Business Healthy: Strategies for Small Businesses During an Influenza Pandemic." The seminars focused on the latest pandemic flu information and the significance of building a plan to continue business operations in the event that a flu pandemic occurs. Experts from the County's Health Department conducted presentations and provided resources to help business owners develop a pandemic flu preparedness plan.

Quality Communities

The County prides itself on its diverse communities and quality cultural programs and attractions. In anticipation of continued growth in population and rapid cultural and ethnic diversification, the County is finding ways to reach out to its citizens. The County provides numerous outreach programs for citizens that have been recognized for innovation and success. In August 2006, the County was recognized by the National Association of Area Agencies on Aging (NAAAA) for its Cluster Care Volunteer Program which supplies support services to help seniors stay in their own homes as long as possible. In addition, the County won three achievement awards from NAAAA for its Korean Meals on Wheels program, the Northern Virginia long-term care program, and its aging network legislative breakfast, which encourages senior advocates to work together with lawmakers on senior issues.

The County's commitment to cultural programs and attractions makes it a quality community. The Steven F. Udvar-Hazy Center of the Smithsonian National Air and Space Museum opened its doors in Fairfax County on December 15, 2003 – the 100th anniversary of flight. The Smithsonian Board of Regents selected 176 acres of Washington Dulles International Airport as the site for this museum in 1990, resulting in a $311 million expansion of the airport. The museum boasts 270 rare and historic aircraft and spacecraft, including the Space Shuttle Enterprise, an SR 71 Blackbird, the Enola Gay, and a Concorde. In addition to the aircraft,

the museum also has a 164-foot tall observation tower from which visitors can observe airplanes on their final approach into Washington Dulles International Airport, a 479-seat IMAX theater, discovery stations, and a flight simulation ride. In 2006 the museum had 1,012,829 visitors.

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

The County also prides itself on its parks and recreation facilities. The County has 23,977 acres of park land through the Park Authority, including 288 athletic fields, nine golf courses, and 64 historic sites. In July 2007, the County adopted a "30-Year Tree Canopy Goal" with a goal to blanket 45 percent of the County with tree cover by 2037. In order to achieve this goal up to 400 trees per year will be planted at County facilities for the next 30 years to reduce pollution and energy costs. Trees make a significant positive impact on the environment, and this effort is expected to provide significant savings to taxpayers by reducing mid-day air temperatures, promoting air pollution removal, and absorbing a significant amount of carbon dioxide, which reduces the need for greenhouse reduction services.

The County operates eight regional libraries, thirteen community libraries, and an access services center that provides unique services for residents with visual and physical disabilities. Additional community libraries in Burke and Oakton are scheduled to be opened in 2008. In fiscal year 2007, more than 11.9 million items were borrowed from the library's collection of nearly three million books, CDs, DVDs, magazines, and other items. Also in fiscal year 2007, more than 5.3 million visits were made to the branches and 3.6 million visits were made to the library's website. The library offers a wide variety of services both in the branches and via the website. The library has computers for access to the Internet, the catalog, ebooks, downloadable audio books and databases. The library sponsors various programs: national and local author readings and book signings, local musical concerts, and events for the diverse population of the County.

Shopping opportunities abound and continue to grow throughout the County. With more than 200 shopping centers and thousands of restaurants offering a variety of world cuisine, Fairfax County offers one of the best shopping and dining experiences on the east coast. Tysons Corner, the "downtown" of Fairfax County, is home to several malls that feature such retailers as Macy's, Neiman Marcus, Nordstrom, Saks Fifth Avenue, and Bloomingdale's. The recently opened Fairfax Corner is a mixed-use development that offers main street style shopping at both national chains and local boutiques. It features a state-of-the-art movie theater and one of the best mixes of restaurants in the area.

Affordable Housing

As the cost of homes continues to rise in the County, affordable housing is a key concern. The Board of Supervisors has made affordable housing in the County a priority, stating that "opportunities should be available to all who live or work in Fairfax County to purchase or rent safe, decent, affordable housing within their means." This goal is being achieved through the Fairfax County Redevelopment and Housing Authority and its for- and non-profit community partners by managing and maintaining quality affordable rental housing; administering rental housing subsidies in accordance with federal regulations and local policies; and providing homeownership opportunities to eligible households. The Board has approved several affordable housing initiatives, ranging from providing assistance to first-time homebuyers to helping public employees, such as public safety personnel, teachers, and others, find housing in the County. Other measures are aimed at encouraging reinvestment in the County's older neighborhoods.

For fiscal year 2006, the Board approved the establishment of a new fund to aid in financing affordable housing. The Penny for Affordable Housing Fund represents the dedication of the value of one cent on the real estate tax rate, or $21.9 million in fiscal year 2007 and $22.7 million in fiscal year 2008, toward the preservation of affordable housing. In 2004, the Board set a goal to preserve 1,000 units of affordable housing by 2007. This goal of 1,000 units was exceeded almost one year ahead of schedule, and as a result the Board set a goal of preserving 1,500 additional units of affordable housing by 2011. As of the end of fiscal year 2007, 1,412 units of affordable housing had been preserved.

In recognition of its affordable housing preservation efforts, the County received the Virginia Association of Counties Achievement Award in July 2006. The Affordable Housing Preservation Initiative was selected for its innovation, model practices, and collaboration. In addition, the Chairman of the Board of Supervisors received the AHOME Preservation Award for his vision to preserve affordable housing in Northern Virginia and for creating and implementing the Penny for Affordable Housing Fund. AHOME (Affordable Housing Opportunity Means Everyone) is a coalition of community businesses, developers, unions, resident organizations, and other nonprofit public service groups interested in finding ways to meet community needs for affordable housing.

Related to the affordable housing initiative is the County's program to combat homelessness. In October 2005, the Board strongly endorsed the creation of a new strategic plan to end homelessness in the County within ten years. In February 2007, the Board endorsed the strategic plan, "Blueprint for Success: Strategic Direction for the Plan to Prevent and End Homelessness in the Fairfax-Falls Church Community." In April 2007, the Board appointed a 95-member committee tasked with recommending specific action steps, identifying roles and responsibilities, and developing a monitoring and evaluating process. The committee includes representatives from housing development organizations, business and financial institutions, health care and mental health providers, faith communities, employment services, nonprofit service providers and public agencies – the broad range of community partners that can prevent and end homelessness. The County currently has six emergency shelters operated by nonprofit organizations. Construction began in the spring of 2006 on the County's newest shelter, the Katherine K. Hanley Family Shelter, to provide safe, temporary housing for families. The shelter officially opened on August 4, 2007, and houses up to 20 families or a total of 60 people.

Environmental Stewardship

The County recognizes the importance of environmental stewardship. This commitment to the environment is evidenced by the awards the County has received as well as its initiatives. In June 2004, the County adopted a 20-year environmental vision plan as a blueprint for environmental protections. The blueprint emphasizes the leadership needed to ensure a healthy and beautiful environment for future generations. Specifically, the plan addresses six core areas for protecting and enhancing the environment, including growth and land use; air quality and transportation; water quality; solid waste; parks, trails, and open space; and environmental stewardship. In 2006, the County received a National Association of Counties Achievement Award for "Environmental Excellence for Fairfax County – A 20 Year Vision."

In fiscal year 2007, the County's Noman M. Cole, Jr. Pollution Control Plant received the Platinum Peak Performance Award from the National Association of Clean Water Agencies. This distinction was given to only 76 of the approximately 16,500 municipal wastewater treatment plants across the nation. The award recognizes plants that met 100 percent of federal standards for preventing pollution for more than five consecutive years. The plant has protected the water quality of the County's streams and watersheds, as well as the Chesapeake Bay. Last year, the plant was honored for the 20th consecutive time for its efforts to protect the Bay.

Another County initiative to support the environment involves stormwater management. Stormwater management is essential to protect public safety, preserve home values, and support environmental mandates, such as those aimed at protecting the Chesapeake Bay and the water quality of other local waterways. For

fiscal year 2006, the Board approved the establishment of the Stormwater Management Program Fund to support the long-term needs of the County's stormwater capital program. The Board designated $21.9 million in fiscal year 2007 and $22.7 million in fiscal year 2008 to fund this program. Projects will include stabilization of streams, rehabilitation and safety upgrades of dams, repair and replacement of underground pipe systems and surface channels, flood proofing structures, and state-of-the-art regional detention ponds.

In 2007, the County joined other counties from across the country in announcing the creation of the "Cool Counties Climate Stabilization Declaration", a major new initiative to combat global warming. The counties pledge to reduce global warming emissions 80 percent by 2050, an average annual reduction of two percent. The Cool Counties Climate Stabilization Declaration also urges the federal government to adopt legislation requiring an 80 percent emissions reduction by 2050 and calls for fuel economy standards to be raised to 35 miles per gallon within a decade. The County has several efforts underway to contribute to the achievement of these goals – Green Vehicles, Energy Efficiency, Renewable Energy, and a Land Use and Transportation Policy. In 2007, the County was recognized by the EPA as both an Energy Star Partner and a Green Power Partner for efforts to reduce the risk of climate change through green power purchasing.

Conservation and protection of land are key tenants of environmental stewardship. The County's Department of Public Works and Environmental Services honors excellence in environmental conservation by developers, designers, site superintendents, and contractors whose projects best demonstrate excellence in erosion, sediment control design and implementation, and tree preservation through an annual land conservation award program. In addition, the County has issued brochures about environmental stewardship, such as encouraging residents to plant trees, as part of its campaign for the environment.

Transportation Improvements

The County recognizes the importance of transportation for residents who work in and around the County, especially given the trend of rapid population growth and urbanization of the County. The 2006 American Community Survey estimates the average travel time to work as 31.2 minutes for residents of the County. Approximately 72 percent of the County's employed population drives alone to work, while almost 12 percent carpools. Approximately nine percent uses public transportation and nearly three percent walks, rides a bicycle, or uses other means.

There are several transportation services available in the County, including the Fairfax Connector and FASTRAN bus systems, Metrobus and Metrorail, and the Virginia Railway Express. With a fleet of over 200 buses, Fairfax Connector had nearly 10 million passengers in fiscal year 2007. The Chairman of the Board of Supervisors received the 2006 Local Distinguished Service Award from the American Public Transportation Association, in recognition of his significant contributions to excellence in the public transportation industry. This excellence is evident in the recent opening of the Reston Town Center Transit Station where travelers can ride Fairfax Connector buses to area shopping malls, business districts, and metro stations seven days a week for a fare of only one dollar. Travelers can obtain free maps and schedules and purchase tickets, passes, and other fare media for all regional transit systems at the new Transit Station.

Bicycling is also becoming a more viable and popular option for commuting in the County. In September 2006 the Board launched a Comprehensive Bicycle Initiative that includes instituting a full-time bicycle program coordinator, creating a countywide bicycle map, and establishing a pilot program in a specific area of the County for an interconnected bicycling network. Bike racks are being placed on County buses with 100 percent of the Fairfax Connector fleet expected to be equipped in the fall of 2007. In April 2006, the Washington Area Bicyclist Association recognized the County's Board of Supervisors for focusing attention on the need to improve facilities and procedures for bicycle transportation in the County. The Board also celebrates the annual Bike to Work Day in May by encouraging residents to participate as an effective means to improve air quality, reduce traffic congestion, and conserve energy.

Another viable transportation option promoted in the County is teleworking, or telecommuting. The County began a telework program for government employees in 1995. Currently, more than 1,000 County employees telework an average of one day a month. The County was the first jurisdiction to reach – and then exceed – the regional goal set by the Metropolitan Washington Council of Governments to have 20 percent of the County's 5,000 eligible employees teleworking at least one day a week by 2005. The Fairfax County Employer Services program (FCESP) continues to partner with major employers, developers, and multi-family complexes in promoting and encouraging alternative commuting options. Teleworking helps reduce traffic, noise, emissions, and commuter stress.

In addition, two major state-supported initiatives have been advancing to improve transportation in the County. The Springfield Interchange Improvement Project, an 8-year, 7-phase construction project that began in March 1999, was dedicated in a ceremony marking its completion on July 18, 2007. The project comprised nearly $700 million in improvements consisting of building more than 50 ramps and overpasses and widening Interstate 95 to 24 lanes to improve traffic flow and make driving safer for commuters and long-distance travelers. Another initiative is the Woodrow Wilson Bridge (WWB) Project. The WWB area is a seven and a half mile corridor beginning in Maryland and connecting to Virginia by a bridge over the Potomac River. This multi-jurisdictional project consists of the replacement of the existing WWB and the upgrading of four interchanges to ease traffic congestion within the project area. The entire project is scheduled for completion in 2012.

Another transportation initiative involves the Dulles Rail Project. This project involves the extension of the Metrorail system for rapid transit in the Dulles corridor. The planned 23+ miles extension will originate from the Orange Line between the East and West Falls Church Metro stations and will pass through the Tysons Corner area to Dulles International Airport. A two-phased approach has been proposed due to federal funding constraints. Funding for Phase 1 – which consists of rail through Tysons Corner into Reston – is to be shared by the federal government (44 percent), State government (28 percent), and local government (28 percent). In February 2004, in response to a petition from businesses representing a majority of the commercial property in the first phase of the rail project, the Board approved the creation of a special tax district for commercial properties, which will pay the local share for rail. The target date for completion of Phase 1 is 2012, and the entire project, with rail to Dulles International Airport, is scheduled to be completed by 2015.

Technology Initiatives

Fairfax County takes a very strategic approach to e-Government and information technology planning and governance as evidenced by recently received national recognition and accolades. In 2007, the County was again ranked as one of the top five digital counties in the United States among jurisdictions with populations over 500,000 based on a survey by the Center for Digital Government and the National Association of Counties. Also in 2007, the County was rated first in the nation in the Center for Digital Government's "Best of the Web" rankings. The County's award winning e-Government program addresses the digital divide and has been successful in creating a 24 hour "government without walls, doors, or clocks," which has contributed to its ability to respond to the growing demands for services with optimal operational efficiencies.

The County's e-Government program is the centerpiece of its electronic citizen services initiative. The e-Government program is a multi-channel solution that includes the County's website, Interactive Voice Response (IVR) system, 29 multimedia kiosks located throughout the County, mobile access solutions, emergency alerts via text messaging, customer relationship management (CRM) initiatives, and broadcast cable television. The County also has embraced social media in its e-Government program, utilizing Podcasts, RSS Newsfeeds, moderated discussion sessions, and even a Fairfax County Public Library presence on MySpace as e-Government tools.

The County's website averages more than 1,200,000 visits per month for information and/or transactions. There were over 1,080,000 calls to the IVR in fiscal year 2007 and nearly 10.8 million screen touches have been registered at the multimedia kiosks since 1996. The County's "Contact Us" mobile access application allows constituents to access the County's phone contact and e-mail contact lists and utilize them from their PDAs and mobile phones to directly contact the County. E-Government access options provide the ability for citizens to receive information and do business with their government electronically with optimum flexibility regardless of media.

The County's broadcast cable television station, Channel 16, has been named the best government access cable television station in the nation for 2006 by the Alliance for Community Media. It is the fourth time the County has won the award in the Overall Excellence of Governmental Access category, with previous awards given in 1996, 1999, and 2005. Channel 16 also is the winner of 13 Cable ACE Awards and over 100 other national awards for video excellence. Channel 16 reaches over 700,000 people in the County and boasts over 100 hours of original programming (including call-in shows), 147 hours of live government meetings, 213 programs describing County services, and 300 hours of captioned meetings. Channel 16 also is available through a live web-cast and utilizes bulletin board messaging with 2,500 messages posted to date.

To make technology available to the entire population, the County also provides public computers in libraries and other County facilities. To augment public computer access, in late 2005 wireless service was implemented in five public libraries. The County plans to add wireless to all public libraries in fiscal year 2008. The County is continuing to expand its program for implementing secure wireless access points for other County facilities that offer public computer use. In addition, the County has created an "Access Fairfax Center" in the South County Human Services Center, where citizens can use technology to access County services.

In 2006, the County released a new application on the County website called My Neighborhood. My Neighborhood utilizes geographic information system (GIS) data to provide information about County resources based on a specific location. By entering a County address, users can quickly get information such as elected officials (County, state, and federal), fire stations, police stations, school attendance areas, voting precinct, health and public services facilities, parks facilities, and demographics. In 2006, the County's Board of Supervisors created a citizen advisory committee to focus on easier public access to land development information. The committee used My Neighborhood as the centerpiece for its 2007 recommendations to the Board, which include additional web-based enhancements and a broader range of publicly accessible information through new portals and enhanced search options.

The County continues to develop numerous public and private partnerships and collaborative efforts in its approach to information technology. In 2007, the County's new streamlined inspections and contractor licensing verification module, known as FIDO (Fairfax Inspections Database Online), was implemented. The FIDO application is an enterprise-class solution, supporting five agencies' inspections, permits and issues tracking in a single technical solution. Wireless mobile access is being implemented for field work efficiency. FIDO represents a unique collaboration with the Commonwealth of Virginia and incorporates the State's electronic contractor licensing database to make the overall building permit process quicker, easier, and more efficient.

FINANCIAL INFORMATION

Ten Principles of Sound Financial Management

The keystone to the County's ability to maintain its fiscal integrity is the continuing commitment of the County's Board of Supervisors. This commitment is evidenced by the Board's adoption in 1975 of County-developed policies, collectively known as the *Ten Principles of Sound Financial Management*, which remain the policy context in which financial decisions are considered and made. These principles relate primarily to the integration of capital planning, debt planning, cash management, and productivity as a means of ensuring

prudent and responsible allocation of the County's resources. From time to time the Board of Supervisors has amended these principles in order to address the changing economic conditions and management practices.

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

Budgetary and Accounting Controls

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

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

In September 1999, the Board of Supervisors approved the establishment of a Revenue Stabilization Fund, which is included in the General Fund for reporting purposes, to provide a mechanism for maintaining a balanced budget without resorting to tax increases and expenditure reductions that aggravate the stresses imposed by the cyclical nature of the economy. The Board established the fund with the condition that it will not be used as a method of addressing the demand for new or expanded services, but will be used solely as a financial tool in the event of an economic downturn, and then only under certain parameters. The Revenue Stabilization Fund has a targeted balance of 3.0 percent of General Fund disbursements and is separate and distinct from the County's 2.0 percent Managed Reserve, which was initially established in fiscal year 1983. The aggregate of both reserves will not exceed 5.0 percent. As of June 30, 2007, the Revenue Stabilization Fund and Managed Reserve balances were $96,683,018 and $65,779,947, respectively.

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

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

As part of the County's Single Audit, tests were made of the County's internal control structure and of its compliance with applicable laws and regulations, including those related to major federal financial assistance programs. The testing of major federal financial assistance programs for the year ended June 30, 2007,

disclosed no material internal control weaknesses or material violations of laws and regulations. The Single Audit Report is published under separate cover.

Debt Administration

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

Factors contributing to Fairfax County's high credit rating include recognized excellence in financial management, excellent tax collection rates, low debt ratios, and high income levels. As of April 2007, only 7 of 50 states, 22 of 3,107 counties and 23 of 22,529 cities in the U.S. have such high bond ratings from all three rating agencies. The high credit ratings enable Fairfax County to sell bonds at interest rates significantly lower than those of most municipalities, representing substantial savings for County taxpayers throughout the life of the bonds.

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

OTHER INFORMATION

Independent Audit

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

Awards

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR for the fiscal year ended June 30, 2006. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Distinguished Budget Presentation Award

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

Investment Policy Award

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

Annual National Association of Counties (NACo) Awards

The NACo awards are national recognition of significant innovative programs and activities that improve the organization, management, or service of county governments. The County received the following two NACo Achievement Awards and one Acts of Caring Award for innovative programs in 2007:

> ***Lorton Arts Foundation*** – The Fairfax County Department of Management and Budget, Wachovia Bank, and the Fairfax County Economic Development Authority collaborated in assembling the financing for the development and operation of a project that plans for the reuse of the Occoquan Workhouse site, which is 56 acres of a 2,434-acre former correction facility. The ultimate development plan for the property includes: artists studios, an art gallery and exhibition space, a prison museum, theater and performing arts studios, a multi-person events center, visitors and community heritage center, and administrative offices. Also planned is construction of two up-scale restaurants, an artist colony providing approximately 40 units of housing, and an indoor/outdoor performance center. The business plan anticipates that annual County support will not be necessary after five years. When the contingent lease expires after 10 years, the Lorton Arts Foundation will be entirely self-sufficient.
>
> ***Teen Volunteer Fairs*** – "Sharing the Wealth – Teen Volunteer Fairs" is a project benefiting four constituencies – teens in search of volunteer opportunities; nonprofit and government groups in need of volunteers; schools trying to help their students find valuable community service opportunities; and library staff looking to better serve potential teen volunteers. In partnership with Volunteer Fairfax, a nonprofit organization that developed a list of organizations that needed student volunteers, coordinators at participating library branches set a fair date, contacted local nonprofits, and provided space and logistical support for each teen volunteer fair. The library planning group also developed an 11-page handbook, "Do-It-Yourself Youth Volunteer Fair Kit" to share with other library branches. Volunteer Fairfax has used this handbook to organize its own fair held at one of the library branches.
>
> ***Long-term Care Volunteer Ombudsman*** – The ombudsman program, which was established in 1985 to advocate for people receiving long-term care services to ensure the highest quality of life and care, serves five jurisdictions. It is staffed within the Department of Family Services' Fairfax Area Agency on Aging, and all five jurisdictions contribute to the cost of the program. The ombudsmen

are screened and trained in residents' rights, communicating with impaired people, and how to handle complaints. The ombudsmen listen, observe, and mediate between the residents, their families, and the staff of the facility to make sure that the residents' rights are being protected. The program policy board is chaired by the County.

ACKNOWLEDGMENTS

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

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

Respectfully,

Anthony H. Griffin	Edward L. Long, Jr.	Robert L. Mears
County Executive	Deputy County Executive	Director of Finance

COUNTY OF FAIRFAX, VIRGINIA

Urban County Executive Form of Government
As of June 30, 2007

BOARD OF SUPERVISORS

Gerald E. Connolly, Jr., Chairman	At large
Sharon S. Bulova, Vice Chairman	Braddock District
Gerald W. Hyland	Mount Vernon District
Lynda Q. Smyth	Providence District
Cathy M. Hudgins	Hunter Mill District
Michael R. Frey	Sully District
Penelope A. Gross	Mason District
Dana Kauffman	Lee District
Elaine N. McConnell	Springfield District
Joan M. Dubois	Dranesville District

CLERK TO THE BOARD
Nancy J. Vehrs

COUNTY EXECUTIVE
Anthony H. Griffin

DEPUTY COUNTY EXECUTIVES
Verdia L. Haywood
Edward L. Long, Jr.
David J. Molchany
Robert A. Stalzer

DEPARTMENT OF MANAGEMENT AND BUDGET
Susan W. Datta, Director

DEPARTMENT OF FINANCE
Robert L. Mears, Director

DEPARTMENT OF TAX ADMINISTRATION
Kevin C. Greenlief, Director

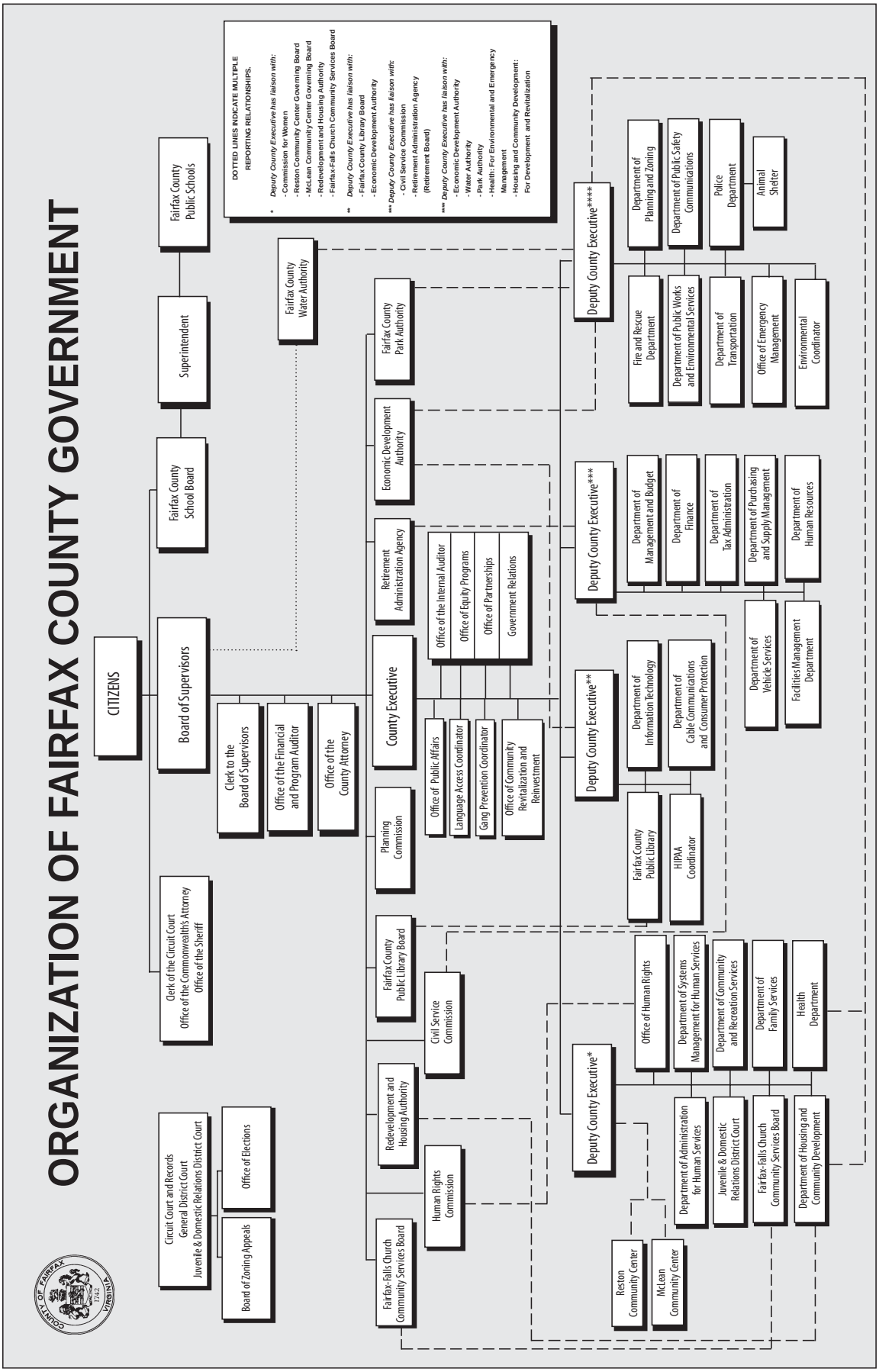
DEPARTMENT OF PURCHASING AND SUPPLY MANAGEMENT
Cathy A. Muse, Director

OFFICE OF THE COUNTY ATTORNEY
David P. Bobzien, County Attorney

OFFICE OF PUBLIC AFFAIRS
Merni C. Fitzgerald, Director

INTERNAL AUDIT OFFICE
Christopher J. Pietsch, Director

INDEPENDENT AUDITORS
KPMG LLP


ORGANIZATION OF FAIRFAX COUNTY GOVERNMENT
CITIZENS
Board of Supervisors
Fairfax County School Board
Superintendent
Fairfax County Public Schools
Fairfax County Water Authority
Clerk of the Circuit Court
Office of the Commonwealth's Attorney
Office of the Sheriff
Circuit Court and Records
General District Court
Juvenile & Domestic Relations District Court
Office of Elections
Board of Zoning Appeals
Clerk to the Board of Supervisors
Office of the Financial and Program Auditor
Office of the County Attorney
County Executive
Office of Public Affairs
Language Access Coordinator
Gang Prevention Coordinator
Office of Community Revitalization and Reinvestment
Office of the Internal Auditor
Office of Equity Programs
Office of Partnerships
Government Relations
Retirement Administration Agency
Economic Development Authority
Fairfax County Park Authority
Planning Commission
Fairfax County Public Library Board
Civil Service Commission
Redevelopment and Housing Authority
Human Rights Commission
Fairfax-Falls Church Community Services Board
Deputy County Executive*
Office of Human Rights
Department of Systems Management for Human Services
Department of Community and Recreation Services
Department of Family Services
Health Department
Department of Administration for Human Services
Juvenile & Domestic Relations District Court
Fairfax-Falls Church Community Services Board
Department of Housing and Community Development
Reston Community Center
McLean Community Center
Deputy County Executive**
Department of Information Technology
Department of Cable Communications and Consumer Protection
Fairfax County Public Library
HIPAA Coordinator
Deputy County Executive***
Department of Management and Budget
Department of Finance
Department of Tax Administration
Department of Purchasing and Supply Management
Department of Human Resources
Department of Vehicle Services
Facilities Management Department
Deputy County Executive****
Department of Planning and Zoning
Department of Public Safety Communications
Police Department
Animal Shelter
Fire and Rescue Department
Department of Public Works and Environmental Services
Department of Transportation
Office of Emergency Management
Environmental Coordinator
DOTTED LINES INDICATE MULTIPLE REPORTING RELATIONSHIPS.
* Deputy County Executive has liaison with:
- Commission for Women
- Reston Community Center Governing Board
- McLean Community Center Governing Board
- Redevelopment and Housing Authority
- Fairfax-Falls Church Community Services Board
** Deputy County Executive has liaison with:
- Fairfax County Library Board
- Economic Development Authority
*** Deputy County Executive has liaison with:
- Civil Service Commission
- Retirement Administration Agency (Retirement Board)
**** Deputy County Executive has liaison with:
- Economic Development Authority
- Water Authority
- Park Authority
- Health: For Environmental and Emergency Management
- Housing and Community Development: For Development and Revitalization

This report was prepared by:

COUNTY OF FAIRFAX, VIRGINIA
DEPARTMENT OF FINANCE

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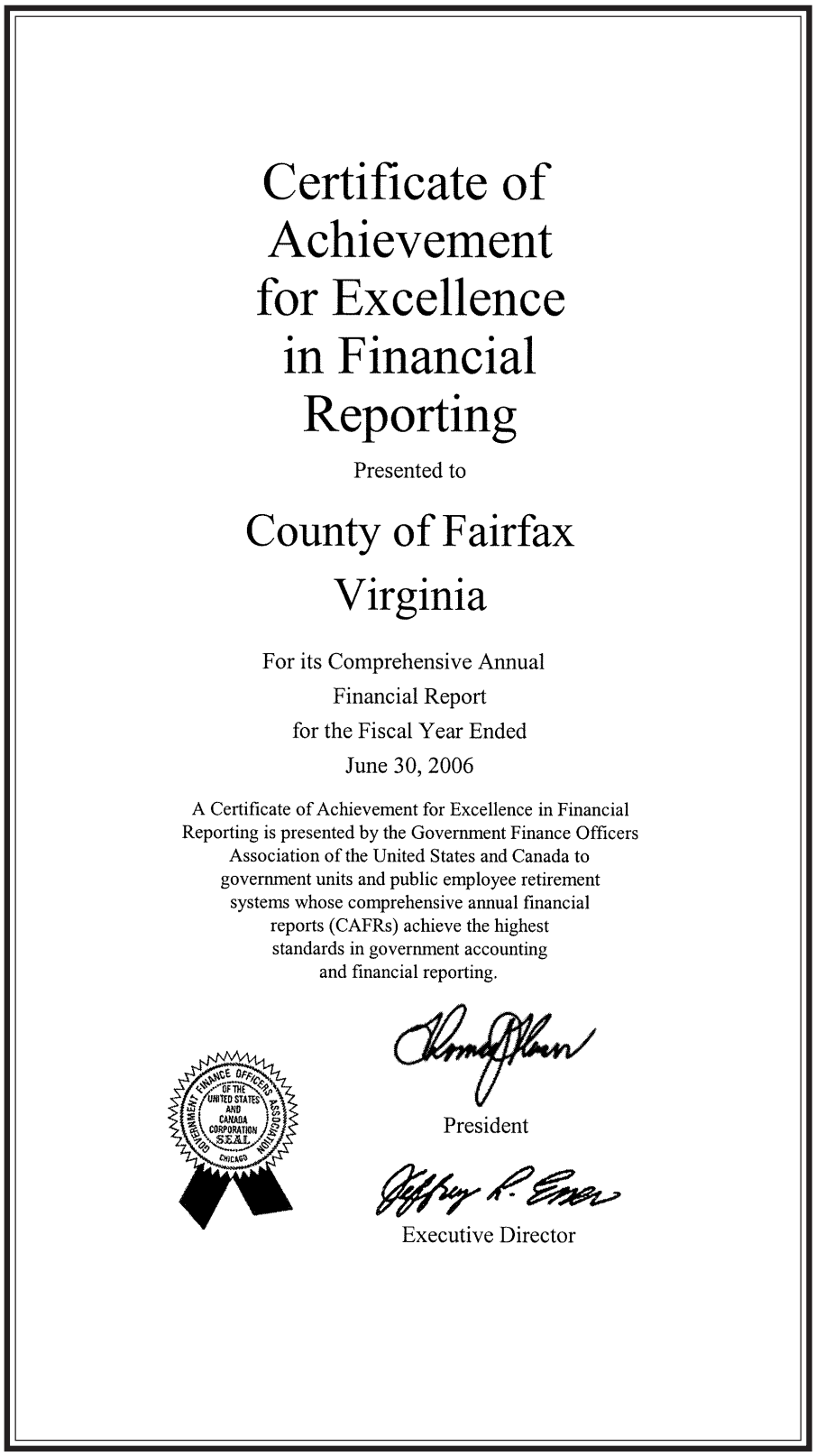
A special thanks to Bill Yake for designing the cover.

GOVERNMENT FINANCE OFFICERS ASSOCIATION AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR for the fiscal year ended June 30, 2006. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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



Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Fairfax Virginia

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2006

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

President

Executive Director

Financial Section

The Financial Section includes the independent auditors' report, management's discussion and analysis, basic financial statements, including the accompanying notes, required supplementary information, and other supplementary information.

KPMG LLP
2001 M Street, NW
Washington, DC 20036

Independent Auditors' Report

The Board of Supervisors
County of Fairfax, Virginia:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Fairfax, Virginia (the County), as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units of the Fairfax County Redevelopment and Housing Authority (FCRHA), a discretely presented component unit of the County, which represent 1.81% and .28%, respectively, of total assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the County's aggregate discretely presented component units financial statements, insofar as it relates to the amounts included for the discretely presented component units of FCRHA, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia (specifications). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. All financial statements of the discretely presented component units of FCRHA were audited in accordance with auditing standards generally accepted in the United States of America, and certain financial statements of FCRHA's discretely presented component units were also audited in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Fairfax, Virginia, as of June 30, 2007, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

KPMG LLP, a U.S. limited liability partnership, is the U.S.
member firm of KPMG International, a Swiss cooperative.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2007 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis on pages 3 through 16 and the required supplementary information on pages 93 through 100 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

KPMG LLP

November 8, 2007

Management's Discussion and Analysis

The Management's Discussion and Analysis subsection provides a narrative introduction to and overview and analysis of the basic financial statements. It includes a description of the government-wide and fund financial statements, as well as an analysis of the County of Fairfax's overall financial position and results of operations.

Management's Discussion and Analysis

This section of the County of Fairfax, Virginia's (the County) Comprehensive Annual Financial Report (CAFR) presents our discussion and analysis of the County's financial performance during the fiscal year that ended on June 30, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which is also contained in this CAFR.

Financial Highlights

Highlights for Government-wide Financial Statements

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

- The County's assets exceeded liabilities by $1,357.5 million on a government-wide basis at June 30, 2007.
- For the fiscal year, taxes and other revenues (excluding special item) of the County's governmental activities amounted to $3,619.1 million. Expenses amounted to $3,505.4 million.
- For the fiscal year, revenues of the County's business-type activities were $129.4 million, and expenses were $136.9 million.

Highlights for Fund Financial Statements

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

- The County's governmental funds reported an increase in fund balance of $61.7 million for fiscal year 2007, as compared to $64.3 million for fiscal year 2006.
- The County's General Fund reported a fund balance of $291.6 million, an increase of $17.3 million from June 30, 2006.

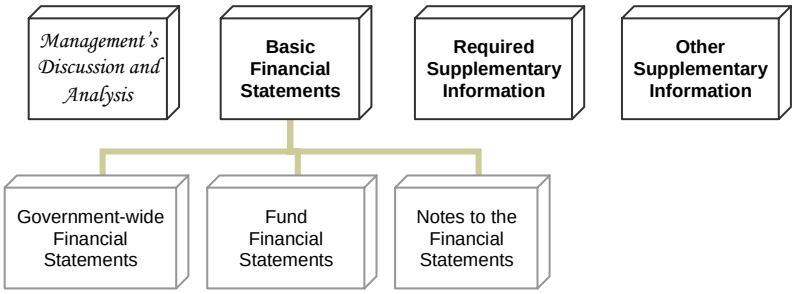
General Financial Highlights

- In February 2007, the County issued $234.6 million of general obligation public improvement bonds. Bond proceeds from this issue are being used to finance school, park, public safety and other general County improvements.
- In February 2007, the Fairfax County Redevelopment and Housing Authority issued a $40.5 million refunding bond anticipation note to partially refund the outstanding 2006 bond anticipation note maturing on February 15, 2007. The original note was issued to partially finance the purchase of a multi-family rental housing complex as part of the County's affordable housing initiative. The County is responsible, under the related documents and subject to appropriation, to pay the principal and interest on the note at maturity.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Components of the Financial Section



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

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

Government-wide Financial Statements

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

The first government-wide statement—the statement of net assets—presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial health of the County is improving or deteriorating. Additionally, non-financial factors, such as a change in the County's property tax base or the condition of County facilities, should be considered to assess the overall health of the County.

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

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

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

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

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

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

Fund Financial Statements

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

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

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

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

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Statement of Net Assets

The following tables present a summary of the Statements of Net Assets for the reporting entity as of June 30, 2007 and 2006:

Summary of Net Assets
As of June 30
($ in millions)

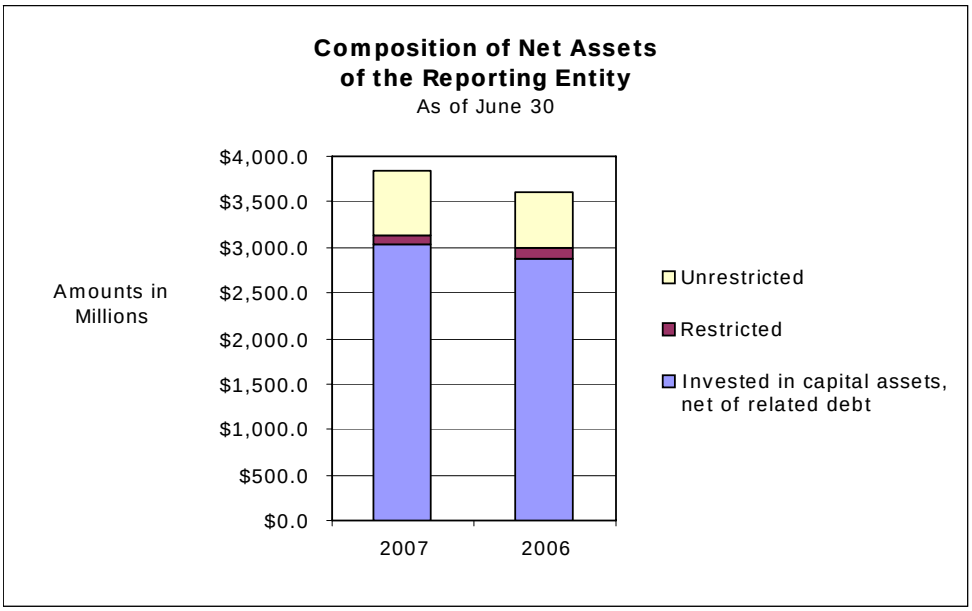
	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Assets:						
Current and other assets	$ 4,020.0	3,789.4	$ 138.7	142.9	$ 4,158.7	3,932.3
Capital assets (net)	1,687.0	1,567.7	1,149.6	1,157.2	2,836.6	2,724.9
Total assets	5,707.0	5,357.1	1,288.3	1,300.1	6,995.3	6,657.2
Liabilities:						
Current liabilities	2,889.2	2,753.0	14.9	8.5	2,904.1	2,761.5
Long-term liabilities	2,358.0	2,268.9	375.7	386.4	2,733.7	2,655.3
Total liabilities	5,247.2	5,021.9	390.6	394.9	5,637.8	5,416.8
Net assets:						
Invested in capital assets, net of related debt	1,176.7	1,075.5	789.5	786.3	1,966.2	1,861.8
Restricted	45.8	36.9	46.5	57.5	92.3	94.4
Unrestricted	(762.7)	(777.2)	61.7	61.4	(701.0)	(715.8)
Total net assets	$ 459.8	335.2	$ 897.7	905.2	$ 1,357.5	1,240.4

Summary of Net Assets - continued
As of June 30
($ in millions)

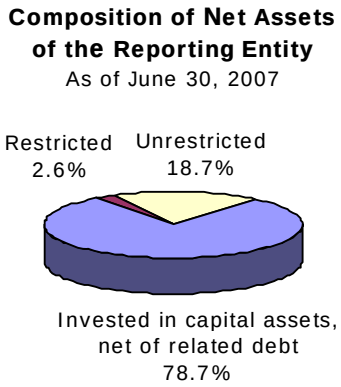
	Total Primary Government		Component Units		Reclassifications		Total Reporting Entity	
	2007	2006	2007	2006	2007	2006	2007	2006
Assets:								
Current and other assets	$ 4,158.7	3,932.3	$ 492.6	441.7	$ -	-	$ 4,651.3	4,374.0
Capital assets (net)	2,836.6	2,724.9	2,447.6	2,374.8	-	-	5,284.2	5,099.7
Total assets	6,995.3	6,657.2	2,940.2	2,816.5	-	-	9,935.5	9,473.7
Liabilities:								
Current liabilities	2,904.1	2,761.5	179.7	171.5	-	-	3,083.8	2,933.0
Long-term liabilities	2,733.7	2,655.3	267.8	270.4	-	-	3,001.5	2,925.7
Total liabilities	5,637.8	5,416.8	447.5	441.9	-	-	6,085.3	5,858.7
Net assets:								
Invested in capital assets, net of related debt	1,966.2	1,861.8	2,280.8	2,196.1	(1,215.6)	(1,173.7)	3,031.4	2,884.2
Restricted	92.3	94.4	8.9	20.9	-	(10.5)	101.2	104.8
Unrestricted	(701.0)	(715.8)	203.0	157.7	1,215.6	1,184.2	717.6	626.1
Total net assets	$ 1,357.5	1,240.4	$ 2,492.7	2,374.7	$ -	-	$ 3,850.2	3,615.1

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

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the reporting entity, assets exceeded liabilities by $3,850.2 million at fiscal year end 2007, representing an increase of $235.1 million from the net assets at June 30, 2006, as shown below.



As shown on the right, the largest portion of net assets is the investment in capital assets (e.g., land, buildings, infrastructure, and equipment, net of depreciation and amortization), less the outstanding debt that was used to acquire those assets. The restricted net assets portion represents resources that are subject to external restrictions on how they may be used. Net assets of the reporting entity are restricted for various uses, some of which include sewer improvements ($41.7 million), grant programs ($28.0 million), community centers ($17.9 million), and debt service ($4.9 million). Unrestricted net assets represent the remaining amount of net assets that are neither related to capital assets nor restricted for specific uses.



Statement of Activities

The following table summarizes the changes in net assets for the primary government for the fiscal years ended June 30, 2007 and 2006:

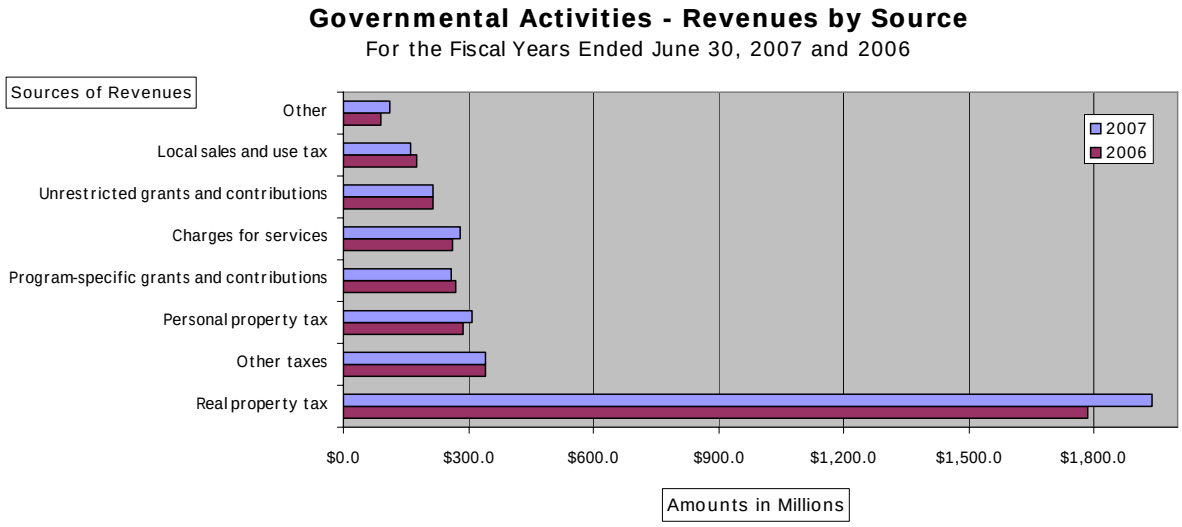
Summary of Changes in Net Assets
For the Fiscal Years Ended June 30
($ in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	$ 280.5	263.2	$ 115.5	123.4	$ 396.0	386.6
Operating grants and contributions	238.4	241.5	-	-	238.4	241.5
Capital grants and contributions	20.9	28.0	8.1	5.9	29.0	33.9
General revenues:						
Real property tax	1,938.8	1,785.1	-	-	1,938.8	1,785.1
Personal property tax	310.3	288.6	-	-	310.3	288.6
Business licenses tax	136.6	127.4	-	-	136.6	127.4
Local sales and use tax	160.6	176.1	-	-	160.6	176.1
Consumers utility tax	116.6	103.3	-	-	116.6	103.3
Other taxes	88.1	112.2	-	-	88.1	112.2
Unrestricted grants and contributions	216.9	215.8	-	-	216.9	215.8
Revenue from the use of money	111.4	88.6	5.8	4.4	117.2	93.0
Total revenues	3,619.1	3,429.8	129.4	133.7	3,748.5	3,563.5
Expenses:						
General government administration	141.0	133.8	-	-	141.0	133.8
Judicial administration	41.5	38.6	-	-	41.5	38.6
Public safety	580.6	550.6	-	-	580.6	550.6
Public works	173.2	159.9	136.9	136.1	310.1	296.0
Health and welfare	464.2	441.6	-	-	464.2	441.6
Community development	224.7	185.8	-	-	224.7	185.8
Parks, recreation, and cultural	126.6	137.4	-	-	126.6	137.4
Education	1,665.2	1,547.1	-	-	1,665.2	1,547.1
Interest on long-term debt *	88.4	82.4	-	-	88.4	82.4
Total expenses	3,505.4	3,277.2	136.9	136.1	3,642.3	3,413.3
Increase (decrease) in net assets before special item	113.7	152.6	(7.5)	(2.4)	106.2	150.2
Special items:						
Land transfer from Public Schools	10.9	-	-	-	10.9	-
Increase (decrease) in net assets	124.6	152.6	(7.5)	(2.4)	117.1	150.2
Beginning net assets	335.2	182.6	905.2	907.6	1,240.4	1,090.2
Ending net assets	$ 459.8	335.2	$ 897.7	905.2	$ 1,357.5	1,240.4

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

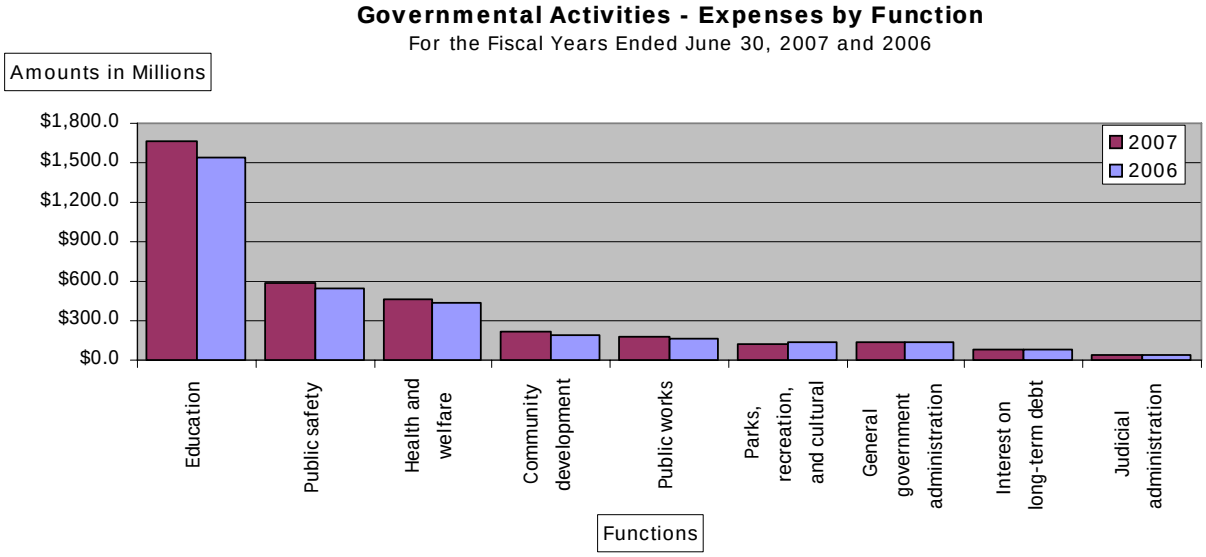
Governmental Activities

Revenues for the County's governmental activities were $3,619.1 million for fiscal year 2007, representing an increase of $189.3 million over fiscal year 2006. Sources of revenues for fiscal years 2007 and 2006 are comprised of the following items:



Taxes constitute the largest source of County revenues, amounting to $2,751.0 million for fiscal year 2007, an increase of $158.3 million over fiscal year 2006, primarily due to real property taxes. Real property taxes ($1,938.8 million) represent 70 percent of total taxes and over half of all revenues combined. Tax revenues for fiscal year 2007 benefited from an average increase of 22.70 percent in real property assessments offset by a tax rate reduction of 11.0 percent. Unrestricted grants and contributions include $211.3 million in revenues from the Commonwealth of Virginia to reimburse Fairfax County as part of the Personal Property Tax Relief Act (see Note C to the financial statements).

Total cost of all of the County's governmental activities for fiscal year 2007 was $3,505.4 million, representing an increase of $228.2 million over fiscal year 2006. As the chart below indicates, education continues to be the County's largest program. Education expenses totaled about $1.7 billion in fiscal year



2007, an increase of $118.1 million over fiscal year 2006 due primarily to operations, including personnel costs. Public safety expenses represent the second largest expense, totaling $580.6 million in fiscal year 2007. Public safety expenses increased $30.0 million over fiscal year 2006 primarily due to compensation-related adjustments associated with general pay increases and new positions in Police and Fire and Rescue.

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

Net Cost of County's Governmental Activities
For the Fiscal Years Ended June 30
($ in millions)

	Total Cost of Services		Net Cost of Services	
Functions/Programs	**2007**	**2006**	**2007**	**2006**
Education	$ 1,665.2	1,547.1	$ 1,665.2	1,547.1
Public safety	580.6	550.6	480.8	438.6
Health and welfare	464.2	441.6	276.0	248.7
Community development	224.7	185.8	146.9	115.3
Public works	173.2	159.9	69.7	75.9
General government administration	141.0	133.8	130.3	124.6
Other	256.5	258.4	196.9	194.4
Total	$ 3,505.4	3,277.2	$ 2,965.8	2,744.6

Some of the cost of governmental activities was paid by those who directly benefited from the programs ($280.5 million) and other governments and organizations that subsidized certain programs with grants and contributions ($259.3 million). Of the $2,965.8 million net cost of services, the amount that our taxpayers paid for these programs through County taxes was $2751.0 million.

Business-type Activities

The Sewer System recovers its costs primarily through user service charges and availability fees. For fiscal year 2007, the Sewer System reported a decrease in net assets of $7.5 million. Total revenues of the Sewer System decreased by $4.3 million over fiscal year 2006 primarily as a result of a decrease in availability fees. The increases in capital contributions and interest revenue of $2.2 million and $1.4 million, respectively, from fiscal year 2006 to 2007 were not enough to offset the decrease in availability fees.

Total expenses of the Sewer System for fiscal year 2007 were $136.9 million, increasing by $0.8 million over fiscal year 2006. This increase resulted primarily from personnel costs and depreciation expense related to the Noman M. Cole, Jr., Pollution Control Plant upgrade and expansion.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

As of June 30, 2007, the County's governmental funds had a combined fund balance of $866.8 million, as compared to $805.0 million at June 30, 2006. Of the fiscal year 2007 fund balance, $291.4 million is reserved, indicating that it is not available for new spending because it has already been committed for items such as existing purchase orders and construction contracts. Approximately 66.4 percent ($575.3 million) of the total 2007 fund balance is unreserved, representing resources available for appropriation. Of the unreserved fund balance, by nature of the individual funds, 56.6 percent ($325.5 million) has been

designated to meet the program needs in the special revenue, capital projects, and debt service funds. Additionally, $160.2 million of the General Fund's unreserved fund balance of $249.8 million is designated for emergency needs and revenue stabilization for periods of economic downturn.

The increase in fund balances for all governmental funds was $61.7 million for the fiscal year ended June 30, 2007, as compared to $64.3 million for the fiscal year ended June 30, 2006. Total revenues and other financing sources were $4,400.8 million, and total expenditures and other financing uses were $4,339.0 million, resulting in the increase to the fund balances.

The General Fund is the main operating fund of the County. At the end of the current fiscal year, the unreserved fund balance was $87.4 million after considering the designated amount of $162.5 million. This $87.4 million represents approximately 3.2 percent of the General Fund's total expenditures. Revenues of $3,240.5 million less expenditures of $2,723.6 million and other financing uses (net) of $499.5 million resulted in a net change in fund balance of $17.4 million. Key factors in the growth of the fund balance include the following:

- Delinquent personal property taxes were higher than expected due to increased collection efforts by the Department of Tax Administration.
- Current and delinquent business license and recordation tax collections were higher than anticipated due to growth in the areas of certain categories of taxpayers and increased collection efforts by the Department of Tax Administration.
- The County experienced high returns on investments as a result of rising interest rates.
- The County received higher than expected revenue from the Commonwealth of Virginia and the federal government for public assistance programs.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended budget appropriations, which include expenditures and transfers out, were more than the original budget amounts by $75.3 million or 2.3 percent. This increase is due primarily to the carryover of prior year commitments. The final amended budget revenues and transfers in exceeded the original budget by $1.5 million or 0.05 percent, primarily because of greater than anticipated real property tax collections and investment returns.

Actual revenues exceeded final budget amounts by $22.8 million, while actual expenditures were $65.3 million less than final budget amounts, thus eliminating the need to draw upon the existing fund balance. Highlights of the comparison of final budget to actual figures for the fiscal year ended June 30, 2007, include the following:

- Actual tax revenues exceeded budgeted amounts by $18.7 million primarily from personal property, and BPOL taxes as a result of increased collection efforts, and from recordation taxes as a result of higher than expected activity related to the housing market late in the fiscal year.
- Intergovernmental revenues were $8.5 million more than budgeted amounts primarily due to revenue associated with personal property tax relief and additional funding provided by the Commonwealth of Virginia for certain public assistance programs.

- Revenue from the use of money and property was $5.5 million less than budgeted amounts as a result of a lower than projected average portfolio size and average yield.

- Actual general government administration expenditures were $8.5 million, or 8.2 percent, less than budgeted amounts as a result of managing position vacancies.

- Actual public safety expenditures were $15.3 million, or 3.7 percent, less than budgeted amounts as a result of local cash match funding associated with the Community Oriented Policing Services (COPS) Universal Hiring Program and COPS in Schools grant programs, as well as savings associated with managing position vacancies.

- Actual health and welfare expenditures were $16.3 million, or 6.2 percent, less than budgeted amounts as a result of managing position vacancies and significant difficulties in recruiting for and retaining staff in key positions including public health nurses.

- Nondepartmental expenditures were $8.2 million, or 4.2 percent, less than budgeted amounts primarily due to lower than anticipated health insurance premiums, lower than anticipated contributions to the retirement system, and savings in FICA.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The County's investment in capital assets as of June 30, 2007, amounted to $2.84 billion (net of accumulated depreciation and amortization), which represents an increase of $112.8 million, or 4.1 percent, over last year. Capital assets as of June 30, 2007 and 2006, are summarized below:

Capital Assets
As of June 30
($ in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Land	$ 380.2	374.5	$ 17.5	17.5	$ 397.7	392.0
Buildings, improvements, and infrastructure	1,414.6	1,370.1	948.5	935.2	2,363.1	2,305.3
Equipment and library collections	367.5	319.7	10.7	10.3	378.2	330.0
Construction in progress	180.4	109.9	36.3	23.8	216.7	133.7
Purchased capacity	-	-	667.8	656.2	667.8	656.2
Total capital assets	2,342.7	2,174.2	1,680.8	1,643.0	4,023.5	3,817.2
Less: Accumulated depreciation and amortization	(655.7)	(606.5)	(531.2)	(485.8)	(1,186.9)	(1,092.3)
Total capital assets, net	$ 1,687.0	1,567.7	$ 1,149.6	1,157.2	$ 2,836.6	2,724.9

The major capital assets events for fiscal year 2007 included the following:

- The final costs associated with the ongoing construction and completion of the Southgate Community Center was $3.9 million, funded through revenue bond proceeds.

- The ongoing construction costs for the Judicial Center expansion totaled $32.3 million, funded primarily with general obligation bond proceeds.

- The purchase of library books and audio/video materials totaled $8.4 million, funded from general revenues.

- The costs associated with the ongoing construction of two county libraries, Burke Centre and Oakton, totaled $6.2 million, funded with a public library bond referendum.

- The ongoing construction costs for the Public Safety and Transportation Operations Center was $18.1 million, funded through general obligation bond proceeds and general revenues.

- The ongoing construction costs for the West Ox Operations Center was $6.9 million, funded through transportation improvement bond and contributions from WMATA.

- Developers' contributions of sewer lines and manholes totaled $7.8 million.

- The ongoing expansion and improvement costs of the Sewer System's wastewater treatment facilities at its Noman M. Cole, Jr., Pollution Control Plant amounted to $6.3 million, using funds generated from operations.

- The Sewer System's share of the ongoing expansion costs of the Arlington County's and the District of Columbia's wastewater treatment facilities, which provide services to certain County residents, was $5.4 million and $6.2 million, respectively, using funds generated from operations.

Additional information pertaining to the County's capital assets can be found in Note F to the financial statements on page 65.

Long-term Debt

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

- A limit of $1.375 billion of general obligation bond sales over a five-year period, for an average of $275 million annually, with a maximum of $300 million in any given year, excluding refunding bonds;

- A limitation that total long-term debt (excluding capital leases for equipment and sewer revenue bonds) not exceed 3 percent of the total market value of taxable real and personal property in the County and that annual debt service payments not exceed 10 percent of annual General Fund expenditures and transfers out. For fiscal year 2007, these percentages were 0.87 percent and 7.86 percent, respectively.

In February 2007, the County issued $234.6 million of Series 2007A General Obligation Public Improvement and Refunding Bonds with a true interest cost of 4.116 percent and a premium of $5.7 million. Proceeds are being used to fund new facilities and improvements, as follows (in millions):

County facilities:	
Transportation improvements	$ 24.80
Public safety facilities	50.23
Other purposes	18.06
Total County facilities	93.09
Public Schools facilities	126.82
Park Authorities facilities	14.69
Total bonds issued for new projects	$234.60

The following is a summary of the County's gross outstanding long-term debt as of June 30, 2007 and 2006:

Outstanding Long-term Debt
As of June 30
($ in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
General obligation bonds issued for:						
County facilities	$ 375.5	326.3	$ -	-	$ 375.5	326.3
Public Schools facilities	1,086.7	1,053.8	-	-	1,086.7	1,053.8
Park Authority facilities	128.9	130.3	-	-	128.9	130.3
Washington Metropolitan Area Transit Authority	61.5	55.1	-	-	61.5	55.1
Northern Virginia Regional Park Authority	14.3	10.2	-	-	14.3	10.2
Commonwealth of Virginia (roads)	117.4	125.3	-	-	117.4	125.3
Revenue bonds	234.3	234.9	-	-	234.3	234.9
Sewer revenue bonds	-	-	376.0	386.8	376.0	386.8
Capital leases and other	40.4	45.3	-	-	40.4	45.3
Total County outstanding debt	$ 2,059.0	1,981.2	$ 376.0	386.8	$ 2,435.0	2,368.0

Additional information related to the County's long-term debt can be found in Note J to the financial statements on page 77.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following economic factors are reflected in the General Fund budget for fiscal year 2008:

- The assessed value of all real property increased $9.1 billion over the fiscal year 2007 value. The increase was 4.15 percent, which is the lowest in nine years and represents an abrupt deceleration from the 22.70 percent rise in fiscal year 2007.

- After six years of double-digit growth in residential real estate assessment, the overall residential equalization - the reassessment of existing property - for fiscal year 2008 declined 0.33 percent as the inventory of homes for sale grew and home prices fell marginally in the County as they did throughout the Northern Virginia area.

- For fiscal year 2008, the increase in non-residential equalization is 13.57 percent, the third consecutive year of double-digit increases. This increase reflects continued strength in the office leasing market and a decline in the County's overall office vacancy rate.

- For fiscal year 2008, the vehicle component represents 74.3 percent of the Personal Property Tax base. The average vehicle levy is estimated to decrease by 1.1 percent. The types of vehicles being purchased are impacting the declining average vehicle levy. Sustained high fuel prices are pushing consumers away from purchases of expensive SUVs to less expensive, more fuel efficient vehicles.

The Fiscal Year 2008 Adopted Budget includes revenues of $3.29 billion, a 2.34 percent increase over the fiscal year 2007 level. Real and personal property taxes represent the majority of budgeted revenues, comprising approximately 75.5 percent of the fiscal year 2008 General Fund revenues. Revenue from real property taxes alone makes up approximately 60 percent of total revenues, as compared to 58.9 percent in the Fiscal Year 2007 Adopted Budget.

Budgeted disbursements, which include expenditures and transfers out, are $3.32 billion, a 0.86 percent increase over the fiscal year 2007 level. For fiscal year 2008, the County has budgeted an increase of $59.0 million over fiscal year 2007 in its funding to Public Schools. County funding for Public Schools is $1.73 billion – which approximates 52.3 percent of the County's total General Fund budget. This funding supports operating costs, school construction, and debt service. Total direct expenditures decreased by $8.0 million, or 0.66 percent from fiscal year 2007. A two percent across-the-board reduction for personnel services totaling $16.3 million was taken in the General Fund and General Fund-supported agencies, to meet budget limitations based on the available resources as a result of the flattening residential real estate market.

In fiscal year 2008, most of the fees remained unchanged, except for selected other funds such as Sewers and Solid Waste that required adjustments to support their anticipated expenditures. In fiscal year 2008, the following fee adjustments were approved:

- The sewer availability fees charged to new customers were increased by 6 percent.

- The sewer service charge rate was increased from $3.50 to $3.74 per 1,000 gallons of water consumption.

- The annual refuse collection fee affecting approximately 44,000 customers was increased from $315 to $330.

Beginning in fiscal year 2008, the County's financial statements are required to implement Governmental Accounting Standards Board Statement 45 (GASB 45) for other post-employment benefits (OPEB). GASB 45 requires that the County accrue the cost of the County's retiree health subsidy and OPEB 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 OPEB and the financial impact on the County. As part of the Fiscal Year 2008 Adopted Budget, $8.2 million is set aside to increase the GASB 45 Liability Reserve, bringing the current balance of the Reserve to $48.2 million.

The County has added no new major initiatives for fiscal year 2008. The Board emphasized that its funding decisions reflect the County's commitment to achieving the strategic priorities of a strong investment in education; public safety and gang prevention; affordable housing; environmental protection; transportation improvements; and revenue diversification to reduce the burden on the homeowner.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

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

COUNTY OF FAIRFAX, VIRGINIA
Statement of Net Assets
June 30, 2007

	Primary Government		Total
	Governmental Activities	Business-type Activities	Primary Government
ASSETS			
Equity in pooled cash and temporary investments	$ 1,189,180,876	53,421,904	1,242,602,780
Cash in banks	-	-	-
Investments	-	244,600	244,600
Receivables (net of allowances):			
Accounts	22,988,970	-	22,988,970
Accrued interest	8,858,373	396,420	9,254,793
Property taxes:			
Delinquent	21,349,862	-	21,349,862
Not yet due	2,279,423,851	-	2,279,423,851
Business license taxes - delinquent	2,935,526	-	2,935,526
Loans	27,194,596	-	27,194,596
Notes	-	-	-
Other	21,386	-	21,386
Due from intergovernmental units (net of allowances):			
Property tax relief - not yet due	211,313,944	-	211,313,944
Other	93,754,758	24,043,864	117,798,622
Due from primary government	-	-	-
Due from component units	2,178,021	-	2,178,021
Loan to component unit	20,645,000	-	20,645,000
Lease to component unit	58,955,000	-	58,955,000
Interfund receivables	621,872	(286,814)	335,058
Inventories of supplies	3,132,855	593,685	3,726,540
Prepaid and other assets	58,289	-	58,289
Restricted assets:			
Equity in pooled cash and temporary investments	67,141,081	48,340,273	115,481,354
Cash with fiscal agents	1,639,108	-	1,639,108
Certificates of deposit - performance bonds	113,836	-	113,836
Investments	-	11,679,741	11,679,741
Land held for sale	-	-	-
Capital assets:			
Non-depreciable:			
Land	380,209,607	17,535,818	397,745,425
Construction in progress	180,448,897	36,260,097	216,708,994
Depreciable/amortizable:			
Equipment	302,304,492	10,725,133	313,029,625
Library collections	65,188,579	-	65,188,579
Purchased capacity	-	667,795,385	667,795,385
Buildings and improvements	897,368,712	948,495,493	1,845,864,205
Infrastructure	517,204,159	-	517,204,159
Accumulated depreciation	(655,745,962)	(398,092,295)	(1,053,838,257)
Accumulated amortization	-	(133,121,049)	(133,121,049)
Deferred bond issuance costs (net of amortization)	8,461,338	331,308	8,792,646
Total assets	$ 5,706,947,026	1,288,363,563	6,995,310,589

See accompanying notes to the financial statements.

EXHIBIT A

Total Component Units	Reclassifications (See Note A-12)	Total Reporting Entity	
			ASSETS
392,008,484	-	1,634,611,264	Equity in pooled cash and temporary investments
9,864,810	-	9,864,810	Cash in banks
3,982,438	-	4,227,038	Investments
			Receivables (net of allowances):
877,930	-	23,866,900	Accounts
985,284	-	10,240,077	Accrued interest
			Property taxes:
-	-	21,349,862	Delinquent
-	-	2,279,423,851	Not yet due
-	-	2,935,526	Business license taxes - delinquent
		27,194,596	Loans
18,175,508	-	18,175,508	Notes
-	-	21,386	Other
			Due from intergovernmental units (net of allowances):
-	-	211,313,944	Not yet due
35,454,460	-	153,253,082	Other
2,882,095	-	2,882,095	Due from primary government
-	-	2,178,021	Due from component units
-	-	20,645,000	Loan to component unit
-	-	58,955,000	Lease to component unit
-	-	335,058	Interfund receivables
3,067,278	-	6,793,818	Inventories of supplies
3,148,010	-	3,206,299	Prepaid and other assets
			Restricted assets:
700,000	-	116,181,354	Equity in pooled cash and temporary investments
7,456,696	-	9,095,804	Cash with fiscal agents
3,375,597	-	3,489,433	Certificates of deposit - performance bonds
9,056,264	-	20,736,005	Investments
918,340	-	918,340	Land held for sale
			Capital assets:
			Non-depreciable:
401,894,229	-	799,639,654	Land
229,696,175	-	446,405,169	Construction in progress
			Depreciable/amortizable:
197,716,932	-	510,746,557	Equipment
26,104,060	-	91,292,639	Library collections
-	-	667,795,385	Purchased capacity
2,697,911,607	-	4,543,775,812	Buildings and improvements
-	-	517,204,159	Infrastructure
(1,105,668,346)	-	(2,159,506,603)	Accumulated depreciation
-	-	(133,121,049)	Accumulated amortization
655,234	-	9,447,880	Deferred bond issuance costs (net of amortization)
2,940,263,085	-	9,935,573,674	Total assets

continued

COUNTY OF FAIRFAX, VIRGINIA
Statement of Net Assets
June 30, 2007

	Primary Government		Total
	Governmental Activities	Business-type Activities	Primary Government
LIABILITIES			
Accounts payable and accrued liabilities	$ 93,302,511	3,196,592	96,499,103
Accrued salaries and benefits	45,230,413	970,249	46,200,662
Contract retainages	7,524,234	7,703,609	15,227,843
Accrued interest payable	23,154,158	3,062,238	26,216,396
Due to primary government	-	-	-
Due to component units	2,882,095	-	2,882,095
Short-term notes payable	40,465,000	-	40,465,000
Matured bond principal and interest payable	81,638	-	81,638
Deferred revenue:			
Property taxes not yet due	2,504,002,339	-	2,504,002,339
Other	93,306,957	-	93,306,957
Performance and other deposits	79,234,623	-	79,234,623
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds payable, net	167,357,988	-	167,357,988
Revenue bonds payable, net	12,547,696	11,293,776	23,841,472
Notes payable	645,000	-	645,000
Compensated absences payable	57,642,676	1,171,771	58,814,447
Landfill closure and postclosure obligation	3,036,357	-	3,036,357
Obligations under capital leases and installment purchases	4,376,437	-	4,376,437
Insurance and benefit claims payable	16,909,487	-	16,909,487
Loan from primary government	-	-	-
Other	522,700	-	522,700
Portion due or payable after one year:			
General obligation bonds payable, net	1,672,094,853	-	1,672,094,853
Revenue bonds payable, net	227,716,425	362,355,268	590,071,693
Notes payable	11,287,500	-	11,287,500
Compensated absences payable	38,528,840	883,967	39,412,807
Landfill closure and postclosure obligation	55,735,790	-	55,735,790
Obligations under capital leases and installment purchases	34,244,135	-	34,244,135
Insurance and benefit claims payable	16,242,210	-	16,242,210
Net pension obligation	37,517,243	-	37,517,243
Loan from primary government	-	-	-
Other	1,610,000	-	1,610,000
Total liabilities	5,247,199,305	390,637,470	5,637,836,775
NET ASSETS			
Invested in capital assets, net of related debt	1,176,653,933	789,479,735	1,966,133,668
Restricted for:			
Grant programs	27,956,397	-	27,956,397
Sewer improvements	-	41,703,978	41,703,978
Repair and replacement	-	-	-
Community centers	17,879,245	-	17,879,245
Housing	-	-	-
Capital projects	-	-	-
Debt service	-	4,785,839	4,785,839
Unrestricted (deficit)	(762,741,854)	61,756,541	(700,985,313)
Total net assets	$ 459,747,721	897,726,093	1,357,473,814

See accompanying notes to the financial statements.

EXHIBIT A
concluded

Total Component Units	Reclassifications (See Note A-12)	Total Reporting Entity	
			LIABILITIES
49,811,038	-	146,310,141	Accounts payable and accrued liabilities
99,160,451	-	145,361,113	Accrued salaries and benefits
7,815,759	-	23,043,602	Contract retainages
3,938,819		30,155,215	Accrued interest payable
2,178,021	-	2,178,021	Due to primary government
-	-	2,882,095	Due to component units
-	-	40,465,000	Short-term notes payable
-	-	81,638	Matured bond principal and interest payable
			Deferred revenue:
-	-	2,504,002,339	Property taxes not yet due
13,040,767	-	106,347,724	Other
3,750,642	-	82,985,265	Performance and other deposits
			Long-term liabilities:
			Portion due or payable within one year:
-	-	167,357,988	General obligation bonds payable, net
943,281	-	24,784,753	Revenue bonds payable, net
7,791,466	-	8,436,466	Notes payable
24,766,536	-	83,580,983	Compensated absences payable
-	-	3,036,357	Landfill closure and postclosure obligation
16,640,014	-	21,016,451	Obligations under capital leases and installment purchases
19,519,883	-	36,429,370	Insurance and benefit claims payable
80,000	-	80,000	Loan from primary government
166,926	-	689,626	Other
			Portion due or payable after one year:
-	-	1,672,094,853	General obligation bonds payable, net
20,474,246	-	610,545,939	Revenue bonds payable, net
41,147,476	-	52,434,976	Notes payable
11,870,287	-	51,283,094	Compensated absences payable
-	-	55,735,790	Landfill closure and postclosure obligation
89,306,269	-	123,550,404	Obligations under capital leases and installment purchases
13,647,772	-	29,889,982	Insurance and benefit claims payable
-	-	37,517,243	Net pension obligation
20,565,000	-	20,565,000	Loan from primary government
923,669	-	2,533,669	Other
447,538,322	-	6,085,375,097	Total liabilities
			NET ASSETS
2,280,833,377	(1,215,573,395)	3,031,393,650	Invested in capital assets, net of related debt
			Restricted for:
-	-	27,956,397	Grant programs
-	-	41,703,978	Sewer improvements
700,000	-	700,000	Repair and replacement
-	-	17,879,245	Community centers
7,921,886	-	7,921,886	Housing
164,506	-	164,506	Capital projects
113,834	-	4,899,673	Debt service
202,991,160	1,215,573,395	717,579,242	Unrestricted (deficit)
2,492,724,763	-	3,850,198,577	Total net assets

COUNTY OF FAIRFAX, VIRGINIA
Statement of Activities
For the fiscal year ended June 30, 2007

		Program Revenues		
Functions/Programs	**Expenses**	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government administration	$ 140,972,403	5,605,444	4,983,925	123,930
Judicial administration	41,566,535	19,550,871	17,275,142	1,299,648
Public safety	580,551,244	55,092,085	44,373,790	325,808
Public works	173,175,664	89,181,174	7,804,119	6,541,004
Health and welfare	464,160,365	53,722,470	134,480,962	-
Community development	224,697,345	37,367,040	27,759,342	12,626,864
Parks, recreation, and cultural	126,638,121	19,941,785	1,705,710	25,425
Education - for Public Schools	1,665,173,825	-	-	-
Interest on long-term debt	88,475,535	-	-	-
Total governmental activities	3,505,411,037	280,460,869	238,382,990	20,942,679
Business-type activities:				
Public works - Sewer	136,914,753	115,457,196	-	8,137,150
Total business-type activities	136,914,753	115,457,196	-	8,137,150
Total primary government	3,642,325,790	395,918,065	238,382,990	29,079,829
Component units:				
Public Schools	2,225,273,183	97,280,301	165,195,247	145,184,488
Redevelopment and Housing Authority	70,203,043	24,893,116	57,374,620	1,343,316
Park Authority	84,099,220	38,064,488	-	3,758,445
Economic Development Authority	7,233,801	-	-	-
Total component units	$ 2,386,809,247	160,237,905	222,569,867	150,286,249

General revenues:
- Taxes:
  - Real property
  - Personal property
  - Business licenses
  - Local sales and use
  - Consumers utility
  - Recordation
  - Occupancy, tobacco, and other
- Grants and contributions not restricted to specific programs
- Revenue from the use of money
- Revenue from primary government
- Other

Special item - property transfer from Public Schools

Total general revenues and special item

Change in net assets

Net assets, July 1, 2006

Net assets, June 30, 2007

See accompanying notes to the financial statements.

EXHIBIT A-1

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Total	
Governmental Activities	Business-type Activities	Total Primary Government	Component Units	**Functions/Programs**
				Primary government:
				Governmental activities:
(130,259,104)	-	(130,259,104)	-	General government administration
(3,440,874)	-	(3,440,874)	-	Judicial administration
(480,759,561)	-	(480,759,561)	-	Public safety
(69,649,367)	-	(69,649,367)	-	Public works
(275,956,933)	-	(275,956,933)	-	Health and welfare
(146,944,099)	-	(146,944,099)	-	Community development
(104,965,201)	-	(104,965,201)	-	Parks, recreation, and cultural
(1,665,173,825)	-	(1,665,173,825)	-	Education - for Public Schools
(88,475,535)	-	(88,475,535)	-	Interest on long-term debt
(2,965,624,499)	-	(2,965,624,499)	-	Total governmental activities
				Business-type activities:
-	(13,320,407)	(13,320,407)	-	Public works - Sewer
-	(13,320,407)	(13,320,407)	-	Total business-type activities
(2,965,624,499)	(13,320,407)	(2,978,944,906)	-	Total primary government
				Component units:
-	-	-	(1,817,613,147)	Public Schools
-	-	-	13,408,009	Redevelopment and Housing Authority
-	-	-	(42,276,287)	Park Authority
-	-	-	(7,233,801)	Economic Development Authority
-	-	-	(1,853,715,226)	Total component units
				General revenues:
				Taxes:
1,938,762,106	-	1,938,762,106	-	Real property
310,274,454	-	310,274,454	-	Personal property
136,616,482	-	136,616,482	-	Business licenses
160,580,634	-	160,580,634	-	Local sales and use
116,673,940	-	116,673,940	-	Consumers utility
41,687,302	-	41,687,302	-	Recordation
46,450,935	-	46,450,935	-	Occupancy, tobacco, and other
216,873,082	-	216,873,082	378,425,602	Grants and contributions not restricted to specific programs
111,428,568	5,825,962	117,254,530	7,693,275	Revenue from the use of money
-	-	-	1,591,098,980	Revenue from primary government
-	-	-	5,436,485	Other
10,874,069	-	10,874,069	(10,874,069)	**Special item** - property transfer from Public Schools
3,090,221,572	5,825,962	3,096,047,534	1,971,780,273	Total general revenues and special item
124,597,073	(7,494,445)	117,102,628	118,065,047	Change in net assets
335,150,648	905,220,538	1,240,371,186	2,374,659,716	Net assets, July 1, 2006
$ 459,747,721	897,726,093	1,357,473,814	2,492,724,763	Net assets, June 30, 2007

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT A-2

Balance Sheet
Governmental Funds
June 30, 2007

		General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Equity in pooled cash and temporary investments	$	384,495,079	626,870,604	1,011,365,683
Receivables (net of allowances):				
Accounts		13,970,924	8,938,120	22,909,044
Accrued interest		6,821,882	1,522,920	8,344,802
Property taxes:				
Delinquent		21,349,862	-	21,349,862
Not yet due		2,279,423,851	-	2,279,423,851
Business license taxes - delinquent		2,935,526	-	2,935,526
Loans		-	27,194,596	27,194,596
Due from intergovernmental units (net of allowances):				
Property tax relief - not yet due		211,313,944	-	211,313,944
Other		58,196,546	35,318,140	93,514,686
Due from component units		374,832	1,803,189	2,178,021
Loan to component unit		-	20,645,000	20,645,000
Lease to component unit		-	58,955,000	58,955,000
Interfund receivables		2,902,100	3,517,253	6,419,353
Inventories of supplies		1,332,163	-	1,332,163
Prepaid and other assets		38,930	19,359	58,289
Restricted assets:				
Equity in pooled cash and temporary investments		-	67,141,081	67,141,081
Cash with fiscal agents		609,151	842,957	1,452,108
Certificates of deposit - performance bonds		113,836	-	113,836
Total assets	$	2,983,878,626	852,768,219	3,836,646,845
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	$	30,438,842	57,636,970	88,075,812
Accrued salaries and benefits		36,903,687	7,170,976	44,074,663
Contract retainages		-	7,524,234	7,524,234
Accrued interest payable		-	1,725,950	1,725,950
Due to component units		2,341,588	540,507	2,882,095
Interfund payables		-	6,227,033	6,227,033
Short-term notes payable		-	40,465,000	40,465,000
Matured bond principal and interest payable		-	81,638	81,638
Deferred revenue:				
Property taxes not yet due		2,504,002,339	-	2,504,002,339
Other		44,449,186	151,133,401	195,582,587
Performance and other deposits		74,155,789	5,078,834	79,234,623
Total liabilities		2,692,291,431	277,584,543	2,969,875,974
Fund balances:				
Reserved for:				
Encumbrances		40,431,495	193,275,085	233,706,580
Inventories of supplies		1,332,163	-	1,332,163
Long-term loans		-	47,839,596	47,839,596
Certain capital projects		-	8,560,679	8,560,679
Unreserved, reported in:				
General fund		249,823,537	-	249,823,537
Special revenue funds		-	191,493,718	191,493,718
Debt service funds		-	12,121,986	12,121,986
Capital projects funds		-	121,892,612	121,892,612
Total fund balances		291,587,195	575,183,676	866,770,871
Total liabilities and fund balances	$	2,983,878,626	852,768,219	3,836,646,845

See accompanying notes to the financial statements.

continued

COUNTY OF FAIRFAX, VIRGINIA **EXHIBIT A-2**

Reconciliation of the Balance Sheet to the Statement of Net Assets concluded

Governmental Funds

June 30, 2007

Fund balances - Total governmental funds		$ 866,770,871
Amounts reported for governmental activities in the statement of net assets (Exhibit A) are different because:		
Capital assets used in governmental fund activities are not financial resources and, therefore, are not reported in the funds:		
Non-depreciable assets:		
Land	$ 378,270,919	
Construction in progress	180,448,897	
Depreciable assets:		
Equipment	205,463,576	
Library collections	65,188,579	
Buildings and improvements	879,273,488	
Infrastructure	517,204,159	
Total capital assets	2,225,849,618	
Less accumulated depreciation	(587,280,718)	1,638,568,900
Some of the County's receivables will not be collected soon enough to pay for the current period's expenditures and, therefore, are reported as deferred revenue in the funds:		
Delinquent taxes (net of allowances):		
Property	$ 17,038,947	
Business license	2,935,605	
Sales and use and other taxes	19,305,222	
EMS transport and other charges for services	4,944,310	
Lease to component unit	58,955,000	103,179,084
Costs incurred from the issuance of long-term debt are recognized as expenditures in the fund statements, but are deferred in the government-wide statements.		8,461,338
Internal service funds are used by management to provide certain goods and services to governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		
Assets:		
Current assets	$ 181,541,698	
Capital assets	116,874,828	
Less accumulated depreciation	(68,465,244)	
Liabilities	(46,890,121)	183,061,161
Long-term liabilities related to governmental fund activities are not due and payable in the current period and, therefore, are not reported in the funds:		
General obligation bonds payable, net	$ (1,839,452,841)	
Revenue bonds payable, net	(240,264,121)	
Notes payable	(11,932,500)	
Compensated absences payable	(93,221,998)	
Landfill closure and postclosure obligation	(58,772,147)	
Obligations under capital leases and installment purchases	(35,571,875)	
Net pension obligation	(37,517,243)	
Other long-term liabilities	(2,132,700)	
Accrued interest on long-term debt	(21,428,208)	(2,340,293,633)
Net assets of governmental activities		$ 459,747,721

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT A-3

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2007

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	$ 2,686,468,365	60,844,804	2,747,313,169
Permits, privilege fees, and regulatory licenses	30,778,483	13,803,503	44,581,986
Intergovernmental	343,386,449	139,544,200	482,930,649
Charges for services	58,140,534	161,466,946	219,607,480
Fines and forfeitures	14,850,909	16,600	14,867,509
Developers' contributions	-	5,017,494	5,017,494
Revenue from the use of money and property	98,625,779	23,387,551	122,013,330
Recovered costs	7,286,125	6,107,841	13,393,966
Gifts, donations, and contributions	920,613	833,156	1,753,769
Total revenues	3,240,457,257	411,022,095	3,651,479,352
EXPENDITURES			
Current:			
General government administration	115,258,655	18,709,826	133,968,481
Judicial administration	40,279,564	782,753	41,062,317
Public safety	508,132,617	53,873,967	562,006,584
Public works	73,253,516	137,634,884	210,888,400
Health and welfare	289,910,494	173,283,073	463,193,567
Community development	54,138,577	109,462,948	163,601,525
Parks, recreation, and cultural	55,108,811	13,346,437	68,455,248
Intergovernmental:			
Community development	8,930,058	43,531,936	52,461,994
Parks, recreation, and cultural	32,736,484	19,262,336	51,998,820
Education - for Public Schools	1,533,362,285	131,811,540	1,665,173,825
Capital outlay:			
General government administration	85,818	4,235,935	4,321,753
Judicial administration	27,038	915,675	942,713
Public safety	1,817,937	62,589,788	64,407,725
Public works	347,290	14,147,615	14,494,905
Health and welfare	6,408	3,256,693	3,263,101
Community development	76,751	45,227,645	45,304,396
Parks, recreation, and cultural	8,548,519	10,589,242	19,137,761
Debt service:			
Principal retirement	1,310,040	162,158,265	163,468,305
Interest and other charges	234,843	96,913,948	97,148,791
Total expenditures	2,723,565,705	1,101,734,506	3,825,300,211
Excess (deficiency) of revenues over (under) expenditures	516,891,552	(690,712,411)	(173,820,859)
OTHER FINANCING SOURCES (USES)			
Transfers in	2,408,050	498,414,222	500,822,272
Transfers out	(501,946,973)	(11,791,590)	(513,738,563)
General obligation bonds issued	-	234,600,000	234,600,000
Premium on general obligation bonds issued	-	5,657,027	5,657,027
Revenue bonds issued	-	8,065,000	8,065,000
Premium on revenue bonds issued	-	161,452	161,452
Total other financing sources (uses)	(499,538,923)	735,106,111	235,567,188
Net change in fund balances	17,352,629	44,393,700	61,746,329
Fund balances, July 1, 2006	274,253,859	530,789,976	805,043,835
Decrease in reserve for inventories of supplies	(19,293)	-	(19,293)
Fund balances, June 30, 2007	$ 291,587,195	575,183,676	866,770,871

See accompanying notes to the financial statements.

continued

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT A-3
concluded

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
Governmental Funds
For the fiscal year ended June 30, 2007

Net change in fund balances - Total governmental funds		$ 61,746,329
Amounts reported for governmental activities in the statement of activities (Exhibit A-1) are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlays	$ 151,872,354	
Less depreciation expense	(51,060,882)	100,811,472
In the statement of activities, the gain or loss on the disposition of capital assets is reported. However, in the governmental funds, only the proceeds from sales are reported, which increase fund balance. Thus, the difference is the net book value (i.e., depreciated cost) of the capital asset dispositions.		(4,174,573)
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		17,798,023
Some revenues will not be collected for several months after the fiscal year ends, hence, they are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues increased (decreased) by this amount this year:		
Delinquent property taxes	$ (3,978,459)	
Delinquent business license taxes	143,006	
Sales and use and other taxes	5,270,315	
EMS transport and other charges for services	(250,532)	1,184,330
The receipt of principal payments for the lease to the component unit does not result in a revenue in the statement of activities.		(1,115,000)
The issuance of long-term debt, including premiums, is reported as other financing sources in the governmental funds and thus, increases fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities. The following were issued:		
Series 2007A General Obligation Bonds	$ (240,257,027)	
Revenue bonds	(8,226,452)	(248,483,479)
The costs incurred from the issuance of long-term debt are recognized as expenditures in the fund statements, but are deferred and amortized in the government-wide statements, resulting in a net difference.		710,478
The repayment of the principal amounts of long-term debt is reported as an expenditure or as an other financing use when debt is refunded in governmental funds and thus, reduces fund balance. However, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.		
Principal repayments of matured bonds, notes, and loans	$ 160,630,696	
Principal payments of capital leases and installment purchases	2,837,609	163,468,305
Interest on long-term debt is reported as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is affected as this interest accrues and as bond-related items are amortized. This difference in interest reporting is as follows:		
Accrued interest on bonds, loans, and capital leases	$ (3,445,004)	
Amortization of bond premiums	15,227,693	
Amortization of deferred losses on bond refundings	(3,694,646)	8,088,043
Under the modified accrual basis of accounting used in the governmental funds, expenditures for the following are not recognized until they mature. In the statement of activities, however, they are reported as expenses and liabilities as they accrue. The timing differences are as follows:		
Landfill closure and postclosure costs	$ 3,409,962	
Compensated absences	(6,066,240)	
Net pension obligation	(12,631,317)	
Other	(19,294)	(15,306,889)
Internal service funds are used by management to provide certain goods and services to governmental funds. The increase in net assets is reported with governmental activities.		39,870,034
Change in net assets of governmental activities		$ 124,597,073

COUNTY OF FAIRFAX, VIRGINIA
Statement of Net Assets
Proprietary Funds
June 30, 2007

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
ASSETS		
Current assets:		
Equity in pooled cash and temporary investments	$ 53,421,904	177,815,193
Investments	244,600	-
Restricted investments	4,786,616	-
Accounts receivable	-	79,926
Accrued interest receivable	396,420	513,571
Due from intergovernmental units (net of allowance)	24,043,864	240,072
Interfund receivables	-	905,244
Inventories of supplies	593,685	1,800,692
Total current assets	83,487,089	181,354,698
Long-term assets:		
Restricted assets:		
Equity in pooled cash and temporary investments	48,340,273	-
Cash with fiscal agents	-	187,000
Investments	6,893,125	-
Total restricted assets	55,233,398	187,000
Capital assets:		
Non-depreciable:		
Land	17,535,818	1,938,688
Construction in progress	36,260,097	-
Depreciable/amortizable:		
Equipment	10,725,133	96,840,916
Purchased capacity	667,795,385	-
Buildings and improvements	948,495,493	18,095,224
Accumulated depreciation	(398,092,295)	(68,465,244)
Accumulated amortization	(133,121,049)	-
Total capital assets, net	1,149,598,582	48,409,584
Other long-term asset - Deferred bond issuance costs (net of amortization)	331,308	-
Total long-term assets	1,205,163,288	48,596,584
Total assets	$ 1,288,650,377	229,951,282

See accompanying notes to the financial statements.

EXHIBIT A-4

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	$ 3,196,592	5,226,699
Accrued salaries and benefits	970,249	1,155,750
Contract retainages	7,703,609	-
Interfund payables	286,814	454,306
Accrued interest payable	3,062,238	-
Deferred revenue	-	903,454
Revenue bonds payable, net	11,293,776	-
Compensated absences payable	1,171,771	1,709,477
Obligations under capital leases	-	2,133,719
Insurance and benefit claims payable	-	16,909,487
Total current liabilities	27,685,049	28,492,892
Long-term liabilities:		
Revenue bonds payable, net	362,355,268	-
Compensated absences payable	883,967	1,240,041
Obligations under capital leases	-	914,978
Insurance and benefit claims payable	-	16,242,210
Total long-term liabilities	363,239,235	18,397,229
Total liabilities	390,924,284	46,890,121
NET ASSETS		
Invested in capital assets, net of related debt	789,479,735	45,360,887
Restricted for:		
Sewer improvements	41,703,978	-
Debt service	4,785,839	-
Unrestricted	61,756,541	137,700,274
Total net assets	$ 897,726,093	183,061,161

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT A-5

Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the fiscal year ended June 30, 2007

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
OPERATING REVENUES:		
Charges for services	$ 95,943,712	213,911,173
Intergovernmental	-	872,560
Other	-	327,046
Total operating revenues	95,943,712	215,110,779
OPERATING EXPENSES:		
Personnel services	20,542,951	25,389,528
Materials and supplies	11,464,005	3,077,643
Equipment operation and maintenance	-	46,812,391
Risk financing and benefit payments	-	92,619,706
Depreciation and amortization	45,846,313	12,534,070
Professional consultant and contractual services	41,655,929	13,492,369
Other	-	511,055
Total operating expenses	119,509,198	194,436,762
Operating income (loss)	(23,565,486)	20,674,017
NONOPERATING REVENUES (EXPENSES):		
Availability fees	19,513,484	-
Interest revenue	5,825,962	6,102,079
Interest expense	(17,650,673)	(125,264)
Amortization expense for bond issuance costs	(16,294)	-
Amortization of deferred gain on bond refunding	229,931	-
Gain (loss) on disposal of capital assets	31,481	201,328
Total nonoperating revenues (expenses)	7,933,891	6,178,143
Income (loss) before contributions and transfers	(15,631,595)	26,852,160
Capital contributions	8,137,150	101,583
Transfers in	-	12,916,291
Change in net assets	(7,494,445)	39,870,034
Total net assets, July 1, 2006	905,220,538	143,191,127
Total net assets, June 30, 2007	$ 897,726,093	183,061,161

See accompanying notes to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA — EXHIBIT A-6

Statement of Cash Flows
Proprietary Funds
For the fiscal year ended June 30, 2007

	Business-type Activities - Enterprise Fund: Integrated Sewer System	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$ 95,459,954	-
Receipts from interfund services provided	-	214,045,891
Payments to suppliers and contractors	(46,536,300)	(58,790,185)
Payments to employees	(20,423,260)	(25,245,070)
Claims and benefits paid	-	(88,512,508)
Payments for interfund services used	-	(7,500,803)
Intergovernmental revenue received	-	861,548
Net cash provided by operating activities	28,500,394	34,858,873
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipt of loan from General Fund	-	106,000
Transfers from other funds	-	12,916,291
Net cash provided by noncapital financing activities	-	13,022,291
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Availability fees received	19,513,484	-
Capital grants received	351,247	-
Principal payments on sewer revenue bonds	(10,858,629)	-
Interest payments on sewer revenue bonds	(17,488,521)	-
Proceeds from sale of capital assets	41,372	912,577
Purchase of capital assets, other than purchased capacity	(18,877,065)	(17,985,021)
Acquisition of purchased capacity	(11,598,107)	-
Principal payments on obligations under capital leases	-	(2,070,736)
Interest payments on obligations under capital leases	-	(125,264)
Net cash (used) by capital and related financing activities	(38,916,219)	(19,268,444)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of restricted investments (net)	36,966	-
Interest received	5,667,187	5,823,736
Net cash provided by investing activities	5,704,153	5,823,736
Net increase (decrease) in cash and cash equivalents	(4,711,672)	34,436,456
Cash and cash equivalents, July 1, 2006	106,473,849	143,565,737
Cash and cash equivalents, June 30, 2007	$ 101,762,177	178,002,193
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	$ (23,565,486)	20,674,017
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	45,846,313	12,534,070
Change in assets and liabilities:		
Decrease in accounts receivable	-	44,072
(Increase) in intergovernmental receivables	(483,758)	(11,012)
(Increase) in interfund receivables	-	(432,566)
(Increase) decrease in inventories of supplies	8,880	(206,958)
(Increase) decrease in other assets	(37,249)	196,166
Increase in accounts payable and accrued liabilities	6,502,528	1,916,152
Increase in accrued salaries and benefits	196,579	120,599
Increase in interfund payables	32,587	24,333
Total adjustments to operating income (loss)	52,065,880	14,184,856
Net cash provided by operating activities	$ 28,500,394	34,858,873
Noncash investing, capital, and financing activities:		
Capital contributions - sewer lines, manholes, and equipment	$ 7,785,903	101,583
Net increase in long-term debt resulting from the issuance of refunding bonds	(83,868)	-
Increase in fair value of investments not classified as cash and cash equivalents	75,792	-

See accompanying notes to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT A-7

Statement of Fiduciary Net Assets
June 30, 2007

		Pension Trust Funds		Agency Funds
ASSETS				
Equity in pooled cash and temporary investments	$	8,516,736		2,475,270
Cash collateral for securities lending		713,809,883		-
Accounts receivable		-		85,039
Contributions receivable		6,044,922		-
Accrued interest and dividends receivable		16,921,765		10,168
Receivable from sale of pension investments		312,890,195		-
Prepaid and other assets		1,294		-
Investments, at fair value:				
U.S. Government securities		238,594,040		-
Asset-backed securities		394,827,868		29,162,411
Corporate and other bonds		429,192,916		-
Common and preferred stock		1,863,531,882		-
Money market funds		-		5,167,756
Pooled and mutual funds		1,656,892,778		-
Repurchase agreements		-		1,295,788
Short-term investments		310,120,767		-
Equipment		-		2,372,300
Total assets		5,951,345,046	$	40,568,732
LIABILITIES				
Accounts payable and accrued liabilities		5,578,053		4,442
Accrued salaries and benefits		78,286		-
Interfund payable		21,386		-
Payable for purchase of pension investments		408,618,155		-
Liabilities for collateral received under securities lending agreements		713,809,883		-
Liabilities under reimbursement agreements		-		40,491,423
Obligations under capital leases		-		72,867
Total liabilities		1,128,105,763	$	40,568,732
NET ASSETS				
Held in trust for pension benefits	$	4,823,239,283		

(A schedule of funding progress is presented on page 94.)
See accompanying notes to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT A-8

Statement of Changes in Plan Net Assets
Pension Trust Funds
For the fiscal year ended June 30, 2007

		Pension Trust Funds
ADDITIONS		
Contributions:		
Employer	$	113,162,296
Plan members		51,589,910
Total contributions		164,752,206
Investment income:		
From investment activities:		
Net appreciation in fair value of investments		559,691,626
Interest		83,790,756
Dividends		39,586,956
Total income from investment activities		683,069,338
Less investment activities expenses:		
Management fees		20,094,923
Other		1,128,717
Total investment activities expenses		21,223,640
Net income from investment activities		661,845,698
From securities lending activities:		
Securities lending income		33,050,019
Less securities lending expenses:		
Borrower rebates		29,095,310
Management fees		1,120,645
Total securities lending activities expenses		30,215,955
Net income from securities lending activities		2,834,064
Net investment income		664,679,762
Total additions		829,431,968
DEDUCTIONS		
Benefits		202,391,131
Refunds of contributions		5,108,958
Administrative expenses		2,716,895
Total deductions		210,216,984
Net increase		619,214,984
Net assets, July 1, 2006		4,204,024,299
Net assets, June 30, 2007	$	4,823,239,283

See accompanying notes to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Net Assets
Component Units
June 30, 2007

	Public Schools	Redevelopment and Housing Authority
ASSETS		
Equity in pooled cash and temporary investments	$ 352,069,695	24,654,478
Cash in banks	-	9,864,810
Investments	-	3,982,438
Receivables (net of allowances):		
Accounts	154,695	708,939
Accrued interest	600,025	251,934
Notes	-	18,175,508
Due from intergovernmental units	35,454,460	-
Due from primary government	185,107	-
Inventories of supplies	3,067,278	-
Prepaid and other assets	331,033	2,802,042
Restricted assets:		
Equity in pooled cash and temporary investments	-	-
Cash with fiscal agents	-	7,456,696
Certificates of deposit - performance bonds		3,375,597
Investments	-	6,946,098
Land held for sale	-	918,340
Capital assets:		
Non-depreciable:		
Land	45,864,156	36,978,817
Construction in progress	202,996,596	4,634,781
Depreciable:		
Equipment	183,061,239	1,137,806
Library collections	26,104,060	-
Buildings and improvements	2,269,676,276	168,265,877
Accumulated depreciation	(895,623,749)	(83,721,819)
Deferred bond issuance costs (net of amortization)	-	289,474
Total assets	$ 2,223,940,871	206,721,816

See accompanying notes to the financial statements.

EXHIBIT A-9

Park Authority	Economic Development Authority	Total Component Units	
			ASSETS
15,284,311	-	392,008,484	Equity in pooled cash and temporary investments
-	-	9,864,810	Cash in banks
-	-	3,982,438	Investments
			Receivables (net of allowances):
14,296	-	877,930	Accounts
133,325	-	985,284	Accrued interest
-	-	18,175,508	Notes
-	-	35,454,460	Due from intergovernmental units
2,149,063	547,925	2,882,095	Due from primary government
-	-	3,067,278	Inventories of supplies
14,935	-	3,148,010	Prepaid and other assets
			Restricted assets:
700,000	-	700,000	Equity in pooled cash and temporary investments
-	-	7,456,696	Cash with fiscal agents
		3,375,597	Certificates of deposit - performance bonds
2,110,166	-	9,056,264	Investments
-	-	918,340	Land held for sale
			Capital assets:
			Non-depreciable:
319,051,256	-	401,894,229	Land
22,064,798	-	229,696,175	Construction in progress
			Depreciable:
13,436,866	81,021	197,716,932	Equipment
-	-	26,104,060	Library collections
259,969,454	-	2,697,911,607	Buildings and improvements
(126,276,954)	(45,824)	(1,105,668,346)	Accumulated depreciation
365,760	-	655,234	Deferred bond issuance costs (net of amortization)
509,017,276	583,122	2,940,263,085	Total assets

continued

COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Net Assets
Component Units
June 30, 2007

	Public Schools	Redevelopment and Housing Authority
LIABILITIES		
Accounts payable and accrued liabilities	$ 38,540,081	6,757,343
Accrued salaries and benefits	95,690,480	485,794
Contract retainages	6,904,979	-
Accrued interest payable	1,253,720	2,469,117
Due to primary government	-	1,933,549
Deferred revenue	8,015,998	1,077,865
Performance and other deposits	225,288	3,312,949
Long-term liabilities:		
Portion due or payable within one year:		
Revenue bonds payable, net	-	393,241
Notes payable	-	7,791,466
Compensated absences payable	21,345,783	417,682
Obligations under capital leases and installment purchases	16,640,014	-
Insurance and benefit claims payable	19,519,883	-
Loan from primary government	-	-
Other	-	166,926
Portion due or payable after one year:		
Revenue bonds payable, net	-	10,748,771
Notes payable	-	41,147,476
Compensated absences payable	9,148,192	573,998
Obligations under capital leases and installment purchases	89,306,269	-
Insurance and benefit claims payable	13,647,772	-
Loan from primary government	-	5,190,000
Other	-	923,669
Total liabilities	320,238,459	83,389,846
NET ASSETS		
Invested in capital assets, net of related debt	1,736,800,359	79,647,116
Restricted for:		
Repair and replacement	-	-
Housing	-	7,921,886
Capital projects	-	-
Debt service	-	-
Unrestricted (deficit)	166,902,053	35,762,968
Total net assets	$ 1,903,702,412	123,331,970

See accompanying notes to the financial statements.

EXHIBIT A-9
concluded

Park Authority	Economic Development Authority	Total Component Units	
			LIABILITIES
4,146,957	366,657	49,811,038	Accounts payable and accrued liabilities
2,802,909	181,268	99,160,451	Accrued salaries and benefits
910,780	-	7,815,759	Contract retainages
215,982	-	3,938,819	Accrued interest payable
244,472	-	2,178,021	Due to primary government
3,946,904	-	13,040,767	Deferred revenue
212,405	-	3,750,642	Performance and other deposits
			Long-term liabilities:
			Portion due or payable within one year:
550,040	-	943,281	Revenue bonds payable, net
-	-	7,791,466	Notes payable
2,843,648	159,423	24,766,536	Compensated absences payable
-	-	16,640,014	Obligations under capital leases and installment purchases
-	-	19,519,883	Insurance and benefit claims payable
80,000	-	80,000	Loan from primary government
-	-	166,926	Other
			Portion due or payable after one year:
9,725,475	-	20,474,246	Revenue bonds payable, net
-	-	41,147,476	Notes payable
2,106,228	41,869	11,870,287	Compensated absences payable
-	-	89,306,269	Obligations under capital leases and installment purchases
-	-	13,647,772	Insurance and benefit claims payable
15,375,000	-	20,565,000	Loan from primary government
-	-	923,669	Other
43,160,800	749,217	447,538,322	Total liabilities
			NET ASSETS
464,350,705	35,197	2,280,833,377	Invested in capital assets, net of related debt
			Restricted for:
700,000	-	700,000	Repair and replacement
-	-	7,921,886	Housing
164,506	-	164,506	Capital projects
113,834	-	113,834	Debt service
527,431	(201,292)	202,991,160	Unrestricted (deficit)
465,856,476	(166,095)	2,492,724,763	Total net assets

COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Activities
Component Units
For the fiscal year ended June 30, 2007

		Program Revenues		
Functions/Programs	**Expenses**	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Public Schools:				
Education	$2,225,273,183	97,280,301	165,195,247	145,184,488
Redevelopment and Housing Authority:				
Community development	70,203,043	24,893,116	57,374,620	1,343,316
Park Authority:				
Parks, recreation, and cultural	84,099,220	38,064,488	-	3,758,445
Economic Development Authority:				
Community development	7,233,801	-	-	-
Total component units	$2,386,809,247	160,237,905	222,569,867	150,286,249

General revenues:
Grants and contributions not restricted to specific programs
Revenue from the use of money
Revenue from primary government
Other
Special item - property transfer to primary government
Total general revenues and special item
Change in net assets
Net assets, July 1, 2006
Net assets, June 30, 2007

See accompanying notes to the financial statements.

EXHIBIT A-10

Net (Expense) Revenue and Changes in Net Assets

Public Schools	Redevelopment and Housing Authority	Park Authority	Economic Development Authority	Total Component Units
(1,817,613,147)	-	-	-	(1,817,613,147)
-	13,408,009	-	-	13,408,009
-	-	(42,276,287)	-	(42,276,287)
-	-	-	(7,233,801)	(7,233,801)
(1,817,613,147)	13,408,009	(42,276,287)	(7,233,801)	(1,853,715,226)
375,320,467	-	3,105,135	-	378,425,602
4,586,159	1,909,658	1,197,458	-	7,693,275
1,533,218,089	-	50,645,885	7,235,006	1,591,098,980
5,436,485	-	-	-	5,436,485
(10,874,069)	-	-	-	(10,874,069)
1,907,687,131	1,909,658	54,948,478	7,235,006	1,971,780,273
90,073,984	15,317,667	12,672,191	1,205	118,065,047
1,813,628,428	108,014,303	453,184,285	(167,300)	2,374,659,716
$ 1,903,702,412	123,331,970	465,856,476	(166,095)	2,492,724,763

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Reporting Entity

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

Blended Component Units

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

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

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

Small District One - The Board of Supervisors created Small District One, which is located within the Dranesville Magisterial District, in 1970 to provide for the construction of a community center and the operation of its social, cultural, educational, and recreational facilities. This small district is reported as a separate special revenue fund of the County, the McLean Community Center Fund, because it is governed by the Board, which has the ability to impose its will on the small district. Separate financial statements are not prepared for Small District One.

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

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

Discretely Presented Component Units

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

Fairfax County Public Schools (Public Schools) - Public Schools is responsible for elementary and secondary education within the County. The School Board is elected by County voters. Public Schools is fiscally dependent on the County; Public Schools operations are funded primarily by the County's General Fund, and the County issues general obligation debt for Public Schools' capital projects.

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

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

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

Related Organizations

The Board of Supervisors is also responsible for appointing the members of the boards of Fairfax Water and the Industrial Development Authority of Fairfax County (IDAFC), but the County's accountability does not extend beyond making the appointments. The IDAFC does not have a significant operational or financial relationship with the County. Fairfax Water bills and collects for the sales of sewer services on behalf of the County's sewer system. During fiscal year 2007, Fairfax Water collected approximately $77.0 million on behalf of the County, and as of June 30, 2007, the County has receivables of approximately $11.5 million due from Fairfax Water.

Joint Ventures

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

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

Jointly Governed Organization

The State Route 28 Highway Transportation Improvement District (District) was created in 1987 under the provisions of the Transportation Improvements District Act by the County and Loudoun County, Virginia, in conjunction with the Commonwealth of Virginia Transportation Board (CVTB), for the purpose of undertaking various improvements to State Route 28. The District is governed by a nine-member Commission comprised of four members from each of the Boards of Supervisors of the County and Loudoun County and the Chairman of the CVTB or his designee. The County has no financial interest in the District. See Note I-7 for additional information related to the District.

2. Basis of Presentation

Government-wide Statements

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

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

Fund Financial Statements

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

The County reports the following major fund types:

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

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

The County reports the following nonmajor governmental fund types:

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

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

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

The County reports the following additional fund types:

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

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

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

3. Measurement Focus and Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Statements

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. For the Sewer System, principal operating revenues include sales to existing customers for continuing sewer service. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Also, unbilled Sewer System receivables, net of an allowance for uncollectible accounts, are recorded at year end to the extent they can be estimated.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's Sewer System and various other functions of the government; elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental Fund Financial Statements

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

4. Pooled Cash and Temporary Investments

The County maintains cash and temporary investments for all funds and component units in a single pooled account, except for certain cash and investments required to be maintained with fiscal agents or in separate pools or accounts in order to comply with the provisions of bond indentures. As of June 30, 2007, the pooled cash and temporary investments have been allocated between the County and the respective component units based upon their respective ownership percentages. Temporary investments consist of money market investments that have a remaining maturity at the time of purchase of one year or less and are reported at amortized cost, which approximates fair value. Interest earned, less an administrative charge, is allocated generally to the respective funds and component units based on each fund's or unit's equity in the pooled account. In accordance with the County's legally adopted operating budget, interest earned by certain funds is assigned directly to the General Fund. For the year ended June 30, 2007, interest earned by these funds and assigned directly to the County's General Fund is as shown on the right.

Primary Government	
Nonmajor Governmental Funds	$ 24,040,998
Internal Service Funds	2,739,314
Total primary government	26,780,312
Component Units	
Public Schools	12,363,782
FCRHA	297,585
Park Authority	272,631
Total component units	12,933,998
Total reporting entity	$ 39,714,310

5. Cash and Cash Equivalents

For purposes of the statements of cash flows, the amounts reported as cash and cash equivalents for the proprietary fund types represent amounts maintained in the reporting entity's investment pool, as they are considered to be demand deposits for the purpose of complying with GASB Statement

No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting."

6. Investments

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

7. Derivatives

The County Retirement Systems (the Systems), which include the Employees' (ERS), Police Officers (PORS), and Uniformed (URS) Retirement Systems, as well as the Educational Retirement System (ERFC) of the Public Schools component unit, invest in derivatives as permitted by the Code of Virginia and in accordance with policies set by their respective Board of Trustees. The Systems may invest in various derivative instruments on a limited basis in order to increase potential earnings and to hedge against potential losses. During fiscal year 2007, the Systems invested in the following derivative instruments that were not reported in the financial statements as of June 30, 2007: futures contracts, interest rate swaps, options on futures and swaps, currency forwards, inverse floating rate notes, and to-be-assigned mortgage securities (TBAs). However, as of June 30, 2007, the PORS did not have any investments in derivative instruments that were not reported in the financial statements.

An exchange-traded financial futures contract is a legally-binding agreement to buy or sell a financial instrument in a designated future month at a price agreed upon by the buyer and seller at initiation of the contract. Futures contracts provide a means to achieve exposures to the market in a more efficient way and at lower transaction costs. The market and interest rate risks of holding exchange traded futures contracts arise from adverse changes in market prices and interest rates. These risks are equivalent to holding exposure to the indexes. Counterparty credit risk is modest because the futures clearinghouse becomes the counterparty to all transactions. The ERS, URS, and ERFC routinely entered into futures contracts during the year. At June 30, 2007, these Systems had futures contracts as described below:

Futures Contracts as of June 30, 2007

Type	Notional Value	Fair Value	Maturity Date
ERS:			
Money market futures	$ (22,500,000)	$ 21,380,513	Dec 2007 - Jun 2009
Government futures	159,103,680	155,248,775	Sept 2007
Equity futures	321,324,355	310,816,497	Sept 2007
Foreign currency futures	(67,814,893)	(68,290,569)	Sept 2007
URS:			
Money market futures	189,375,000	195,882,791	Dec 2007 - Dec 2008
Government futures	10,000,000	13,227,892	Sept 2007
ERFC:			
Equity futures	1,219,547	1,219,547	Sept 2007

An interest rate swap is a binding agreement between counterparties to exchange periodic interest payments on some predetermined dollar principal, which is called the notional principal amount. Interest rate swaps are used as risk-neutral substitutes for physical securities or to obtain non-leveraged exposure in markets where no physical securities are available, such as an interest rate index. The counterparty credit risk associated with interest rate swaps is controlled by the Systems' investment guidelines and limited by periodic resets to mark-to-market. The market risk is equivalent to holding the exposure to the index. At June 30, 2007, the ERS and URS had swaps as described below:

Interest Rate Swaps as of June 30, 2007

	Notional Value	Fair Value	Maturity Date
ERS	$ 866,011,209	$ (381,704)	Jul 2007 - Dec 2037
URS	117,500,000	16,005	May 2009 - Dec 2037

An option is a financial instrument that, in exchange for the option price, gives the option buyer the right, but not the obligation, to buy (or sell) a financial asset at the exercise price from (or to) the option seller within a specified time period or on a specified date (expiration date). Options are used to manage interest rate and volatility exposure of the portfolio. Options can cause the effective duration of a portfolio to change with movements in interest rates. To control interest rate risk, the duration change potential of options over a wide range of best and worst case interest rate scenarios is monitored. As of June 30, 2007, the ERS and URS had options as described below:

Options on Futures and Swaps as of June 30, 2007

	Notional Value	Fair Value	Maturity Date
ERS	$ 7,400,000	$ 31,622	Aug 2007 - Jun 2008
URS	133,300,000	141,424	Jul 2007 - Jun 2010

Currency forward contracts are used as a cost effective way to hedge or create foreign currency exposure in the portfolio. Exposure to foreign currency is monitored in the context of total contribution to volatility and tracking error. Foreign currency can add significant volatility to a portfolio's return. As of June 30, 2007, the ERS and URS had currency forwards as described below.

Currency Forwards as of June 30, 2007

	Fair Value	Maturity Date
ERS	$ 394,032	Jul 2007 - Mar 2008
URS	2,293,637	Jul 2007 - Nov 2006

An inverse floating rate note is a security whose interest rate moves inversely to its index rate. The variable rate on this type of security falls as its index rate rises and vice versa. It performs well if interest rates increase less than market expectations, but suffers if rates exceed market expectations. Inverse floating rate notes are used for increased exposure to the short end of the yield curve. As of June 30, 2007, the URS had inverse floating rate notes with notional and market values of $81,877 and $619, respectively, and a maturity date of March 2009.

8. Inventories

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

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

9. Restricted Assets

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

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

In accordance with the provisions of the 1985 General Bond Resolution, certain assets of the Sewer System are restricted for specific future uses, such as repayment of debt obligations, payments on construction projects, and extensions and improvements. Certain assets are restricted to fund the construction of nitrogen removal facilities. As of June 30, 2007, the Sewer System has cash and investments that are restricted for the following uses:

Restricted Assets of the Sewer System	
Extensions and improvements	$ 41,703,978
Long-term debt service requirements	13,530,197
Current debt service requirements	4,785,839
Total restricted assets	$ 60,020,014

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

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

10. Capital Assets

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

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

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

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

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

11. Compensated Absences

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

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

12. Net Assets

Net assets are comprised of three categories: Net assets invested in capital assets, net of related debt; Restricted net assets; and Unrestricted net assets. The first category reflects the portion of net assets which is associated with non-liquid, capital assets, less the outstanding debt (net) related to these capital assets. The related debt (net) is the debt less the outstanding liquid assets and any associated unamortized costs. Restricted net assets are restricted assets, net of related debt. As of June 30, 2007, the primary government had $92.3 million in restricted net assets, of which $18.9 million was restricted by enabling legislation. Net assets which are neither restricted nor related to capital assets, are reported as unrestricted net assets.

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

Because this debt is related to capital assets and restricted assets of the reporting entity as a whole, the debt amount of $1,215.6 million is reclassified as shown below to present the total reporting entity column of Exhibit A:

			Reclassification of Debt Issued for:		
Net Assets (summarized)	Primary Government	Component Units	Public Schools Facilities	Park Authority Facilities	Total Reporting Entity
Invested in capital assets, net of related debt	$ 1,966,133,668	2,280,833,377	(1,086,685,906)	(128,887,489)	3,031,393,650
Restricted	92,325,459	8,900,226	-	-	101,225,685
Unrestricted	(700,985,313)	202,991,160	1,086,685,906	128,887,489	717,579,242
Total net assets	$ 1,357,473,814	2,492,724,763	-	-	3,850,198,577

13. Encumbrances

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

14. Designations of Unreserved Fund Balances

Unreserved fund balances as of June 30, 2007, have the following significant designations:

Designation	Amount
Primary Government	
General Fund:	
Revenue stabilization during periods of economic downturn	$ 96,683,018
Emergency needs and loss of revenue sources through actions of other governments	65,779,947
Nonmajor Governmental Funds:	
Landfill closure and postclosure costs	58,772,147
Solid waste disposal	36,981,843
Total primary government	$ 258,216,955
Component Unit - Park Authority	
E.C. Lawrence Park expenditures	$ 1,507,926

15. Recovered Costs

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

16. Intermunicipal Agreements

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

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

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

17. Use of Estimates

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

B. DEPOSITS AND INVESTMENTS

1. Deposit and Investment Policies

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

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

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

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

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

- Commercial paper
- U.S. Treasury and agency securities
- U.S. Treasury strips
- Negotiable certificates of deposits and bank notes

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

However, the investment policy precludes the investment of pooled funds in derivative securities, reverse repurchase agreements, or security lending programs.

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

2. Interest Rate Risk

The reporting entity's policy is to minimize the risk that the market value of securities in its portfolio will fall due to changes in market interest rates. To achieve this minimization of risk, the reporting entity structures the pooled investment portfolio so that sufficient securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Pooled investments that are purchased to meet liquidity needs shall have a target weighted average maturity of 90 days. All other pooled funds are invested primarily in shorter-term securities, with a maximum maturity of one year. The reporting entity's pooled investments as of June 30, 2007, are summarized at fair value on the following page.

Investment Type	Fair Value	Weighted Average Maturity (Days)
Primary Government - Pooled Investments:		
Discount GSE securities	$ 96,340,500	4.54
Commercial paper	328,561,000	12.76
Asset-backed commercial paper *	71,330,680	2.30
Money market funds	73,786,000	0.15
Bank notes	44,714,000	4.26
Negotiable certificates of deposit	329,145,600	23.43
GSE bullets	32,232,000	7.13
Total fair value	$976,109,780	
Portfolio weighted average maturity		54.57
Component Units - Pooled Investments:		
Discount GSE securities	$ 25,609,500	4.54
Commercial paper	87,339,000	12.76
Asset-backed commercial paper *	18,961,320	2.30
Money market funds	19,614,000	0.15
Bank notes	11,886,000	4.26
Negotiable certificates of deposit	87,494,400	23.43
GSE bullets	8,568,000	7.13
Total fair value	$259,472,220	
Portfolio weighted average maturity		54.57

* The underlying assets of the asset-backed commercial paper are predominantly mortgages and collateralized mortgage obligations.

The primary government's pension trust funds manage interest rate risk for fixed income accounts by limiting the credit quality of the securities held as well as the duration of the portfolio against the duration of the benchmark. The component unit's pension trust fund's fixed income managers utilize the modified duration method to manage interest rate risk. In addition, the fund's investment policy states that the average effective duration of each manager's portfolio should be within 25 percent of the portfolio's benchmark duration. The investments in debt securities of the pension trust funds of the reporting entity as of June 30, 2007, are summarized at fair value on the right.

Investment Type	Fair Value	Duration (Years)
Primary Government - Pension Trust Funds:		
U.S. Government securities	$ 22,277,709	0.8
	195,352,720	6.5
	20,963,611	10.7
Corporate and other bonds	282,787,691	2.3
	82,867,088	3.2
	63,538,137	6.1
Asset-backed securities *	140,597,741	8.4
	137,079,959	8.5
	117,150,168	19.9
Short-term investments	310,120,767	0.1
Fixed pooled funds	2,379,219,397	0.1
Alternative investments	1,863,531,882	0.1
Total fair value	$5,615,486,870	
Component Unit - Pension Trust Fund:		
U.S. Government securities	$ 134,894,490	4.5
Discount GSE securities	64,119,052	3.6
Asset-backed securities *	107,101,375	4.4
Money market funds	31,988,681	15.7
Corporate bonds	120,402,649	7.3
Municipal bonds	1,816,494	9.4
International bonds	26,821,010	5.7
Emerging markets	11,574,187	5.6
Other	20,012,000	11.3
Total fair value	$ 518,729,938	

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

3. Credit Risk

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

- U.S. government sponsored enterprise instruments shall be rated by both Moody's and S&P with a minimum rating of Prime 1 and A-1, respectively.

- Prime quality commercial paper shall be as rated by at least two of the following: Moody's, with a minimum rating of Prime 1; S&P, with a minimum rating of A-1; Fitch Investor's Services, Inc. (Fitch), with a minimum rating of F-1; or by Duff and Phelps, Inc., with a minimum rating of D-1.

- Mutual funds must have a rating of AA or better by S&P, Moody's, or another nationally recognized rating agency.

- Bank deposit notes must have a rating of at least A-1 by S&P and P-1 by Moody's.

- Banker's acceptances must have a rating by Fitch of at least B/C.

- Corporate notes must have a rating of at least Aa by Moody's and a rating of at least AA by S&P.

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

As of June 30, 2007, the reporting entity had investments in the following issuers with credit quality ratings as a percent of total investments in debt securities as follows:

	Credit Quality Rating *							
Investment Type	AAA	AA	A	BBB	BB	B	Below B	Unrated
Primary Government								
Pooled Investments:								
Discount GSE securities	9.9 %	- %	- %	- %	- %	- %	- %	- %
Commercial paper	11.4	15.6	6.7	-	-	-	-	-
Asset-backed commercial paper	-	-	-	-	-	-	-	7.3
Banker's acceptances	-	-	-	-	-	-	-	-
Money market funds	7.6	-	-	-	-	-	-	-
Bank notes	-	4.6	-	-	-	-	-	-
Negotiable certificates of deposit		20.2	13.5	-	-	-	-	-
GSE bullets	3.2	-	-	-	-	-	-	-
Pension Trust Funds:								
U.S. Government securities	11.4 %	- %	- %	- %	- %	- %	- %	- %
Corporate and other bonds	4.5	0.9	2.9	1.6	2.6	5.5	1.4	1.2
Asset-backed securities	16.7	-	0.1	-	-	-	-	2.1
Short-term investments	1.5	0.2	-	-	-	-	-	13.2
Fixed pooled funds	-	-	-	-	-	-	-	34.2
Component Units								
Pooled Investments:								
Discount GSE securities	9.9 %	- %	- %	- %	- %	- %	- %	- %
Commercial paper	11.4	15.6	6.7	-	-	-	-	-
Asset-backed commercial paper	-	-	-	-	-	-	-	7.3
Banker's acceptances	-	-	-	-	-	-	-	-
Money market funds	7.6	-	-	-	-	-	-	-
Bank notes	-	4.6	-	-	-	-	-	-
Negotiable certificates of deposit		20.2	13.5	-	-	-	-	-
GSE bullets	3.2	-	-	-	-	-	-	-
Pension Trust Fund:								
U.S. Government and GSE securities	22.8 %	12.6 %	- %	- %	- %	- %	- %	- %
Asset-backed securities	24.7	-	-	-	-	-	-	-
Money market funds	-	-	-	-	-	-	-	-
Corporate bonds	1.2	2.1	2.1		2.0	2.9	0.3	0.9
International bonds	1.3	4.3	1.2	3.4	1.4	0.2	-	2.6
Other bonds	0.2	0.8	0.6	5.9	-	0.1	-	-
Other	-	4.3	-	-	-	-	-	2.1

* Credit quality ratings are determined using S&P's long-term rating schema, which approximates the greatest degree of risk as of June 30, 2007

4. Concentration of Credit Risk

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

Repurchase agreements and mutual funds	30%	maximum
Bank notes and banker's acceptances	40%	maximum
Commercial paper	35%	maximum
Corporate notes	25%	maximum

In addition, not more than 5 percent of the total pooled funds available for investment at the time of purchase may be invested in any one issuing or guaranteeing corporation for commercial paper, banker's acceptances, corporate notes, and bank notes. Also, the maximum amount of funds that may be placed in repurchase agreements with a single dealer shall be $125 million.

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

5. Custodial Credit Risk

For deposits, custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the Virginia Security for Public Deposits Act (Act), all of the reporting entity's deposits are covered by federal depository insurance or collateralized in accordance with the Act, which provides for the pooling of collateral pledged by financial institutions with the Treasurer of Virginia to secure public deposits as a class. No specific collateral can be identified as security for one public depositor, and public depositors are prohibited from holding collateral in their name as security for deposits. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. If the value of the pool's collateral is inadequate to cover a loss, additional amounts are assessed on a pro rata basis to the members of the pool. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by participating financial institutions. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance, therefore, funds deposited in accordance with the requirements of the Act are considered to be fully insured.

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

The Boards of Trustees of the pension trust funds permit the funds to participate in a securities lending program, which is administered by a custodian. Under this program, certain securities are loaned to approved broker/dealers who borrow the securities and provide collateral in the form of cash, U.S. Treasury or government agency securities, letters of credit, and other securities as specified in the securities lending agreement. The value of the collateral for domestic securities must equal 102 percent of the market value of the security and 105 percent of the market value of the foreign security. The custodian monitors the market value of the collateral on a daily basis. Cash collateral is invested in a fund which is maintained by the custodian or its affiliate. The pension trust funds did not impose any restrictions during the period on the amounts of loans security lending agents made on their behalf, and the agents have agreed to indemnify the pension trust funds by purchasing replacement securities, or returning the cash collateral thereof, in the event a borrower fails to return loaned securities or pay distributions thereon. There were no such failures by any borrower during the fiscal year, nor were there any losses during the period resulting from the default of a borrower or lending agent. At year end, the pension trust funds had no custodial credit risk exposure to borrowers because the amounts the pension trust funds owed the borrower exceeded the amounts the borrowers owed the pension trust funds. Information pertaining to the securities lending transactions as of June 30, 2007, is as follows:

Securities Lent	Underlying Securities	Cash Collateral Investment Value	Securities Collateral Investment Value
Primary Government - Pension Trust Funds:			
Lent for cash collateral:			
U.S. Government securities	$ 210,962,394	214,328,813	-
Asset-backed securities	2,309,739	2,816,894	-
Corporate and other bonds	57,970,641	59,854,938	-
Common and preferred stock	420,615,593	436,809,238	-
Lent for securities collateral:			-
U.S. Government securities	18,189,207	-	18,578,384
Corporate and other bonds	12,227,754	-	12,483,234
Common and preferred stock	26,417,780	-	28,327,481
Total securities lent	$ 748,693,108	713,809,883	59,389,099
Component Unit - Pension Trust Fund:			
Lent for cash or securities collateral:			
U.S. Government and GSE securities	$ 39,101,486	39,506,449	-
Corporate bonds	8,252,261	8,400,260	-
International bonds	1,328,276	1,390,087	-
Common and preferred stock	113,577,851	116,070,777	1,859,000
International stock	89,982,748	93,182,365	164,956
Total securities lent	$ 252,242,622	258,549,938	2,023,956

6. Foreign Currency Risk

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

The pension trust funds are allowed to invest in foreign currency denominated instruments. The component unit's pension trust fund's policy allows investment managers to invest up to 25 percent of the portfolio in securities issued by non-U.S. guarantors with up to10 percent in emerging markets. As of June 30, 2007, the fair value in U.S. dollars of the pension trust funds' foreign currency investments are as follows:

International Securities	Cash and Cash Equivalents	Equity	Convertible and Fixed Income	Total U.S. Dollars
Primary Government - Pension Trust Funds:				
Australian dollar	$ 11,694,980	26,649,396	21,267,929	59,612,305
Brazil real	404,123	1,519,535	9,136,112	11,059,770
British pound sterling	7,004,916	111,442,331	14,139,651	132,586,898
Canadian dollar	6,522,131	7,378,081	6,588,813	20,489,025
Danish krone	28,535	6,853,058	-	6,881,593
Euro currency unit	(4,460,006)	196,631,557	23,121,927	215,293,478
Hong Kong dollar	326,466	24,450,011	-	24,776,477
Indonesian rupian	21,931	1,570,809	6,166,018	7,758,758
Japanese yen	6,791,068	96,438,563	(10,035)	103,219,596
Malaysian ringgit	75,228	2,376,472	9,329,537	11,781,237
Mexican new peso	670,671	640,229	9,365,907	10,676,807
New Zealand dollar	(23,969)	431,736	7,421,471	7,829,238
Norwegian krone	3,419,531	7,390,155	-	10,809,686
Philippines peso	54,918	3,719,055	-	3,773,973
Polish zloty	535,264	5,755,019	14,098,701	20,388,984
Singapore dollar	(6,974,998)	6,202,239	13,906,770	13,134,011
South African comm rand	1,031	3,981,802	9,399,822	13,382,655
South Korean won	804,614	3,025,102	-	3,829,716
Swedish krona	276,261	16,482,921	7,654,511	24,413,693
Swiss franc	(1,087,073)	30,068,066	-	28,980,993
Thailand baht	3,997	2,239,251	-	2,243,248
Other currencies	1,120,301	12,446,298	-	13,566,599
Total fair value	$ 27,209,920	567,691,686	151,587,134	746,488,740
Component Unit - Pension Trust Fund:				
Australian dollar	$ 1,418	13,249,027	-	13,250,445
Brazil real	-	-	860,038	860,038
British pound sterling	579,609	59,692,448	-	60,272,057
Canadian dollar	396,174	11,244,783	6,708,051	18,349,008
Danish krone	689	585,443	-	586,132
Euro currency unit	(1,034,548)	141,126,397	1,219,547	141,311,396
Hong Kong dollar	71,684	5,274,345	-	5,346,029
Hungarian Forint	490,294	471,520	-	961,814
Indonesian rupian	-	82,928	-	82,928
Israeli Shekel	55,012	2,292,275	-	2,347,287
Japanese yen	272,230	57,221,544	-	57,493,774
Malaysian ringgit	834	91,551	-	92,385
Mexican new peso	98,481	4,505,087	2,719,527	7,323,095
New Turkish Lira	6,540	208,992	-	215,532
New Zealand dollar	457	52,514	5,706,902	5,759,873
Norwegian krone	21,545	1,481,950	-	1,503,495
Philippine peso	329	36,486	-	36,815
Polish Zloty	133,074	-	-	133,074
Singapore dollar	(212,097)	6,854,264	6,606,396	13,248,563
South Korean Won	-	5,069,205	-	5,069,205
Swedish krona	371	7,557,948	-	7,558,319
Swiss franc	59,807	13,803,562	-	13,863,369
Thailand baht	10,242	959,372	997,329	1,966,943
Total fair value	$ 952,145	331,861,641	26,107,853	358,921,639

C. PROPERTY TAXES

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

Personal property taxes on vehicles and business property are based on the estimated fair market value at January 1 each year. The tax on a vehicle may be prorated for the length of time the vehicle has situs in the County. A declaration form is required to be filed, and there is a ten percent penalty for late filing. Personal property taxes are due on October 5, with certain exceptions. Vehicle decal fees have been eliminated for fiscal year 2007 and beyond. 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, 2007, after allowances for uncollectible amounts, is $21,349,862, of which $4,311,326 has been included in tax revenue for fiscal year 2007 because it was collected within 45 days after June 30.

As required by GAAP, the County reports real estate and personal property taxes (net of allowances) assessed for calendar year 2007 as receivables (net of payments totaling $13,264,544 received in advance of the due date) and deferred revenue because the County has an enforceable legal claim to these resources at June 30, 2007; however, these resources, which amount to $2,504,002,339, will not be available to the County until fiscal year 2008.

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

D. RECEIVABLES

Receivables and allowances for uncollectible receivables of the primary government, excluding fiduciary funds, at June 30, 2007, consist of the following:

	General Fund	Nonmajor Governmental Funds	Enterprise Fund	Internal Service Funds	Total Primary Government (Exhibit A)
Receivables:					
Accounts	$ 18,003,676	9,221,865	-	79,926	27,305,467
Accrued interest	6,821,882	1,522,920	396,420	513,571	9,254,793
Property taxes:					
Delinquent	44,386,082	-	-	-	44,386,082
Not yet due	2,285,589,425	-	-	-	2,285,589,425
Business license taxes - delinquent	6,714,708	-	-	-	6,714,708
Loans	-	28,320,761	-	-	28,320,761
Other*	-	-	-	-	21,386
Total receivables	2,361,515,773	39,065,546	396,420	593,497	2,401,592,622
Allowances for uncollectibles:					
Accounts receivable	(4,032,752)	(283,745)	-	-	(4,316,497)
Property taxes:					
Delinquent	(23,036,220)	-	-	-	(23,036,220)
Not yet due	(6,165,574)	-	-	-	(6,165,574)
Business license taxes - delinquent	(3,779,182)	-	-	-	(3,779,182)
Loans	-	(1,126,165)	-	-	(1,126,165)
Total allowances for uncollectibles	(37,013,728)	(1,409,910)	-	-	(38,423,638)
Total net receivables	$ 2,324,502,045	37,655,636	396,420	593,497	2,363,168,984

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

Receivables of the component units, excluding fiduciary funds, at June 30, 2007, consist of the following:

	Public Schools	FCRHA	Park Authority	Total Component Units
Receivables:				
Accounts	$ 154,695	839,197	14,296	1,008,188
Accrued interest	600,025	251,934	133,325	985,284
Notes	-	19,880,576	-	19,880,576
Total receivables	754,720	20,971,707	147,621	21,874,048
Allowances for uncollectibles	-	(1,835,326)	-	(1,835,326)
Total net receivables	$ 754,720	19,136,381	147,621	20,038,722

Delinquent property taxes receivable from taxpayers in the General Fund as of June 30, 2007, consist of the following:

Year of Levy	Real Estate	Personal Property	Total
2006	$ 9,341,412	5,595,364	14,936,776
2005	1,913,827	4,993,580	6,907,407
2004	694,781	3,511,979	4,206,760
Prior years	1,364,749	11,597,762	12,962,511
Total delinquent taxes	13,314,769	25,698,685	39,013,454
Penalty and interest			5,372,628
Total delinquent taxes, penalty and interest			44,386,082
Allowances for uncollectibles			(23,036,220)
Net delinquent tax receivables			$ 21,349,862

Amounts due to the primary government and component units from other governmental units at June 30, 2007, include the following:

	Primary Government					Component Unit - Public Schools
	General Fund	Nonmajor Governmental Funds	Enterprise Fund	Internal Service Funds	Total (Exhibit A)	
Federal government	$ 2,922,997	15,535,661	194,117	240,072	18,892,847	16,746,497
State government:						
Property tax relief - not yet due	211,313,944	-	-	-	211,313,944	-
Other	52,943,426	19,373,150	-	-	72,316,576	18,423,777
Local governments	2,330,123	409,329	23,849,747	-	26,589,199	284,186
Total intergovernmental units	$ 269,510,490	35,318,140	24,043,864	240,072	329,112,566	35,454,460

E. INTERFUND BALANCES AND TRANSFERS

Payments for fringe benefits are made through the General Fund on behalf of all funds of the County. As a result, interfund payables primarily represent the portion of fringe benefits to be paid by certain other funds to the General Fund. Interfund receivables and payables are also recorded when funds overdraw their share of pooled cash. All amounts are expected to be paid within one year. The composition of interfund balances as of June 30, 2007, is as shown on the right.

	Interfund Receivables	Interfund Payables
Primary Government		
General Fund	$ 2,902,100	-
Nonmajor Governmental Funds	3,182,195	6,227,033
Enterprise Fund	-	286,814
Internal Service Funds	905,244	454,306
Fiduciary Funds	-	21,386
Total primary government	$ 6,989,539	6,989,539
Component Unit		
Public Schools:		
General Fund	$ 4,600,000	644,412
Nonmajor Governmental Funds	-	3,500,000
Internal Service Funds	644,412	1,100,000
Total component units	$ 5,244,412	5,244,412

Due to/from primary government and component units represent amounts paid by one entity on behalf of the other entity. Due to/from primary government and component units as of June 30, 2007, are as follows:

Receivable Entity	Payable Entity	Amount
Component Units	**Primary Government**	
Public Schools	General Fund	$ 185,107
Park Authority	General Fund	1,608,556
Park Authority	Nonmajor Governmental Fund	540,507
EDA	General Fund	547,925
Total		$ 2,882,095
Primary Government	**Component Unit**	
General Fund	FCRHA	$ 130,360
Nonmajor Governmental	FCRHA	1,803,189
General Fund	Park Authority	244,472
Total		$ 2,178,021

The primary purpose of interfund transfers is to provide funding for operations, including those of the Fairfax-Falls Church Community Services Board, debt service, and capital projects. Interfund transfers for the year ended June 30, 2007, are as follows:

	Transfers In	Transfers Out
Primary Government		
General Fund	$ 2,408,050	501,946,973
Nonmajor Governmental Funds	498,414,222	11,791,590
Internal Service Funds	12,916,291	-
Total primary government	$513,738,563	513,738,563
Component Unit		
Public Schools:		
General Fund	$ -	43,806,852
Nonmajor Governmental Funds	43,806,852	-
Total component units	$ 43,806,852	43,806,852

F. CAPITAL ASSETS

Capital assets activity for the primary government for the year ended June 30, 2007, is as follows:

	Balances July 1, 2006	Increases	Decreases	Balances June 30, 2007
Primary Government				
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 374,546,731	6,595,651	(932,775)	380,209,607
Construction in progress	109,870,255	104,470,116	(33,891,474)	180,448,897
Total capital assets, not being depreciated	484,416,986	111,065,767	(34,824,249)	560,658,504
Capital assets, being depreciated:				
Equipment	262,878,841	55,342,042	(15,916,391)	302,304,492
Library collections	56,778,471	8,410,108	-	65,188,579
Buildings	799,837,698	29,070,962	-	828,908,660
Improvements	65,633,677	2,826,375	-	68,460,052
Infrastructure	504,604,530	12,599,629	-	517,204,159
Total capital assets, being depreciated	1,689,733,217	108,249,116	(15,916,391)	1,782,065,942
Less accumulated depreciation for:				
Equipment	(187,079,377)	(24,645,902)	14,296,918	(197,428,361)
Library collections	(38,710,348)	(5,787,374)	-	(44,497,722)
Buildings	(222,198,208)	(18,136,371)	-	(240,334,579)
Improvements	(33,476,229)	(2,636,342)	-	(36,112,571)
Infrastructure	(124,983,765)	(12,388,964)	-	(137,372,729)
Total accumulated depreciation	(606,447,927)	(63,594,953)	14,296,918	(655,745,962)
Total capital assets, being depreciated, net	1,083,285,290	44,654,163	(1,619,473)	1,126,319,980
Total capital assets, net - Governmental activities	1,567,702,276	155,719,930	(36,443,722)	1,686,978,484
Business-type activities:				
Capital assets, not being depreciated/amortized:				
Land	17,535,818	-	-	17,535,818
Construction in progress	23,820,691	17,974,834	(5,535,428)	36,260,097
Total capital assets, not being depreciated/amortized	41,356,509	17,974,834	(5,535,428)	53,795,915
Capital assets, being depreciated/amortized:				
Equipment	10,309,424	902,231	(486,522)	10,725,133
Purchased capacity	656,197,278	11,598,107	-	667,795,385
Buildings	58,235,774	-	-	58,235,774
Improvements	876,938,388	13,321,331	-	890,259,719
Total capital assets, being depreciated/amortized	1,601,680,864	25,821,669	(486,522)	1,627,016,011
Less accumulated depreciation/amortization for:				
Equipment	(7,282,021)	(860,903)	476,631	(7,666,293)
Purchased capacity	(111,136,798)	(21,984,251)	-	(133,121,049)
Buildings	(28,899,524)	(1,217,725)	-	(30,117,249)
Improvements	(338,525,319)	(21,783,434)	-	(360,308,753)
Total accumulated depreciation/amortization	(485,843,662)	(45,846,313)	476,631	(531,213,344)
Total capital assets, being depreciated/amortized, net	1,115,837,202	(20,024,644)	(9,891)	1,095,802,667
Total capital assets, net - Business-type activities	1,157,193,711	(2,049,810)	(5,545,319)	1,149,598,582
Total capital assets, net - Primary government	$ 2,724,895,987	153,670,120	(41,989,041)	2,836,577,066

Capital assets activity for the component units for the year ended June 30, 2007, is as follows:

	Balances July 1, 2006	Increases	Decreases	Balances June 30, 2007
Component Units				
Public Schools				
Capital assets, not being depreciated:				
Land	$ 50,956,241	1,286,000	(6,378,085)	45,864,156
Construction in progress	146,055,899	115,978,513	(59,037,816)	202,996,596
Total capital assets, not being depreciated	197,012,140	117,264,513	(65,415,901)	248,860,752
Capital assets, being depreciated:				
Equipment	174,824,194	15,642,128	(7,405,083)	183,061,239
Library collections	38,651,178	4,801,871	(17,348,989)	26,104,060
Buildings	995,349,359	31,713,454	(6,926,193)	1,020,136,620
Improvements	1,221,190,580	29,927,665	(1,578,589)	1,249,539,656
Total capital assets, being depreciated	2,430,015,311	82,085,118	(33,258,854)	2,478,841,575
Less accumulated depreciation for:				
Equipment	(100,489,082)	(15,232,468)	6,310,856	(109,410,694)
Library collections	(24,966,568)	(4,260,437)	17,348,989	(11,878,016)
Buildings	(352,187,342)	(20,298,815)	2,275,038	(370,211,119)
Improvements	(356,590,928)	(48,212,549)	679,557	(404,123,920)
Total accumulated depreciation	(834,233,920)	(88,004,269)	26,614,440	(895,623,749)
Total capital assets, being depreciated, net	1,595,781,391	(5,919,151)	(6,644,414)	1,583,217,826
Total capital assets, net - Public Schools	1,792,793,531	111,345,362	(72,060,315)	1,832,078,578
FCRHA				
Capital assets, not being depreciated:				
Land	33,884,741	5,586,341	(2,492,265)	36,978,817
Construction in progress	3,154,678	3,089,001	(1,608,898)	4,634,781
Total capital assets, not being depreciated	37,039,419	8,675,342	(4,101,163)	41,613,598
Capital assets, being depreciated:				
Equipment	2,956,966	64,595	(1,883,755)	1,137,806
Buildings and improvements	171,036,277	8,295,641	(11,066,041)	168,265,877
Total capital assets, being depreciated	173,993,243	8,360,236	(12,949,796)	169,403,683
Less accumulated depreciation for:				
Equipment	(2,962,815)	(95,549)	1,867,970	(1,190,394)
Buildings and improvements	(81,236,683)	(5,930,378)	4,635,636	(82,531,425)
Total accumulated depreciation	(84,199,498)	(6,025,927)	6,503,606	(83,721,819)
Total capital assets, being depreciated, net	89,793,745	2,334,309	(6,446,190)	85,681,864
Total capital assets, net - FCRHA	126,833,164	11,009,651	(10,547,353)	127,295,462
Park Authority				
Capital assets, not being depreciated:				
Land	294,351,662	24,699,594	-	319,051,256
Construction in progress	33,497,614	20,028,894	(31,461,710)	22,064,798
Total capital assets, not being depreciated	327,849,276	44,728,488	(31,461,710)	341,116,054
Capital assets, being depreciated:				
Equipment	13,609,464	601,134	(773,732)	13,436,866
Buildings and improvements	233,389,225	26,580,229	-	259,969,454
Total capital assets, being depreciated	246,998,689	27,181,363	(773,732)	273,406,320
Less accumulated depreciation for:				
Equipment	(10,917,077)	(684,267)	773,732	(10,827,612)
Buildings and improvements	(108,781,275)	(6,668,067)	-	(115,449,342)
Total accumulated depreciation	(119,698,352)	(7,352,334)	773,732	(126,276,954)
Total capital assets, being depreciated, net	127,300,337	19,829,029	-	147,129,366
Total capital assets, net - Park Authority	455,149,613	64,557,517	(31,461,710)	488,245,420
EDA				
Capital assets, being depreciated - Equipment	91,802	5,145	(15,926)	81,021
Less accumulated depreciation - Equipment	(42,171)	(15,861)	12,208	(45,824)
Total capital assets, net - EDA	49,631	(10,716)	(3,718)	35,197
Total capital assets, net - Component units	$ 2,374,825,939	186,901,814	(114,073,096)	2,447,654,657

Depreciation and amortization expense for the year ended June 30, 2007, charged to the functions of the primary government and component units is as follows:

	Governmental Activities	Business-type Activities	Component Units
Primary Government			
General government administration	$ 6,833,593	-	-
Judicial administration	1,123,275	-	-
Public safety	12,399,500	-	-
Public works	11,609,300	45,846,313	-
Health and welfare	2,099,881	-	-
Community development	9,257,620	-	-
Parks, recreation, and cultural	7,737,714	-	-
In addition, depreciation on capital assets held by the County's internal service funds is charged to the various functions based on asset usage.	12,534,070	-	-
Component Units			
Public Schools	-	-	88,004,269
FCRHA	-	-	6,025,927
Park Authority	-	-	7,352,334
EDA	-	-	15,861
Total depreciation and amortization expense	$ 63,594,953	45,846,313	101,398,391

G. RETIREMENT PLANS

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

1. Fairfax County Employees' Retirement System

Plan Description

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

Benefit provisions are established and may be amended by County ordinances. All benefits vest at five years of creditable service. To be eligible for normal retirement, an individual must meet the following criteria: (a) attain the age of 65 with five years of creditable service, or (b) attain the age of 50 with age plus years of creditable service being greater than or equal to 80. The normal retirement benefit is calculated using average final compensation (i.e., the highest 78 consecutive two week pay periods or the highest 36 consecutive monthly pay periods) and years (or partial years) of creditable service at date of termination. In addition, if normal retirement occurs before Social Security benefits are scheduled to begin, an additional monthly benefit is paid to retirees. Annual cost-of-living adjustments are provided to retirees and beneficiaries equal to the lesser of 4.0 percent or the percentage increase in the Consumer Price Index for the Washington-Baltimore Metropolitan Statistical Area. The plan provides that unused sick leave credit may be used in the calculation of average final compensation by projecting the final salary during the unused sick leave period. The benefit for early retirement is actuarially reduced and payable at early termination.

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

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

Funding Policy

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

For fiscal year 2007, the reporting entity contributed a contractually fixed rate of 9.25 percent of annual covered payroll. This rate was established by the Board to cover the actuarially-determined normal cost plus administrative expenses of the ERS. In the event the ERS's funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) exceeds 120 percent or falls below 90 percent, the contribution rate will be adjusted to bring the funded ratio back within these parameters.

Annual Pension Cost

For the years ended June 30, 2007, 2006, and 2005, the County's and Public Schools' annual pension costs and actual contributions were as follows:

	Annual Pension Costs and Actual Contributions for Years Ended June 30		
	2007	2006	2005
County	$ 41,109,684	35,022,701	34,314,915
Public Schools	16,343,027	14,413,762	12,643,198
Total	$ 57,452,711	49,436,463	46,958,113

For the years ended June 30, 2007, 2006, and 2005, the County's and Public Schools' annual required contributions (ARC) were as follows:

	ARC for Years Ended June 30		
	2007	2006	2005
County	$ 58,353,530	51,999,125	49,688,676
Public Schools	23,198,264	21,735,599	18,307,601
Total	$ 81,551,794	73,734,724	67,996,277

The ARC for fiscal year 2007 were determined as part of the July 1, 2005, 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 percent, including an inflation component of 4.0 percent.

c. Post-retirement benefit increases of 3.0 percent compounded annually.

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

Concentrations

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

2. Fairfax County Police Officers Retirement System

Plan Description

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

Benefit provisions are established and may be amended by County ordinances. All benefits vest at five years of creditable service. To be eligible for normal retirement, an individual must meet the following criteria: (a) if employed before July 1, 1981; attain the age of 55 or have completed 20 years of creditable service, or (b) if employed on or after July 1, 1981; attain the age of 55 or have completed 25 years of creditable service. The normal retirement benefit is calculated using average final compensation and years (or partial years) of creditable service at date of termination. Annual cost-of-living adjustments are provided to retirees and beneficiaries equal to the lesser of 4.0 percent or the percentage increase in the Consumer Price Index for the Washington-Baltimore Metropolitan Ststistical 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 creditable service (does not apply if hired before July 1, 1981). The benefit for early retirement is actuarially reduced and payable at early termination.

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

final compensation as of the date of entry in DROP, with increases equal to the annual COLA adjustment provided for retirees.

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

Funding Policy

The contribution requirements of PORS members are established and may be amended by County ordinances. Member contributions are based on 12.0 percent of compensation. Effective July 1, 2007, member contributions are 11.0 percent of compensation.

The County contributes at a fixed rate as determined by an annual actuarial valuation, unless the PORS's funding ratio falls outside of a pre-determined range. Once outside the range, the rate is either increased or decreased to accelerate or decelerate the funding until the ratio falls back within the range. The range for the PORS is a minimum funding ratio of 90 percent and a maximum funding ratio of 120 percent. The fiscal year 2007 employer contribution rate is 19.55 percent of annual covered payroll.

Annual Pension Cost

Information related to the County's annual pension cost, ARC, actual contributions, and net pension obligation (NPO) for fiscal years 2007, 2006, and 2005 is as follows:

	2007	2006	2005
ARC, for the year ended June 30	$ 26,518,550	22,641,707	20,744,793
Interest on NPO from prior year	1,219,931	783,767	348,789
Actuarial adjustment	(1,373,866)	(882,665)	(392,800)
Annual pension cost	26,364,615	22,542,809	20,700,782
Actual contributions	(19,222,753)	(16,727,287)	(14,901,070)
Increase (decrease) in the NPO, for the year ended June 30	7,141,862	5,815,522	5,799,712
NPO, beginning of year	16,265,751	10,450,229	4,650,517
NPO, end of year	$ 23,407,613	16,265,751	10,450,229
Percentage of annual pension cost contributed	72.91%	74.20%	71.98%

The ARC for the year ended June 30, 2007, was determined as part of the July 1, 2005, actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include:

a. A rate of return on the investment of present and future assets of 7.5 percent per year compounded annually, including an inflation component of 4.0 percent.

b. Projected annual salary increases of 4.0 to 10.0 percent, including an inflation component of 4.0 percent.

c. Post-retirement benefit increases of 3.0 percent compounded annually.

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

Concentrations

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

3. Fairfax County Uniformed Retirement System

Plan Description

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

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

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

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

Funding Policy

The contribution requirements of URS members are established and may be amended by County ordinances. Plan A members were given the opportunity to enroll in Plan B as of July 1, 1981 and to enroll in Plan C as of April 1, 1997. From July 1, 1981 through March 31, 1997, all new hires were enrolled in Plan B. Plan B members were given the opportunity to enroll in Plan D as of April 1, 1997. From April 1, 1997 forward all new hires are enrolled in Plan D. Plan A requires member

contributions of 4.0 percent of compensation up to the Social Security wage base and 5.75 percent of compensation in excess of the wage base. Plan B requires member contributions of 7.08 percent of compensation up to the Social Security wage base and 8.83 percent of compensation in excess of the wage base. Plan C requires member contributions of 4.0 percent of compensation. Plan D requires contributions of 7.08 percent of compensation.

The County contributes at a fixed rate as determined by an annual actuarial valuation, unless the URS's funding ratio falls outside of a pre-determined range. Once outside the range, the rate is either increased or decreased to accelerate or decelerate the funding until the ratio falls back within the range. The range for the URS is a minimum funding ratio of 90 percent and a maximum funding ratio of 120 percent. The fiscal year 2007 employer contribution rate is 26.01 percent of annual covered payroll.

Annual Pension Cost

Information related to the County's annual pension cost, ARC, actual contributions, and NPO for fiscal years 2007, 2006, and 2005 is as follows:

	2007	2006	2005
ARC, for the year ended June 30	$ 43,009,853	37,668,222	32,320,929
Interest on NPO from prior year	574,432	161,038	(225,708)
Actuarial adjustment	(646,916)	(181,358)	254,189
Annual pension cost	42,937,369	37,647,902	32,349,410
Actual contributions	(36,486,832)	(32,135,984)	(27,192,791)
Increase (decrease) in the NPO, for the year ended June 30	6,450,537	5,511,918	5,156,619
NPO, beginning of year	7,659,093	2,147,175	(3,009,444)
NPO, end of year	$ 14,109,630	7,659,093	2,147,175
Percentage of annual pension cost contributed	84.98%	85.36%	84.06%

The ARC for the year ended June 30, 2007, was determined as part of the July 1, 2005, 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 8.5 percent, including an inflation component of 4.0 percent.

c. Post-retirement benefit increases of 3.0 percent compounded annually.

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

Concentrations

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

4. Educational Employees' Supplementary Retirement System of Fairfax County

Plan Descriptions

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

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

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

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

Funding Policy

The contribution requirements for ERFC and ERFC 2001 members are established and may be amended by the ERFC Board of Trustees with the approval of the School Board. All members are required to contribute 4.0 percent of their covered salaries. The employer is required to contribute at an actuarially determined rate. For fiscal year 2007, Public Schools is required to contribute 3.37 percent of annual covered payroll for educational employees and civil service employees.

Annual Pension Cost

For each of the years ended June 30, 2007, 2006, and 2005, the Public Schools' annual pension cost of $36,644,001, $34,648,918, and $32,198,596, respectively, was equal to its ARC and actual contributions.

The ARC for the year ended June 30, 2007, was determined as part of the December 31, 2006, actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include:

a. A rate of return on the investment of present and future assets of 7.5 percent per year compounded annually, including an inflation component of 3.75 percent.

b. Projected annual salary increases of 4.0 to 8.2 percent, including an inflation component of 3.75 percent.

c. Post-retirement benefit increases of 3.0 percent compounded annually.

The actuarial value of the ERFC's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. Any excess of assets over the actuarial accrued liability is amortized as a level percentage of projected payroll over a period of future years, which has never exceeded 30 years. The remaining amortization period, which is closed at June 30, 2007, was 26 years.

Concentrations

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

5. Virginia Retirement System

Plan Description

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

In accordance with the requirements established by State statute, the VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The VRS issues a publicly available annual report that includes financial statements and required supplementary information for the VRS. This report can be obtained by writing to the Virginia Retirement System, P.O. Box 2500, Richmond, VA 23218-2500.

Funding Policy

Plan members are required by State statute to contribute 5.0 percent of their annual covered salary to the VRS. If a plan member leaves covered employment, the accumulated contributions plus interest earned may be refunded. In accordance with State statute, Public Schools is required to contribute at an actuarially determined rate. The rate for fiscal year 2007 was 13.2 percent of annual creditable compensation. State statute may be amended only by the Commonwealth of Virginia Legislature.

Public Schools' contributions to the VRS for the years ended June 30, 2007, 2006, and 2005, were $147,563,397, $129,941,650, and $90,556,009, respectively, equal to the required contributions for each year.

6. Current Plan Membership

At July 1, 2006 (December 31, 2006, for ERFC), the date of the latest actuarial valuations, membership in the reporting entity's plans consisted of the following:

	Primary Government			Component Unit - Public Schools
	ERS	PORS	URS	ERFC
Retirees and beneficiaries receiving benefits	5,119	727	845	8,029
Terminated employees entitled to, but not yet receiving, benefits	330	16	23	2,244
DROP participants	207	38	89	n/a
Active employees	14,300	1,291	1,799	19,371
Total number of plan members	19,956	2,072	2,756	29,644

7. Required Supplementary Information

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

H. 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 Public Schools maintain self-insurance internal service funds for workers' compensation claims and certain property and casualty risks and for health insurance benefits. The County and Public Schools believe that it is more cost effective to manage certain risks internally rather than purchase commercial insurance. The FCRHA, Park Authority, and EDA participate in the County's self-insurance program. Participating funds and agencies are charged "premiums" which are computed based on relevant data coupled with actual loss experience applied on a retrospective basis.

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

The claims liabilities in the self-insurance funds are discounted at 5.15 percent and 3.98 percent at June 30, 2007 and 2006, respectively, to reflect anticipated investment income. Changes in the balances of claims liabilities during fiscal years 2007 and 2006 are as shown below.

	Internal Service Funds			
	Primary Government		Component Unit - Public Schools	
	Self-Insurance	Health Benefits	Insurance	Health Benefits Trust
Liability balances, June 30, 2005	$ 22,870,807	7,803,954	16,018,937	10,416,000
Claims and changes in estimates	9,959,457	55,010,544	6,281,010	193,035,945
Claims payments	(8,683,956)	(56,682,906)	(6,505,982)	(188,451,945)
Liability balances, June 30, 2006	24,146,308	6,131,592	15,793,965	15,000,000
Claims and changes in estimates	10,756,792	71,427,731	9,357,779	202,137,526
Claims payments	(9,237,718)	(70,073,008)	(7,605,089)	(201,516,526)
Liability balances, June 30, 2007	$ 25,665,382	7,486,315	17,546,655	15,621,000

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

I. SHORT-TERM OBLIGATIONS

On February 16, 2006, the FCRHA issued a $40,600,000 bond anticipation note to partially finance the purchase of a multi-family rental housing complex as part of the County's affordable housing initiative. The note matured on February 15, 2007, and was repaid through the issuance of another note and funding available in the County's Penny for Affordable Housing capital projects fund. On February 13, 2007, the FCRHA issued the $40,465,000 refunding bond anticipation note, which matures on February 12, 2008. The note may not be redeemed prior to maturity. As the County is responsible, under the related documents and subject to appropriation, to pay the principal and interest on the note at maturity, the related transactions, including the liability for the note, have been recorded in the County's financial statements and not in those of the FCRHA. The note is not a general obligation debt of the County, and the full faith and credit of the County is not pledged to the note.

The following is a summary of changes in the short-term obligations of the primary government for the year ended June 30, 2007 (in thousands):

	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007
Primary Government				
Nonmajor Governmental Funds:				
Short-term notes payable	$ 40,600	40,465	(40,600)	40,465

J. LONG-TERM OBLIGATIONS

The following is a summary of changes in the government-wide long-term obligations of the primary government and component units for the year ended June 30, 2007 (in thousands):

	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007	Due Within One Year
Primary Government					
Governmental activities:					
General obligation bonds payable:					
Principal amount of bonds payable	$ 1,700,980	234,600	(151,340)	1,784,240	157,815
Premium on bonds payable	98,911	5,657	(13,864)	90,704	12,730
Deferred amount on refundings	(38,778)	-	3,287	(35,491)	(3,187)
Revenue bonds payable:					
Principal amount of bonds payable	234,863	8,065	(8,638)	234,290	11,666
Premium on bonds payable	12,065	161	(1,364)	10,862	1,289
Deferred amount on refundings	(5,296)	-	408	(4,888)	(407)
Notes payable	12,578	-	(645)	11,933	645
Compensated absences payable	90,022	60,163	(54,013)	96,172	57,643
Landfill closure and postclosure obligation	62,182	-	(3,410)	58,772	3,036
Obligations under capital leases and installment purchases	43,529	-	(4,908)	38,621	4,376
Insurance and benefit claims payable	30,278	82,185	(79,311)	33,152	16,909
Net pension obligation	24,886	71,323	(58,692)	37,517	-
Other:					
HUD Section 108 loan	1,725	-	-	1,725	115
Obligations for claims and judgments	900	400	(900)	400	400
State Literary Fund loans	15	-	(7)	8	8
Total governmental activities	2,268,860	462,554	(373,397)	2,358,017	263,038
Business-type activities:					
Sewer revenue bonds payable:					
Principal amount of bonds payable	386,783	58,265	(69,040)	376,008	11,341
Premium (discount) on bonds payable	2,553	-	(120)	2,433	120
Deferred amount on refundings	(4,875)	(84)	167	(4,792)	(167)
Compensated absences payable	1,946	1,219	(1,109)	2,056	1,172
Total business-type activities	386,407	59,400	(70,102)	375,705	12,466
Total long-term liabilities - Primary government	$ 2,655,267	521,954	(443,499)	2,733,722	275,504
Component Units					
Public Schools					
Compensated absences payable	$ 26,777	21,925	(18,208)	30,494	21,346
Obligations under capital leases and installment purchases	110,380	15,536	(19,970)	105,946	16,640
Insurance and benefit claims payable	30,794	211,496	(209,122)	33,168	19,520
Total Public Schools	167,951	248,957	(247,300)	169,608	57,506
FCRHA					
Mortgage revenue bonds payable	11,510	-	(368)	11,142	393
Mortgage notes payable	57,584	8,595	(17,240)	48,939	7,791
Public housing loans payable	1,251	-	(161)	1,090	167
Loan from primary government	-	5,190	-	5,190	-
Compensated absences payable	965	476	(449)	992	418
Total FCRHA	71,310	14,261	(18,218)	67,353	8,769
Park Authority					
Revenue bonds payable:					
Principal amount of bonds payable	11,575	-	(585)	10,990	605
Discount on bonds payable	(73)	-	5	(68)	(5)
Deferred amount on refundings	(696)	-	50	(646)	(50)
Loan from primary government	15,530	-	(75)	15,455	80
Compensated absences payable	4,588	2,997	(2,635)	4,950	2,844
Total Park Authority	30,924	2,997	(3,240)	30,681	3,474
EDA					
Compensated absences payable	217	-	(16)	201	159
Total long-term liabilities - Component units	$ 270,402	266,215	(268,774)	267,843	69,908

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

1. General Obligation Bonds

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

At June 30, 2007, the amount of general obligation bonds authorized and unissued is summarized to the right (in thousands).

Bond Purpose	Amount
School improvements	$ 450,685
Transportation improvements	129,130
Parks and park facilities	66,660
Commercial and redevelopment area improvements	6,630
Human services facilities	26,500
Public safety facilities	124,520
Public library facilities	29,080
Total authorized but unissued bonds	$ 833,205

The Commonwealth of Virginia does not impose a legal limit on the amount of general obligation indebtedness that the County can incur or have outstanding. The Board of Supervisors, however, has self-imposed bond limits to provide that the County's net debt may not exceed three percent of the total market value of taxable real and personal property in the County. In addition, the annual debt service may not exceed ten percent of the annual General Fund disbursements. As a financial guideline, the Board of Supervisors also follows a self-imposed limitation in total general obligation bond sales of $1.375 billion over a five-year period or an average of $200 million annually, with a maximum of $275 million in any given year. All self-imposed bond limits have been complied with at June 30, 2007.

In February 2007, the County issued $234,600,000 of Series 2007A General Obliation Public Improvement Bonds with an average interest rate of 4.38 percent. The bonds were issued to finance projects related to schools improvements, public safety, park facilities, and other purposes.

Detailed information regarding the general obligation bonds outstanding as of June 30, 2007, is contained in Section 4 of this note.

2. Revenue Bonds

In March 1994, the EDA issued $116,965,000 of lease revenue bonds (Series 1994) to finance the County's acquisition of certain land and office buildings adjacent to its main government center. In October 2003, the EDA issued $85,650,000 of lease revenue refunding bonds to advance refund $88,405,000 of outstanding Series 1994 lease revenue bonds. In June 2003, the EDA issued $70,830,000 of revenue bonds to finance the development and construction of a public high school and a public golf course and related structures, facilities, and equipment in the Laurel Hill area of the southern part of the County. In January 2005, the EDA issued $60,690,000 of facilities revenue bonds to finance the acquisition of land and a building and for renovations to that building; this building will be used to consolidate numerous Public Schools administrative offices. As the County

is responsible, under the related documents and subject to annual appropriation, to make payments to a trustee sufficient to pay principal and interest on these bonds, the related transactions, including the liability for the bonds, have been recorded in the County's financial statements and not in those of EDA.

From 1996 through 2003, the FCRHA issued a total of $34,395,000 of lease revenue bonds for the purpose of financing the construction, renovation, and expansion of four community center buildings, the construction of an adult day care center, the construction of a senior center, and the creation of facilities for child care and ancillary training programs. In August 2006, the FCRHA issued $8,065,000 of revenue bonds to finance the Braddock Glen Adult Day Care Center and the Southgate Neighborhood Community 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 these bonds, the related transactions, including the liability for these bonds, have been recorded in the County's financial statements and not in those of the FCRHA.

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

Detailed information regarding the revenue bonds outstanding as of June 30, 2007, is contained in Section 4 of this note.

3. Sewer Revenue Bonds

In July 1996, the Sewer System issued $104,000,000 of Series 1996 Sewer Revenue Bonds with an average interest rate of 5.8 percent to fund the plant expansion of the wastewater treatment facilities at the County's Noman M. Cole, Jr. Pollution Control Plant and other system improvements. In October 2004, the Sewer System issued $94,005,000 of Series 2004 Sewer Revenue Refunding Bonds with an average interest rate of 4.61 percent to advance refund $91,430,000 of the outstanding Series 1996 Sewer Revenue Bonds with an average interest rate of 5.82 percent. Net proceeds of the Refunding Bond was used mostly to redeem the Series 1996 Bonds on July 15, 2006. The lower interest rate of the Refunding Bond would reduce total debt service payment over future years by approximately $16.8 million. As of June 30, 2007, the outstanding bonds consist of $92,995,000 of Series 2004 Refunding Bonds.

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

In January 1995, UOSA, a joint venture, issued $288,600,000 of Regional Sewer System Revenue Bonds to finance the cost of expanding the capacity of its wastewater treatment facilities and $42,260,000 of Regional Sewer System Revenue Refunding Bonds to refund certain outstanding bonds that had been issued to finance a prior expansion. In December 2003, UOSA issued $58,150,000 of Regional Sewer System Revenue Refunding Bonds to advance refund its outstanding Series 1993 bonds. In November 2004, UOSA issued $49,395,000 of Regional Sewer System Revenue Refunding Bonds to advance refund a portion of the outstanding Series 1995 bonds. On

July 1, 2005, UOSA issued $82,465,000 of Regional Sewer System Revenue Refunding Bonds, of which the Sewer System's share is $53,201,198, to advance refund another portion of the outstanding Series 1995 bonds, resulting in a $1,909,604 accounting gain, which is being amortized over the life of the Series 2005 Bonds. In February 2007, UOSA issued $90,315,000 of Regional Sewer System Revenue Refunding bonds, of which the Sewer System's share is $58,265,521, to advance refund another portion of the outstanding Series 1995 Bonds, resulting in a $83,868 accounting loss, which is amortized over the life of the Series 2007 Bonds. The Sewer System's share of UOSA's total outstanding debt at June 30, 2007, is $209,858,982, and it is subordinate to the sewer revenue bonds issued by the Sewer System.

In June 2001 and June 2002, the Sewer System issued 20-year subordinated sewer revenue bonds in the amounts of $40,000,000 and $50,000,000, respectively, to the Virginia Water Facilities Revolving Fund, acting by and through the Virginia Resources Authority. The proceeds have been used to finance a portion of the Sewer System's share of incurred expansion and upgrade costs of the Alexandria Sanitation Authority's wastewater treatment facilities, which provide service to certain County residents. The bonds bear interest rates of 4.1 percent per annum and 3.75 percent per annum, respectively, and collectively require semi-annual debt service payments of $3,318,536. The bonds are subordinated to all outstanding prior bond issues of the Sewer System and payments for operation and maintenance expenses. As of June 30, 2007, the outstanding principal for the 2001 and 2002 subordinated revenue bonds is $31,708,524 and $41,445,737, respectively.

Detailed information regarding the sewer revenue bonds outstanding as of June 30, 2007, is contained in Section 4 of this note.

4. County Debt and Related Interest to Maturity

The County's outstanding general obligation bonds, revenue bonds, notes payable, HUD Section 108 loans, State Literary Fund loans, Sewer System revenue bonds, and the related interest to maturity as of June 30, 2007, are comprised of the following issues:

Series		Interest Rate (%)	Issue Date	Final Maturity Date	Annual Principal Payments (000)	Original Issue (000)	Principal Outstanding (000)	Interest Payable to Maturity (000)	Total Principal Outstanding & Interest Payable to Maturity (000)
Governmental activities:									
General obligation bonds:									
General County:									
Series 1999A	Public Improvement	4.13-5.00	04-01-99	06-01-19	$ 2,710	54,200	2,710	112	2,822
Series 1999A	Refunding	4.13-5.00	04-01-99	06-01-19	4,272-8,379	76,043	48,224	8,034	56,258
Series 1999B	Public Improvement	5.50	12-01-99	12-01-07	180	3,600	180	2	182
Series 2000A	Public Improvement	5.00-5.50	04-01-00	06-01-20	1,900	38,000	1,900	105	2,005
Series 2000B	Public Improvement	4.25-5.13	12-01-00	12-01-20	110-115	2,250	230	11	241
Series 2001A	Public Improvement	4.25-5.00	06-01-01	06-01-21	2,120	42,400	4,318	280	4,598
Series 2001A	Refunding	4.25-5.00	06-01-01	06-01-10	3,281-14,423	82,238	21,532	1,576	23,108
Series 2002A	Public Improvement	4.00-5.00	06-01-02	06-01-22	3,400	68,000	10,200	1,020	11,220
Series 2002A	Refunding	4.00-5.00	06-01-02	06-01-15	1,680-3,421	26,149	16,477	2,968	19,445
Series 2003A	Refunding	2.25-5.00	02-01-03	06-01-12	3,650-10,089	82,407	33,581	4,633	38,214
Series 2003B	Public Improvement	2.00-5.00	05-15-03	06-01-23	3,315-3,330	66,490	53,170	20,020	73,190
Series 2004A	Public Improvement	2.00-5.25	04-14-04	04-01-24	3,170-3,180	63,530	54,005	21,998	76,003
Series 2004A	Refunding	2.00-5.25	04-14-04	04-01-17	2,955-5,690	67,200	53,405	14,283	67,688
Series 2004B	Public Improvement	4.00-6.00	10-19-04	10-01-24	3,455-3,460	69,120	62,210	25,500	87,710
Series 2004B	Refunding	4.00-5.00	10-19-04	10-01-19	825-2,585	30,375	28,790	8,568	37,358
Series 2005A	Public Improvement	4.00-5.00	08-16-05	10-01-25	4,155-4,310	85,655	81,345	34,810	116,155
Series 2005A	Refunding	4.25-5.00	08-16-05	10-01-21	3,045-10,185	117,505	117,505	44,225	161,730
Series 2007A	Public Improvement	4.00-5.00	02-07-07	04-01-27	5,389	107,780	107,780	50,264	158,044
Total general obligation bonds - General County						1,082,942	697,562	238,409	935,971
Schools:									
Series 1999A	Public Improvement	4.13-5.00	04-01-99	06-01-19	5,000	100,000	5,000	206	5,206
Series 1999A	Refunding	4.13-5.00	04-01-99	06-01-19	3,549-6,961	63,172	40,061	6,674	46,735
Series 1999B	Public Improvement	5.50	12-01-99	12-01-07	4,000	80,000	4,000	113	4,113
Series 2000A	Public Improvement	5.00-5.50	04-01-00	06-01-20	2,500	50,000	2,500	138	2,638
Series 2000B	Public Improvement	4.38-5.13	12-01-00	12-01-20	2,500	50,000	5,000	233	5,233
Series 2001A	Public Improvement	4.25-5.00	06-01-01	06-01-21	4,000	80,000	8,147	529	8,676
Series 2001A	Refunding	4.25-5.00	06-01-01	06-01-10	2,284-10,037	57,227	14,983	1,097	16,080
Series 2002A	Public Improvement	4.00-5.00	06-01-02	06-01-22	6,500	130,000	19,500	1,950	21,450
Series 2002A	Refunding	4.00-5.00	06-01-02	06-01-15	1,410-4,474	34,786	26,728	4,992	31,720
Series 2003A	Refunding	2.25-5.00	02-01-03	06-01-12	3,935-10,866	88,758	36,174	4,991	41,165
Series 2003B	Public Improvement	3.00-5.00	05-15-03	06-01-23	6,430-6,435	128,680	102,940	38,790	141,730
Series 2004A	Public Improvement	4.00-5.25	04-14-04	04-01-24	6,005-6,015	120,215	102,170	41,614	143,784
Series 2004A	Refunding	4.50-5.25	04-14-04	04-01-17	3,155-6,620	78,165	61,835	16,482	78,317
Series 2004B	Public Improvement	4.00-6.00	10-19-04	10-01-24	5,810-5,815	116,280	104,650	42,883	147,533
Series 2004B	Refunding	4.00-5.00	10-19-04	10-01-19	2,600-8,170	96,035	91,020	27,084	118,104
Series 2005A	Public Improvement	4.00-5.00	08-16-05	10-01-25	5,085-5,275	104,685	99,410	42,554	141,964
Series 2005A	Refunding	4.25-5.00	08-16-05	10-01-21	5,620-20,385	235,740	235,740	89,452	325,192
Series 2007A	Public Improvement	4.00-5.00	02-07-07	04-01-27	6,341	126,820	126,820	59,144	185,964
Total general obligation bonds - Schools						1,740,563	1,086,678	378,926	1,465,604
Total general obligation bonds						2,823,505	1,784,240	617,335	2,401,575
Revenue bonds:									
EDA revenue bonds:									
Series 2003		2.00-5.00	06-01-03	06-01-33	105-4,240	70,830	70,725	35,233	105,958
Series 2003	Refunding	5.00	10-01-03	11-15-18	4,080-7,885	85,650	71,760	25,246	97,006
Series 2005		3.00-5.00	01-27-05	04-01-35	620-3,615	60,690	58,955	46,759	105,714
FCRHA lease revenue bonds:									
Series 1996		5.35-5.55	09-15-96	06-01-17	280-505	6,390	4,005	1,309	5,314
Series 1998		4.00-4.85	12-01-98	06-01-18	235-390	5,500	3,480	1,054	4,534
Series 1999		4.75-5.38	05-27-99	05-01-29	20-65	1,000	885	638	1,523
Series 2003		3.50	07-22-03	08-01-23	44-171	2,530	2,179	688	2,867
Series 2004		2.25-5.25	08-26-04	06-01-19	720-725	10,870	8,695	2,585	11,280
Series 2005		3.00-3.60	06-16-05	06-01-15	810-815	8,105	6,480	1,005	7,485
Series 2006		4.00-5.00	08-22-06	06-30-13	940-1190	8,065	7,126	1,080	8,206
Total revenue bonds						259,630	234,290	115,597	349,887
Notes payable		3.22-4.29	12-27-05	12-31-25	645	12,900	11,933	4,582	16,515
HUD Section 108 loan		4.97-6.67	07-01-01	08-01-21	115	2,300	1,725	822	2,547
State Literary Fund loan - Science Lab #2		5.00	10-01-87	10-01-08	8	148	8	1	9
Total governmental activities						3,098,483	2,032,196	738,337	2,770,533
Business-type activities:									
Sewer revenue bonds:									
UOSA Bonds	Subordinated	2.00-6.00	01-12-95	07-01-29	4,759-15,574	277,621	209,858	139,563	349,421
Series 2001	Subordinated	4.10	06-01-01	02-01-21	1,583-2,910	40,000	31,709	10,281	41,990
Series 2002	Subordinated	3.75	09-01-02	03-01-22	1,952-3,538	50,000	41,446	13,121	54,567
Series 2004	Refunding	3.00-5.00	10-14-04	07-15-28	510-6,725	94,005	92,995	55,740	148,735
Total business-type activities						565,626	376,008	218,705	594,713
Total County bond, note, and loan indebtedness						$ 3,664,109	2,408,204	957,042	3,365,246

Principal and interest to maturity (in thousands) for the County's general obligation bonds, revenue bonds, loans, and Sewer System revenue bonds outstanding at June 30, 2007, are as follows:

	Governmental Activities						Business-Type Activities			
	General Obligation Bonds		Revenue Bonds		Notes and Loans		Sewer System Revenue Bonds		Total	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	$ 157,815	85,359	11,666	10,703	768	559	11,341	17,184	181,590	113,805
2009	151,475	75,987	12,970	10,261	760	531	11,778	16,754	176,983	103,533
2010	141,600	68,473	13,304	9,769	760	503	12,287	16,258	167,951	95,003
2011	136,005	61,188	13,638	9,242	760	474	13,417	15,753	163,820	86,657
2012	128,230	54,448	14,017	8,684	760	445	14,000	15,183	157,007	78,760
2013-2017	542,145	184,648	70,123	33,646	3,800	1,759	80,228	66,021	696,296	286,074
2018-2022	375,415	73,042	47,492	17,239	3,800	939	98,207	45,307	524,914	136,527
2023-2027	151,555	14,190	19,685	9,603	2,258	195	91,245	23,395	264,743	47,383
2028-2032	-	-	19,815	5,449	-	-	43,505	2,850	63,320	8,299
2033-2037	-	-	11,580	1,001	-	-	-	-	11,580	1,001
Totals	$ 1,784,240	617,335	234,290	115,597	13,666	5,405	376,008	218,705	2,408,204	957,042

5. FCRHA Bonds, Notes, and Loans Payable

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

The following table details all FCRHA bonds, notes (including a loan from the County), and loans payable as of June 30, 2007, excluding FCRHA's component units:

Series	Secured By	Interest Rate (%)	Issue Date	Final Maturity Date	Annual Principal Payments (000)	Original Issue (000)	Total Principal Outstanding (000)
Housing Bonds Payable:							
Mortgage revenue bonds	Little River Glen rental property	4.65-6.10	08-29-96	09-01-26	$ 100	6,340	5,275
Tax-exempt revenue bonds	Herndon Harbor I - rental property	6.10	08-01-97	07-01-27	16-30	2,875	868
Multi-family revenue bonds	Castellani Meadows	6.15	04-01-98	03-01-28	14-20	1,700	777
Lease revenue refunding bonds	FCRHA revenues	4.71	06-15-98	06-15-18	125	3,630	2,405
Multi-family revenue bonds	Herndon Harbor II - rental property	4.875-5.50	05-01-99	05-01-29	30-40	2,000	1,817
Total mortgage bonds payable - FCRHA						16,545	11,142

Series	Secured By	Interest Rate (%)	Issue Date	Final Maturity Date	Annual Principal Payments (000)	Original Issue (000)	Total Principal Outstanding (000)
Mortgage Notes Payable and Loan from County:							
United Bank	One University Plaza office building	5.00	02-01-04	02-01-14	13-18	363	192
	Faircrest North, Laurel Hill, Westcott Ridge, Holly Acres, Legato Corner, and Willow Oaks rental properties	6.21	01-01-07	12-01-21	1-5	2,998	2,976
Sun Trust Bank	United Community Ministries	4.71	08-25-98	04-01-13	20-35	400	193
	Creighton Square	7.10	06-25-99	07-01-12	30-40	550	274
	Leland Road Group Home property	5.55	10-06-99	04-01-17	21-31	615	416
	Hopkins Glen rental property	4.33	12-02-02	10-01-16	8	475	436
Bank of America	Various properties - interim financing	60.45% of 30 day LIBOR	varies	varies	Int. only	4,259	5,500
	McLean Hills and Springfield Green rental properties	4.54	04-01-95	04-01-15	53-68	1,072	577
County of Fairfax	Janna Lee Village	n/a	varies	07-01-57	-	5,190	5,190
U.S. Dept. of Housing and Urban Development	Various FCRHA rental properties	6.45-9.15	02-01-92	varies	285	5,690	1,415
	Various FCRHA rental properties	3.73-7.90	02-01-93	varies	110-115	3,100	800
	Various FCRHA rental properties	4.75-7.18	08-01-94	varies	195-205	3,775	1,560
	Various FCRHA rental properties	5.36-7.66	08-01-96	varies	5-50	1,080	250
	Hopkins Glen rental property	3.00	07-12-98	04-01-10	35-49	1,112	133
	Various FCRHA rental properties	1.21-5.29	08-07-03	varies	35	500	395
Virginia Housing Development Authority	Minerva Fisher-Hall Group Home property	8.07	07-01-79	06-01-19	2-16	437	281
	Penderbrook rental property	7.17	09-01-88	10-01-18	16-25	770	546
	West Ox Group Home property	8.00	01-01-92	10-01-22	15-20	842	654
	First Stop Group Home property	8.00	01-01-93	04-01-22	5-15	246	377
	Rolling Road Group Home property	8.00	09-21-00	09-01-20	5-20	234	192
	Patrick Street Group Home property	8.00	06-01-02	05-01-22	3-22	239	209
The City of Fairfax	Various properties owned by note holder	9.00-12.50	varies	varies	5-6	65	47
Federal Financing Bank	Property, plant, and equipment	6.60	07-09-82	11-01-12	40-55	1,143	405
Total mortgage notes payable - FCRHA						35,155	23,018
Public Housing Loans Payable:							
Public housing notes - Federal Financing Bank	The projects' land, buildings, and equipment	6.60	02-05-82	11-01-15	74-100	2,348	961
Public housing bonds	Declaration of Trust	5.00	04-01-68	04-01-09	50-60	1,260	130
Total public housing loans payable - FCRHA						3,608	1,091
Total public housing bonds, notes, and loans payable - FCRHA primary government						$ 55,308	35,251

The FCRHA's annual required principal and interest payments to maturity on the bonds, notes (including a loan from the County), and loans payable, excluding FCRHA's component units, at June 30, 2007, are as follows:

	Component Unit - FCRHA (Primary Government)							
	Housing Bonds Payable		Mortgage Notes Payable and Loan from County		Public Housing Loans Payable		Total	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	$ 393,241	637,236	7,046,885	700,527	166,926	70,149	7,607,052	1,407,912
2009	418,383	615,444	1,226,292	630,481	173,497	60,327	1,818,172	1,306,252
2010	438,954	592,321	1,199,010	559,933	115,814	49,511	1,753,778	1,201,765
2011	464,876	567,812	1,231,649	486,432	123,457	41,868	1,819,982	1,096,112
2012	614,954	542,130	1,254,810	409,971	131,606	33,719	2,001,370	985,820
2013-2017	2,954,940	2,267,960	2,863,892	1,353,696	379,295	54,709	6,198,127	3,676,365
2018-2022	2,652,394	1,458,380	2,881,009	728,837	-	-	5,533,403	2,187,217
2023-2027	2,909,103	625,630	5,314,596	11,268	-	-	8,223,699	636,898
2028-2032	295,167	15,167	-	-	-	-	295,167	15,167
Totals	$ 11,142,012	7,322,080	23,018,143	4,881,145	1,090,595	310,283	35,250,750	12,513,508

6. Park Authority Bonds, Loans, and Notes Payable

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

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

The debt service requirements to maturity for the outstanding bonds and loan at June 30, 2007, are as follows:

	Component Unit - Park Authority							
	Revenue Bonds			Loan from Primary Government			Total	
Fiscal Year	Int. Rate	Principal	Interest	Int. Rate	Principal	Interest	Principal	Interest
2008	3.40 %	$ 605,000	460,948	2.25 %	$ 80,000	685,863	685,000	1,146,811
2009	3.60	625,000	439,413	2.50	$ 100,000	684,062	725,000	1,123,475
2010	3.75	650,000	415,976	3.00	$ 125,000	681,562	775,000	1,097,538
2011	3.80	670,000	391,058	3.00	$ 150,000	677,813	820,000	1,068,871
2012	4.00	695,000	364,427	4.00	$ 180,000	673,313	875,000	1,037,740
2013-2017	4.10-4.50	3,930,000	1,351,210	4.00-5.00	$ 1,445,000	3,206,812	5,375,000	4,558,022
2018-2022	4.75	3,815,000	372,754	5.00	$ 2,670,000	2,730,563	6,485,000	3,103,317
2023-2027	n/a	-	-	5.00-4.25	$ 4,200,000	1,885,950	4,200,000	1,885,950
2028-2032	n/a	-	-	4.25	$ 5,305,000	950,087	5,305,000	950,087
2033-2037	n/a	-	-	4.25	$ 1,200,000	51,000	1,200,000	51,000
Totals		$ 10,990,000	3,795,786		$ 15,455,000	12,227,025	26,445,000	16,022,811

7. Conduit Debt Obligations

The FCRHA is empowered by the Commonwealth of Virginia to issue tax-exempt bonds on behalf of qualified businesses to develop or rehabilitate low income housing within the County. Principal and interest on the tax-exempt bonds are paid entirely by the owners of the properties, who have entered into binding contracts to develop or rehabilitate the subject properties. The terms of the tax-exempt bonds stipulate that neither the FCRHA nor the County guarantees the repayment of principal and interest to the bondholders. A bondholder's sole recourse in the event of default on the tax-exempt bonds is to the subject property and third-party beneficiaries. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2007, approximately $111.2 million of such tax-exempt bonds that are still outstanding.

The EDA is empowered by the Commonwealth of Virginia to issue Industrial Revenue Bonds (IRBs) on behalf of businesses relocating and/or expanding their operations within the County. Principal and interest on the IRBs are paid entirely by the businesses. The terms of the IRBs stipulate that neither the EDA nor the County guarantees the repayment of principal and interest to the bondholders. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2007, the cumulative amount of all IRBs outstanding was $1,021.2 million.

In October 2003, in August 2004 and in March 2007, the EDA issued $33,375,000, $57,410,000 and $41,505,000, respectively, of transportation contract revenue bonds on behalf of the State Route 28 Transportation Improvement District for the purpose of financing a portion of the costs of the construction of certain improvements to State Route 28 in the County. The bonds are payable from the collection of special improvements assessments levied by the County and by Loudoun County, Virginia, on property owners in the District. As the County and EDA are not responsible to make payments to pay principal and interest on the bonds, the related transactions, including the liability for the bonds, are not recorded in the County's or EDA's financial statements. As of June 30, 2007, the principal amount of transportation contract revenue bonds outstanding was $129,190,000.

In December 2005, the Park Authority issued two notes totaling $12,900,000 to finance the acquisition of a permanent conservation easement. As the County is responsible, under the related documents and subject to appropriation, to pay the principal and interest on the notes, the related transactions, including the liability for the notes, have been recorded in the County's financial statements and not in those of the Park Authority. The notes are not general obligation debt of the County, and the full faith and credit of the County is not pledged to the notes. As of June 30, 2007, $11.9 million of these notes are outstanding.

8. Defeasance of Debt

During fiscal year 2005 and in prior years, the County has defeased certain outstanding bonds by placing the proceeds of newly issued 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 financial statements. As of June 30, 2007, the amount of general obligation bonds that are outstanding but considered defeased is $326.3 million.

9. Sanitary Landfill Closure and Postclosure Obligation

State and federal laws require the County to place a final cover on its I-95 Sanitary Landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The existing raw waste units are filled to capacity. The ash disposal units continue to be operated, with approximately 41 percent of the capacity used to date. Closure expenditures have been incurred for approximately 60 percent of the total area involved. The County holds permits that allow it to continue using the landfill until approximately 2020.

The $58.8 million reported as the landfill closure and postclosure obligation at June 30, 2007, represents the total estimated cost remaining to be incurred based on landfill capacity used to date. The actual cost may vary due to inflation, changes in technology, or changes in regulations. The $3.0 million reported as the current portion represents the anticipated costs to be incurred during fiscal year 2008. It is expected that the landfill closure and postclosure care costs will be funded from existing resources in the I-95 Refuse Disposal Fund.

10. Obligations Under Capital Leases and Installment Purchases

The reporting entity has financed the acquisition of certain capital assets, including a satellite government center, buses, computer equipment, copier machines, and trailers, by entering into capital lease and installment purchase agreements. The balance of capital assets, net, and the minimum obligations under these capital lease and installment purchase agreements as of June 30, 2007, are as follows:

Asset Class	Primary Government - Governmental Activities	Component Unit - Public Schools
Land	$ 3,261,336	6,000,000
Buildings	25,868,327	56,910,185
Improvements	5,860,380	18,510,269
Equipment	39,573,068	47,158,985
Total assets, at cost	74,563,111	128,579,439
Accumulated depreciation	(37,091,733)	(14,889,435)
Total assets, net	$ 37,471,378	113,690,004
Fiscal Year	**Minimum Obligations**	**Minimum Obligations**
2008	$ 6,708,051	21,259,574
2009	4,763,713	16,369,290
2010	3,710,048	12,328,066
2011	3,698,395	8,819,967
2012	2,643,563	6,009,522
2013-2017	12,067,580	25,566,128
2018-2022	10,689,778	19,023,554
2023-2027	10,495,180	18,876,858
2028-2032	10,354,520	18,873,700
2033-2036	-	11,327,925
Total minimum obligations	65,130,828	158,454,584
Portion representing interest	(26,510,256)	(52,508,301)
Present value of minimum obligations	$ 38,620,572	105,946,283

The County is the lessor in a direct financing lease with Public Schools for an administrative office building and related land. The lease is structured so that Public Schools will make annual lease payments over 30 years equal to the County's required debt service payments on the Series 2005 Facilities Revenue Bonds (see Note J-2). The County will transfer ownership of the building to Public Schools once all the lease obligations are satisfied. The total future minimum lease payments receivable is $58.96 million and deferred revenue in the amount of $58.96 million is reported. Minimum lease payments for each of the five succeeding fiscal years are $1,150,000, $1,185,000, $1,220,000, $1,255,000 and $1,305,000 respectively.

K. LONG-TERM COMMITMENTS

1. Washington Metropolitan Area Transit Authority (WMATA)

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

The County's commitments in each of these areas are summarized below:

Capital Contributions – Rail Construction

Since 1970, the County and other local jurisdictions have entered into five Interim Capital Contribution Agreements with WMATA to provide local funds to match federal government appropriations to fund the construction of the 103-mile Metrorail Adopted Regional System. As of June 30, 2003, the County had satisfied its total obligation under these Agreements through a combination of state aid funded through the Northern Virginia Transportation Commission (NVTC) and County general obligation bond proceeds. However, the County may make new commitments in the future in the event the rail system is expanded.

Capital Contributions – Transit Equipment and Facilities

Each fiscal year, the County and other local jurisdictions make contributions for WMATA's acquisition, replacement, and rehabilitation of transit equipment and facilities and for the debt service on federally guaranteed transit revenue bonds issued by WMATA. The County's obligation of approximately $23.3 million for fiscal year 2007 was funded with $18.2 million of County general obligation bond proceeds, $0.5 million of Virginia Transportation Act (VTA) 2000 funds, and $4.6 million of state aid provided through the NVTC. It is anticipated that the County's obligation for fiscal year 2008 will amount to $26.5 million and be funded with $4.6 million of state aid provided through the NVTC, and $21.9 million of County general obligation bond proceeds.

Operating Subsidies

The County and other local jurisdictions contribute annually toward WMATA's deficits resulting from the operation of its rail, bus, and paratransit systems. For fiscal year 2007, the County's obligation of approximately $60.7 million for operating subsidies was funded with $18.4 million from the County's Metro Operations and Construction Fund, $42.3 million from state aid and regional gasoline tax receipts provided through the NVTC. It is anticipated that the County's obligation for fiscal year 2008 will amount to $63.2 million and be funded with $45.2 million of state aid and regional gasoline tax receipts provided through the NVTC and $18.0 million of County funds.

2. Virginia Railway Express (VRE)

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

In October 1989, the Board of Supervisors of Fairfax County approved the Commuter Rail Master Agreement and financial plans. These have subsequently been amended to reflect voting criteria for member jurisdictions, new member requirements, and fairness in the subsidy allocation formula to take effect for fiscal year 2008. The Board approved this Amended Master Agreement on September 10, 2007. The Amended Master Agreement requires the County to contribute to capital, operating, and debt service costs of the VRE on a pro rata basis according to its share of ridership. The County's fiscal year 2007 contribution to the VRE was $3.9 million.

3. Operating Lease Commitments

The County, Public Schools, and the EDA have entered into various long-term lease agreements for real estate and equipment. Certain real estate leases contain provisions which allow for increased rentals based upon increases in real estate taxes and the Consumer Price Index. All lease obligations are contingent upon the Board of Supervisors appropriating funds for each fiscal year's payments. For fiscal year 2007, the County's, Public Schools', and EDA's total expenditures for these operating leases were $15.0 million, $5.9 million, and $0.9 million, respectively. At June 30, 2007, the minimum long-term lease commitments accounted for as operating leases were as follows:

	Primary Government	Component Units	
Fiscal Year	Governmental Activities	Public Schools	EDA
2008	$ 15,321,672	5,798,074	857,384
2009	14,972,273	4,811,162	834,922
2010	14,997,004	2,541,848	-
2011	13,298,102	99,148	-
2012	9,805,805	-	-
2013-2017	6,451,961	-	-
2018-2022	4,475,305	-	-
2023-2027	4,421,458	-	-
2028-2032	6,050,924	-	-
2033-2037	4,721,938	-	-
Total	$ 94,516,442	13,250,232	1,692,306

4. Intermunicipal Agreements

City of Alexandria, Virginia, Sanitation Authority

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

The ASA facility is currently undergoing major improvements to meet new water quality standards. The Sewer System made no payments toward construction costs in fiscal year 2007. A new construction program to build enhanced nutrient removal facilities has been initiated and $40,000,000 is expected to be incurred by the System over fiscal years 2008 to 2015. In addition, the Sewer System made payments of $13,336,025 to the ASA during fiscal year 2007 for its share of the ASA's operating costs.

District of Columbia Water and Sewer Authority

The Sewer System is obligated under an intermunicipal agreement between the County; the District of Columbia (District); Montgomery County, Maryland; Prince George's County, Maryland; and the Washington Suburban Sanitary Commission to share the construction and operating costs of the Blue Plains Wastewater Treatment Plant, which is operated by the District of Columbia Water and Sewer Authority (WASA). Currently, the Sewer System has a capacity entitlement of 31 MGD, which is approximately 8.4 percent of the Plant's total capacity of 370 MGD. WASA has a Board of

Directors comprised of six members from the District, two each from Montgomery and Prince George's Counties, and one from the County. The County has no significant control over plant operations and construction and no ownership interest in the assets of WASA.

The Blue Plains Plant is currently undergoing a major renovation of its chemical additions and sludge disposal systems. The Sewer System paid WASA $6,248,603 during fiscal year 2007 to fund its share of construction costs, and it estimates its share of the remaining construction costs to be $120,000,000, of which $6,000,00 is expected to be incurred in fiscal year 2008 and the balance over fiscal years 2009 to 2015. In addition, the Sewer System made payments of $9,279,874 to WASA during fiscal year 2006 for its share of the Plant's operating costs.

Upper Occoquan Sewage Authority

As described in Note A, the Upper Occoquan Sewage Authority (UOSA) is a joint venture created under the provisions of the Virginia Water and Waste Authorities Act to be the single regional entity to construct, finance, and operate the regional sewage treatment facility for the upper portion of the Occoquan Watershed. The Sewer System's allocated share of the UOSA plant's total capacity of 54.0 MGD is 27.6 MGD, or approximately 51 percent.

UOSA's current operating expenses, construction costs, and annual debt service payments are funded by each of the participating jurisdictions based on their allocated capacity, with certain modifications. The Sewer System made payments to UOSA in fiscal year 2007 of $12,233,492 to pay its share of UOSA's operating costs.

Summarized UOSA financial information as of and for the years ended June 30, 2006, and 2005 (the most recent audited financial information available), is shown below.

	2006	2005
Total assets	$ 484,987,527	504,963,816
Total liabilities	(360,521,208)	(384,585,092)
Total net assets	$ 124,466,319	120,378,724
Operating revenues	$ 20,892,701	19,490,853
Operating expenses	(40,369,933)	(30,111,988)
Nonoperating revenues, net	15,909,451	15,384,045
Capital contributions	7,655,376	7,222,024
Increase in net assets	$ 4,087,595	11,984,934

Arlington County, Virginia

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

The Arlington facility is currently undergoing a major upgrade to meet new water quality standards. The Sewer System paid Arlington County $5,349,504 in fiscal year 2007 to fund its share of the construction costs, and it estimates its share of the remaining construction costs to be $35,000,000,

of which $12,000,000 is expected to be incurred in fiscal year 2008 and the balance over fiscal years 2009 to 2015. In addition, the Sewer System made payments of $1,634,568 to Arlington County during fiscal year 2007 for its share of Arlington's operating costs.

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

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

The bonds are not an obligation of the County; however, the County is obligated to deliver a minimum annual tonnage of solid waste to the facility and to pay tipping fees for the disposal of such waste sufficient to cover the operating costs of the facility and the debt service on the bonds. As of June 30, 2007, $92,375,000 of the Series 1998A refunding bonds are outstanding. Unspent bond proceeds in the amount of $31,202,674, 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, 2007, the primary government had contractual commitments of $127,096,166 in the capital projects funds and $33,560,000 in the Sewer System for construction of various sewer projects. At June 30, 2007, the component units had contractual commitments of $94,294,119 and $8,832,983 in the capital projects funds of the Public Schools and the Park Authority, respectively, for construction of various projects.

7. Other Post-employment Benefits

The Board of Supervisors has established a program to subsidize the health benefit coverage of certain retirees and certain surviving spouses. In order to participate, retirees must have reached the age of 55 or be on disability retirement and must have health benefit coverage in a plan provided by the County. Retirees must have five years of service in order to participate in this program. Beginning in fiscal year 2004, the amount of monthly subsidy provided by the County is based on years of service and ranges from $15 per month to $175 per month. For fiscal year 2007 only, the County added an additional supplement, ranging from $5 per month to $45 per month. Retirees receiving the subsidy prior to fiscal year 2004 are grandfathered at $100 per month unless their years of service entitle them to receive a higher monthly subsidy. The subsidy is funded on a pay-as-you-go basis. There are 2,486 participants currently receiving benefits in the program. For fiscal year 2007, the cost of this program to the County was $5,131,513, which is reported in the Retiree Health Benefits Fund, an internal service fund.

In addition, the Board of Supervisors has established a program to subsidize the continuation of term life insurance, at reduced coverage amounts, for retirees. Retirees generally pay for fifty percent of their coverage amounts at age-banded premium rates, with the County incurring the balance of the cost on a pay-as-you-go basis. There are 3,063 participating retirees, and the cost of this program to the County for fiscal year 2007 was approximately $200,962, which is reported in the General Fund.

L. CONTINGENT LIABILITIES

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

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

M. SPECIAL ITEM

On September 6, 2006, Public Schools transferred 12 properties totaling 188.9 acres to the County. The book value of the properties is $10,874,069 and is reported as a special item in the Statement of Activities. As part of this transfer, Public Schools is able to request an annual request of $25 million in capital bond funding through fiscal year 2012.

Required Supplementary Information

The Required Supplementary Information subsection includes the budgetary comparison schedule for the County of Fairfax's major fund, the General Fund. It also includes trend data, including the schedule of funding progress and the schedule of employer contributions, related to the pension trust funds of the County of Fairfax and the Fairfax County Public Schools component unit. The notes to required supplementary information are also included in this subsection.

COUNTY OF FAIRFAX, VIRGINIA
Budgetary Comparison Schedule - General Fund (Budget Basis)
For the fiscal year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive
	Original	Final	(Budget Basis)	(Negative)
REVENUES				
Taxes	$ 2,685,459,062	2,667,750,694	2,686,468,365	18,717,671
Permits, privilege fees, and regulatory licenses	33,546,014	32,157,680	30,778,483	(1,379,197)
Intergovernmental	340,386,243	334,878,289	343,386,449	8,508,160
Charges for services	55,924,225	56,197,138	58,140,534	1,943,396
Fines and forfeitures	15,250,816	14,307,275	14,850,909	543,634
Revenue from the use of money and property	76,959,106	103,481,480	97,986,611	(5,494,869)
Recovered costs	7,071,965	7,328,172	7,286,125	(42,047)
Total revenues	3,214,597,431	3,216,100,728	3,238,897,476	22,796,748
EXPENDITURES				
General government administration	98,811,415	102,662,788	94,208,088	8,454,700
Judicial administration	31,499,936	32,110,953	31,774,419	336,534
Public safety	400,568,384	414,912,733	399,594,981	15,317,752
Public works	63,738,503	68,143,537	64,518,758	3,624,779
Health and welfare	255,984,827	261,058,507	244,801,722	16,256,785
Community development	48,064,233	53,293,044	45,583,146	7,709,898
Parks, recreation, and cultural	76,578,930	83,373,767	78,020,605	5,353,162
Nondepartmental	194,032,161	194,650,542	186,412,018	8,238,524
Total expenditures	1,169,278,389	1,210,205,871	1,144,913,737	65,292,134
Excess of revenues over expenditures	2,045,319,042	2,005,894,857	2,093,983,739	88,088,882
OTHER FINANCING SOURCES (USES)				
Transfers in from other primary government funds	2,408,050	2,408,050	2,408,050	-
Transfers out to other primary government funds	(517,732,466)	(543,878,346)	(543,878,346)	-
Transfers out to component units	(1,526,668,141)	(1,534,913,141)	(1,534,913,141)	-
Total other financing sources (uses)	(2,041,992,557)	(2,076,383,437)	(2,076,383,437)	-
Net change in fund balance	$ 3,326,485	(70,488,580)	17,600,302	88,088,882

See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Funding Progress
For the fiscal year ended June 30, 2007

Actuarial Valuation Date	Actuarial Value of Assets (000) (a)	Actuarial Accrued Liability (AAL) - Entry Age (000) (b)	Unfunded AAL (UAAL) (Funding Excess) (000) (b-a)	Funded Ratio (a/b)	Covered Payroll (000) (c)	UAAL (Funding Excess) as a Percentage of Covered Payroll ((b-a) / c)
Primary Government						
Employees' Retirement System:						
7/1/2001	$ 1,807,813	$ 1,857,802	$ 49,989	97.31 %	$ 476,327	10.49 %
7/1/2002	1,854,089	2,051,677	197,588	90.37	507,905	38.90
7/1/2003	1,903,970	2,251,187	347,217	84.58	530,216	65.49
7/1/2004	2,030,539	2,411,135	380,596	84.22	552,738	68.86
7/1/2005	2,202,515	2,676,418	473,903	82.29	565,063	83.87
7/1/2006	2,363,844	2,881,780	517,936	82.03	574,294	90.19
Police Officers Retirement System:						
7/1/2001	611,514	617,510	5,996	99.03	66,755	8.98
7/1/2002	628,383	656,615	28,232	95.70	69,197	40.80
7/1/2003	644,405	703,977	59,572	91.54	71,401	83.43
7/1/2004	685,495	749,344	63,849	91.48	78,080	81.77
7/1/2005	732,582	828,702	96,120	88.40	83,939	114.51
7/1/2006	788,766	897,478	108,712	87.89	89,062	122.06
Uniformed Retirement System:						
7/1/2001	666,599	651,840	(14,759)	102.26	93,577	(15.77)
7/1/2002	687,093	720,996	33,903	95.30	99,200	34.18
7/1/2003	715,797	795,342	79,545	90.00	100,749	78.95
7/1/2004	767,357	881,015	113,658	87.10	102,960	110.39
7/1/2005	830,702	974,106	143,404	85.28	109,067	131.48
7/1/2006	921,414	1,102,667	181,253	83.56	127,469	142.19
Component Unit - Public Schools						
Educational Employees' Supplementary Retirement System:						
6/30/2001	1,599,219	1,552,558	(46,661)	103.01	759,906	(6.14)
6/30/2002	1,619,889	1,693,956	74,067	95.63	781,756	9.47
6/30/2003	1,597,459	1,772,418	174,959	90.13	866,502	20.19
12/31/2004	1,643,020	1,935,582	292,562	84.89	977,817	29.92
12/31/2005	1,718,399	2,022,962	304,563	84.94	1,050,217	29.00
12/31/2006	1,818,930	2,105,552	286,622	86.39	1,111,828	25.78

See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Employer Contributions
For the fiscal year ended June 30, 2007

	Primary Government											
	Employees' Retirement			Police Officers Retirement				Uniformed Retirement				
Fiscal Year Ended June 30	Annual Required Contribution		Percentage Contributed	Annual Required Contribution			Percentage Contributed	Annual Required Contribution			Percentage Contributed
2002	$31,083,805	*	100.00 %	$ 15,077,920	*	100.00 %		$ 16,834,252	*	111.55 %	
2003	36,408,121		87.85	14,918,405	*	86.63		21,548,814		106.86	
2004	51,992,031		66.20	17,356,995		84.59		25,186,003		98.56	
2005	67,996,277		69.06	20,744,793		71.83		32,320,929		84.13	
2006	73,734,724		67.05	22,641,707		73.88		37,668,222		85.31	
2007	81,551,794		70.45	26,518,550		72.49		43,009,853		84.83	

	Component Unit - Public Schools			
	Educational Employees' Supplementary Retirement			
Fiscal Year Ended June 30	Annual Required Contribution			Percentage Contributed
2002	$ 30,849,037	*	100.00 %	
2003	34,506,630	*	100.00	
2004	37,331,203	*	100.00	
2005	32,198,596	*	100.00	
2006	34,648,918	*	100.00	
2007	36,644,001	*	100.00	

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

COUNTY OF FAIRFAX, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2007

A. BUDGETARY DATA

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

a. By March 1, the County Executive submits to the Board of Supervisors a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. During April, public hearings are conducted to obtain taxpayer comments. By May 1, the budget is legally enacted through passage of an appropriation resolution.

b. The operating budget includes all County appropriated funds and certain non-appropriated funds. The non-appropriated funds include certain funds of the Park Authority and the FCRHA that are not financed by the County.

c. Budget reviews are held during the fiscal year. Public hearings are held if the recommended increase in the appropriated budget is greater than $500,000 or one percent of revenues.

d. The budget is controlled at certain legal and administrative levels. The Code of Virginia requires that the County annually adopt a balanced budget. The adopted Fiscal Planning Resolution places legal restrictions on expenditures at the agency (e.g., County organizations in the General Fund) or fund level and identifies administrative controls at the character (i.e., personnel services, operating expenses, recovered costs, and capital equipment) or project level. The County's Department of Management and Budget is authorized to transfer budgeted amounts between characters or projects within any agency or fund as a management function. Any revisions that alter the total expenditures of any agency or fund must be approved by the Board of Supervisors.

e. Annual operating budgets are adopted for all appropriated governmental funds, except for the capital projects funds in which budgetary control is achieved on a project-by-project basis. The budgets are on a basis consistent with GAAP for the General Fund, except that:

- Revenue from investments is recognized in the governmental funds for budget purposes only if collected within 45 days of year end, instead of as earned.
- Offsetting revenues and expenditures related to donated food are not budgeted.
- Capital lease transactions when initiated are not budgeted as offsetting expenditures and other financing sources.
- Certain capital outlays are budgeted as functional expenditures.
- Payments from or to component units are budgeted as transfers rather than functional revenues and expenditures.
- Inventories of supplies are not included in the fund balance for budget purposes.

- Nondepartmental expenditures are reported for budgeting purposes, but are included in functional expenditures for reporting purposes.
- Tax revenues for the Stormwater Management Program and The Penny for Affordable Housing capital projects funds are budgeted as transfers out in the General Fund.
- The Gift Fund, which is included in the County's General Fund for reporting purposes, is treated as an agency fund for budgeting purposes.
- The Consolidated Community Funding Pool Fund and the Contributory Fund, which are included in the County's General Fund for reporting purposes, are treated as special revenue funds for budgeting purposes.

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

	Primary Government General Fund
Net change in fund balance (Budget basis)	$ 17,600,302
Basis difference - Revenue from investments	493,388
Perspective differences:	
The Gift Fund is treated as an agency fund for budget purposes	122,135
The Consolidated Community Funding Pool Fund is treated as a special revenue fund for budget purposes	192,075
The Contributory Fund is treated as a special revenue fund for budget purposes	(1,055,271)
Net change in fund balance (GAAP basis)	$ 17,352,629

f. Original and final budgeted amounts are shown on the Budgetary Comparison Schedule; amendments were not significant 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.

B. PENSION TREND DATA

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

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing plan net assets as a percentage of the actuarial accrued liability provides one indication of each system's funding status on a going concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage is, the stronger the system. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the system's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage is, the stronger the system.

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

Other

Supplementary Information

The Other Supplementary Information subsection includes the combining and individual fund statements and schedules for the following:

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

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

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

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

COUNTY OF FAIRFAX, VIRGINIA
Budgetary Comparison Schedule Detail - General Fund (Budget Basis)
For the fiscal year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive
	Original	Final	(Budget Basis)	(Negative)
REVENUES				
Taxes:				
Real property	$ 1,892,239,118	1,896,564,376	1,896,010,205	(554,171)
Personal property	304,353,880	299,441,968	310,006,170	10,564,202
Business licenses	131,253,143	133,800,429	136,473,476	2,673,047
Local sales and use	168,444,960	161,223,157	161,822,130	598,973
Consumers utility	98,135,962	99,112,457	94,018,147	(5,094,310)
Recordation	48,714,019	35,821,517	41,687,302	5,865,785
Occupancy, tobacco, and other	42,317,980	41,786,790	46,450,935	4,664,145
Total taxes	2,685,459,062	2,667,750,694	2,686,468,365	18,717,671
Permits, privilege fees, and regulatory licenses	33,546,014	32,157,680	30,778,483	(1,379,197)
Intergovernmental	340,386,243	334,878,289	343,386,449	8,508,160
Charges for services	55,924,225	56,197,138	58,140,534	1,943,396
Fines and forfeitures	15,250,816	14,307,275	14,850,909	543,634
Revenue from the use of money and property	76,959,106	103,481,480	97,986,611	(5,494,869)
Recovered costs	7,071,965	7,328,172	7,286,125	(42,047)
Total revenues	3,214,597,431	3,216,100,728	3,238,897,476	22,796,748
EXPENDITURES				
General government administration:				
Board of Supervisors	4,728,672	4,728,672	4,268,219	460,453
Financial and Program Auditor	225,310	225,310	214,543	10,767
County Executive	7,857,335	7,964,132	7,037,362	926,770
Tax Administration	23,200,188	23,988,068	23,090,695	897,373
Finance	8,787,172	8,909,882	8,403,354	506,528
Cable Communications and Consumer Protection	1,504,130	1,501,257	1,284,040	217,217
Human Resources	6,635,733	6,755,076	6,613,117	141,959
Purchasing and Supply Management	4,945,863	5,111,569	4,952,979	158,590
Public Affairs	1,406,837	1,580,940	1,323,891	257,049
Electoral Board and General Registrar	3,156,167	3,237,289	2,843,533	393,756
County Attorney	5,952,042	6,140,539	5,857,041	283,498
Information Technology	26,815,663	28,784,186	25,209,270	3,574,916
Management and Budget	3,121,281	3,254,579	2,885,223	369,356
Civil Service Commission	475,022	481,289	224,821	256,468
Total general government administration	98,811,415	102,662,788	94,208,088	8,454,700
Judicial administration:				
Circuit Court and Records	10,253,225	10,677,182	9,850,565	826,617
Commonwealth Attorney	2,210,408	2,210,408	1,977,395	233,013
General District Court	2,229,288	2,256,407	2,155,841	100,566
Sheriff	16,807,015	16,966,956	17,790,618	(823,662)
Total judicial administration	31,499,936	32,110,953	31,774,419	336,534
Public safety:				
Cable Communications and Consumer Protection	948,055	967,355	967,334	21
Land Development Services	10,515,898	11,056,561	10,515,738	540,823
Juvenile and Domestic Relations Court	20,300,176	21,017,093	20,368,905	648,188
Police Department	162,425,005	170,469,432	165,188,968	5,280,464
Sheriff	38,606,113	38,849,393	38,746,191	103,202
Fire and Rescue	166,326,228	170,793,830	162,161,421	8,632,409
Emergency Management	1,446,909	1,759,069	1,646,424	112,645
Total public safety	$ 400,568,384	414,912,733	399,594,981	15,317,752

continued

EXHIBIT B

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
Public works:				
Facilities Management	$ 42,928,458	44,269,457	42,329,615	1,939,842
Business Planning and Support	409,698	416,698	380,304	36,394
Capital Facilities	9,624,449	10,122,656	10,124,619	(1,963)
Stormwater Management	10,521,973	12,430,801	11,025,602	1,405,199
Unclassified Administrative Expenses	253,925	903,925	658,618	245,307
Total public works	63,738,503	68,143,537	64,518,758	3,624,779
Health and welfare:				
Family Services	194,184,111	196,156,382	185,285,050	10,871,332
Health Department	45,168,186	47,915,194	43,579,757	4,335,437
Human Services Administration	10,870,330	11,022,526	10,599,510	423,016
Human Services Systems Management	5,762,200	5,964,405	5,337,405	627,000
Total health and welfare	255,984,827	261,058,507	244,801,722	16,256,785
Community development:				
Economic Development Authority	6,628,342	6,628,342	6,628,339	3
Land Development Services	14,911,888	16,226,062	14,508,179	1,717,883
Planning and Zoning	10,513,788	11,538,565	10,024,375	1,514,190
Planning Commission	726,864	726,922	645,829	81,093
Housing and Community Development	6,971,863	7,127,029	6,335,631	791,398
Human Rights	1,300,730	1,312,918	1,094,120	218,798
Transportation	7,010,758	9,733,206	6,346,673	3,386,533
Total community development	48,064,233	53,293,044	45,583,146	7,709,898
Parks, recreation, and cultural:				
Community and Recreation Services	20,434,272	21,381,464	18,401,731	2,979,733
Park Authority	25,766,192	26,247,812	25,800,947	446,865
Public Library	30,378,466	35,744,491	33,817,927	1,926,564
Total parks, recreation, and cultural	76,578,930	83,373,767	78,020,605	5,353,162
Nondepartmental:				
Employee Benefits	194,032,161	194,650,542	186,412,018	8,238,524
Total nondepartmental	194,032,161	194,650,542	186,412,018	8,238,524
Total expenditures	1,169,278,389	1,210,205,871	1,144,913,737	65,292,134
Excess of revenues over expenditures	$ 2,045,319,042	2,005,894,857	2,093,983,739	88,088,882

continued

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT B
concluded

Budgetary Comparison Schedule Detail - General Fund (Budget Basis)
For the fiscal year ended June 30, 2007

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
OTHER FINANCING SOURCES (USES)				
Transfers in:				
From other primary government funds:				
Special Revenue Fund - Cable Communications	2,408,050	2,408,050	2,408,050	-
Total transfers in from other primary government funds	2,408,050	2,408,050	2,408,050	-
Transfers out:				
To other primary government funds:				
Special Revenue Funds:				
Fairfax-Falls Church Community Services Board	(97,480,840)	(97,935,840)	(97,935,840)	-
County Transit Systems	(30,695,510)	(30,995,510)	(30,995,510)	-
Federal/State Grants	(5,476,204)	(4,476,204)	(4,476,204)	-
Aging Grants and Programs	(3,537,163)	(3,537,163)	(3,537,163)	-
Information Technology	(12,539,576)	(13,499,576)	(13,499,576)	-
Energy Resource Recovery Facility	-	(1,365,637)	(1,365,637)	-
Refuse Disposal	(2,500,000)	(2,500,000)	(2,500,000)	-
Refuse Collection and Recycling Operations	-	(90,000)	(90,000)	-
Consolidated Community Funding Pool	(8,324,073)	(8,324,073)	(8,324,073)	-
Contributory Fund	(11,585,429)	(12,226,230)	(12,226,230)	-
E-911	(8,892,287)	(8,892,287)	(8,892,287)	-
Debt Service Fund	(252,960,529)	(252,960,529)	(252,960,529)	-
Capital Projects Funds:				
County Construction	(18,560,418)	(30,102,427)	(30,102,427)	-
County Bond Construction	-	(3,400,000)	(3,400,000)	-
Sidewalk Construction	-	(505,000)	(505,000)	-
Capital Facilities Renewal Construction	(5,641,000)	(5,641,000)	(5,641,000)	-
Public Works Construction	(2,585,000)	-	-	-
Public Safety Construction	(5,855,150)	(7,605,150)	(7,605,150)	-
Metro Operations and Construction	(20,316,309)	(20,316,309)	(20,316,309)	-
Housing Assistance Program	(935,000)	(1,285,000)	(1,285,000)	-
Primary and Secondary Road Bond Construction	-	(1,000,000)	(1,000,000)	-
Internal Service Funds:				
Health Benefits	(8,200,000)	(8,200,000)	(8,200,000)	-
Retiree Health Benefits	(4,070,579)	(4,070,579)	(4,070,579)	-
Self-Insurance	(12,861,108)	(20,233,541)	(20,233,541)	-
Technology Infrastructure Services	(1,816,291)	(1,816,291)	(1,816,291)	-
Document Services	(2,900,000)	(2,900,000)	(2,900,000)	-
Total transfers out to other primary government funds	(517,732,466)	(543,878,346)	(543,878,346)	-
To component units:				
Public Schools - General Fund	(1,525,218,089)	(1,533,218,089)	(1,533,218,089)	-
FCRHA - Elderly Housing Program	(1,450,052)	(1,695,052)	(1,695,052)	-
Total transfers out to component units	(1,526,668,141)	(1,534,913,141)	(1,534,913,141)	-
Total transfers out	(2,044,400,607)	(2,078,791,487)	(2,078,791,487)	-
Total other financing sources (uses)	(2,041,992,557)	(2,076,383,437)	(2,076,383,437)	-
Net change in fund balance	$ 3,326,485	(70,488,580)	17,600,302	88,088,882

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

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT C

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2007

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Equity in pooled cash and temporary investments	$ 315,106,144	12,329,558	299,434,902	626,870,604
Receivables (net of allowances):				
Accounts	8,906,618	-	31,502	8,938,120
Accrued interest	1,236,878	-	286,042	1,522,920
Loans	14,869,596	-	12,325,000	27,194,596
Due from intergovernmental units	33,979,990	25,875	1,312,275	35,318,140
Due from component units	-	-	1,803,189	1,803,189
Loan to component unit	-	15,455,000	5,190,000	20,645,000
Lease to component unit	-	58,955,000	-	58,955,000
Interfund receivables	3,517,253	-	-	3,517,253
Prepaid and other assets	18,914	-	445	19,359
Restricted assets:				
Equity in pooled cash and temporary investments	-	-	67,141,081	67,141,081
Cash with fiscal agents	-	34,762	808,195	842,957
Total assets	$ 377,635,393	86,800,195	388,332,631	852,768,219
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	$ 38,148,244	165,812	19,322,914	57,636,970
Accrued salaries and benefits	7,170,976	-	-	7,170,976
Contract retainages	634,060	-	6,890,174	7,524,234
Accrued interest payable	-	-	1,725,950	1,725,950
Due to component units	-	20,759	519,748	540,507
Interfund payables	6,227,033	-	-	6,227,033
Short-term notes payable	-	-	40,465,000	40,465,000
Matured bond principal and interest payable	-	81,638	-	81,638
Deferred revenue	52,912,847	58,955,000	39,265,554	151,133,401
Performance and other deposits	-	-	5,078,834	5,078,834
Total liabilities	105,093,160	59,223,209	113,268,174	277,584,543
Fund balances:				
Reserved for:				
Encumbrances	66,178,919	-	127,096,166	193,275,085
Long-term loans	14,869,596	15,455,000	17,515,000	47,839,596
Certain capital projects	-	-	8,560,679	8,560,679
Unreserved	191,493,718	12,121,986	121,892,612	325,508,316
Total fund balances	272,542,233	27,576,986	275,064,457	575,183,676
Total liabilities and fund balances	$ 377,635,393	86,800,195	388,332,631	852,768,219

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT C-1

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2007

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes	$ 17,044,804	-	43,800,000	60,844,804
Permits, privilege fees, and regulatory licenses	13,803,503	-	-	13,803,503
Intergovernmental	123,018,909	1,218,498	15,306,793	139,544,200
Charges for services	160,246,810	-	1,220,136	161,466,946
Fines and forfeitures	16,600	-	-	16,600
Developers' contributions	1,302,521	-	3,714,973	5,017,494
Revenue from the use of money and property	17,541,019	3,356,307	2,490,225	23,387,551
Recovered costs	2,414,399	-	3,693,442	6,107,841
Gifts, donations, and contributions	833,156	-	-	833,156
Total revenues	336,221,721	4,574,805	70,225,569	411,022,095
EXPENDITURES				
Current:				
General government administration	14,965,978	-	3,743,848	18,709,826
Judicial administration	682,167	-	100,586	782,753
Public safety	51,580,019	-	2,293,948	53,873,967
Public works	121,307,602	-	16,327,282	137,634,884
Health and welfare	172,641,682	-	641,391	173,283,073
Community development	70,522,175	-	38,940,773	109,462,948
Parks, recreation, and cultural	11,170,810	-	2,175,627	13,346,437
Intergovernmental:				
Community development	3,935,736	-	39,596,200	43,531,936
Parks, recreation, and cultural	-	-	19,262,336	19,262,336
Education - for Public Schools	2,321,540	-	129,490,000	131,811,540
Capital outlay:				
General government administration	2,500,741	-	1,735,194	4,235,935
Judicial administration	-	-	915,675	915,675
Public safety	3,124,462	-	59,465,326	62,589,788
Public works	5,461,719	-	8,685,896	14,147,615
Health and welfare	97,413	-	3,159,280	3,256,693
Community development	31,587,499	-	13,640,146	45,227,645
Parks, recreation, and cultural	805,817	-	9,783,425	10,589,242
Debt service:				
Principal retirement	1,052,570	160,460,695	645,000	162,158,265
Interest and other charges	204,245	94,127,779	2,581,924	96,913,948
Total expenditures	493,962,175	254,588,474	353,183,857	1,101,734,506
Deficiency of revenues under expenditures	(157,740,454)	(250,013,669)	(282,958,288)	(690,712,411)
OTHER FINANCING SOURCES (USES)				
Transfers in	167,983,542	253,699,590	76,731,090	498,414,222
Transfers out	(2,408,050)	-	(9,383,540)	(11,791,590)
General obligation bonds issued	-	-	234,600,000	234,600,000
Premium on general obligation bonds issued	-	-	5,657,027	5,657,027
Revenue bonds issued	-	-	8,065,000	8,065,000
Premium on revenue bonds issued	-	-	161,452	161,452
Total other financing sources (uses)	165,575,492	253,699,590	315,831,029	735,106,111
Net change in fund balances	7,835,038	3,685,921	32,872,741	44,393,700
Fund balances, July 1, 2006	264,707,195	23,891,065	242,191,716	530,789,976
Fund balances, June 30, 2007	$ 272,542,233	27,576,986	275,064,457	575,183,676

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

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

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

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

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

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

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

Fairfax-Falls Church Community Services Board Fund is used to account for mental health, mental retardation, alcoholism, and drug abuse services to families and individuals in Fairfax County, the City of Fairfax, and the City of Falls Church.

Reston Community Center Fund is used to account for the operation of a community center serving the residents of Small District Five, which is located within the Dranesville and Hunter Mill Magisterial Districts, and which is supported by the payment of a special assessment by these residents.

McLean Community Center Fund is used to account for the operation of a community center serving the residents of Small District One, which is located within the Dranesville Magisterial District and which is supported by payment of a special assessment by these residents.

Burgundy Village Community Center Fund is used to account for the operation of a community center serving the residents of Service District 1A, which is located within the Lee Magisterial District and which is supported by payment of a special assessment by these residents.

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

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

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

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

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

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

Refuse Disposal Fund is used to account for the operations of two transfer stations to receive refuse collected throughout the County and channel it to either an incinerator or a landfill.

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

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

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

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

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

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

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Funds
Combining Balance Sheet
June 30, 2007

	County Transit Systems	Dulles Rail Phase I Transportation Improvement District	Federal/ State Grant	Aging Grants and Programs	Information Technology	Cable Communications
ASSETS						
Equity in pooled cash and temporary investments	$ 33,477,382	50,549,231	9,108,855	2,225,950	35,647,300	21,337,775
Receivables (net of allowances):						
Accounts	-	-	616,053	-	-	958,176
Accrued interest	-	208,242	-	-	158,103	-
Loans	-	-	-	-	-	-
Due from intergovernmental units	8,610,521	-	16,997,495	-	-	1,768,530
Interfund receivables	-	-	-	-	-	-
Prepaid and other assets	-	-	11,966	-	1,022	151
Total assets	$ 42,087,903	50,757,473	26,734,369	2,225,950	35,806,425	24,064,632
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	$ 23,258,059	13,028	1,156,420	335,060	4,212,340	712,652
Accrued salaries and benefits	-	-	941,397	149,350	-	125,629
Contract retainages	-	-	274,021	-	-	-
Interfund payables	-	-	268,415	41,728	-	34,438
Deferred revenue	-	47,446,696	122,421	-	-	900,822
Total liabilities	23,258,059	47,459,724	2,762,674	526,138	4,212,340	1,773,541
Fund balances:						
Reserved for:						
Encumbrances	16,282,874	-	19,847,197	523,084	7,327,733	2,080,269
Long-term loans	-	-	-	-	-	-
Unreserved	2,546,970	3,297,749	4,124,498	1,176,728	24,266,352	20,210,822
Total fund balances	18,829,844	3,297,749	23,971,695	1,699,812	31,594,085	22,291,091
Total liabilities and fund balances	$ 42,087,903	50,757,473	26,734,369	2,225,950	35,806,425	24,064,632

EXHIBIT D

Fairfax-Falls Church Community Services Board	Reston Community Center	McLean Community Center	Burgundy Village Community Center	Integrated Pest Management Program	E-911	
						ASSETS
15,046,130	7,849,473	7,805,728	170,403	3,141,734	12,276,032	Equity in pooled cash and temporary investments
						Receivables (net of allowances):
-	44,528	24,706	365	13,048	-	Accounts
-	36,233	34,184	700	14,571	54,387	Accrued interest
-	-	-	-	-	-	Loans
434,018	-	-	-	-	4,126,686	Due from intergovernmental units
-	-	-	-	-	-	Interfund receivables
403	-	-	-	-	1,152	Prepaid and other assets
15,480,551	7,930,234	7,864,618	171,468	3,169,353	16,458,257	Total assets
						LIABILITIES AND FUND BALANCES
						Liabilities:
3,643,620	259,802	51,639	44	16,341	832,711	Accounts payable and accrued liabilities
3,780,796	164,181	118,287	919	51,498	776,757	Accrued salaries and benefits
-	-	-	-	-	-	Contract retainages
972,493	35,381	29,658	72	10,170	249,638	Interfund payables
2,553,543	212,842	59,806	365	13,048	1,448,196	Deferred revenue
10,950,452	672,206	259,390	1,400	91,057	3,307,302	Total liabilities
						Fund balances:
						Reserved for:
1,739,514	482,752	254,681	-	251,950	1,398,289	Encumbrances
-	-	-	-	-	-	Long-term loans
2,790,585	6,775,276	7,350,547	170,068	2,826,346	11,752,666	Unreserved
4,530,099	7,258,028	7,605,228	170,068	3,078,296	13,150,955	Total fund balances
15,480,551	7,930,234	7,864,618	171,468	3,169,353	16,458,257	Total liabilities and fund balances

continued

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Funds
Combining Balance Sheet
June 30, 2007

	Leaf Collection	Refuse Collection and Recycling Operations	Refuse Disposal	Energy Resource Recovery Facility	I-95 Refuse Disposal
ASSETS					
Equity in pooled cash and temporary investments	$ 2,800,555	7,037,461	9,647,238	22,686,242	65,364,781
Receivables (net of allowances):					
Accounts	16,723	215,782	6,259,088	10,289	712,490
Accrued interest	12,502	36,961	45,317	90,724	274,695
Loans	-	-	-	-	-
Due from intergovernmental units	-	83,076	307,244	7,531	-
Interfund receivables	-	-	-	3,400,371	116,882
Prepaid and other assets	-	-	445	-	-
Total assets	$ 2,829,780	7,373,280	16,259,332	26,195,157	66,468,848
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	$ 1,648	252,698	827,295	36,235	1,206,234
Accrued salaries and benefits	-	348,310	394,320	29,038	124,486
Contract retainages	-	-	-	-	233,690
Interfund payables	-	106,648	3,300,214	8,084	34,240
Deferred revenue	16,723	138,385	-	-	-
Total liabilities	18,371	846,041	4,521,829	73,357	1,598,650
Fund balances:					
Reserved for:					
Encumbrances	-	1,095,212	867,715	9,745	9,193,809
Long-term loans	-	-	-	-	-
Unreserved	2,811,409	5,432,027	10,869,788	26,112,055	55,676,389
Total fund balances	2,811,409	6,527,239	11,737,503	26,121,800	64,870,198
Total liabilities and fund balances	$ 2,829,780	7,373,280	16,259,332	26,195,157	66,468,848

EXHIBIT D
concluded

Alcohol Safety Action Program	Community Development Block Grant	Housing Trust	HOME Investment Partnership Grant	Total Special Revenue Funds	
					ASSETS
145,361	34,547	8,745,472	8,494	315,106,144	Equity in pooled cash and temporary investments
					Receivables (net of allowances):
35,370	-	-	-	8,906,618	Accounts
2	129	270,128	-	1,236,878	Accrued interest
-	3,385,082	8,920,893	2,563,621	14,869,596	Loans
-	816,033	63,473	765,383	33,979,990	Due from intergovernmental units
-	-	-	-	3,517,253	Interfund receivables
-	314	-	3,461	18,914	Prepaid and other assets
180,733	4,236,105	17,999,966	3,340,959	377,635,393	Total assets
					LIABILITIES AND FUND BALANCES
					Liabilities:
276	356,794	970,850	4,498	38,148,244	Accounts payable and accrued liabilities
74,115	83,745	-	8,148	7,170,976	Accrued salaries and benefits
-	57,284	69,065	-	634,060	Contract retainages
15,501	268,351	-	852,002	6,227,033	Interfund payables
-	-	-	-	52,912,847	Deferred revenue
89,892	766,174	1,039,915	864,648	105,093,160	Total liabilities
					Fund balances:
					Reserved for:
-	1,178,962	3,635,128	10,005	66,178,919	Encumbrances
-	3,385,082	8,920,893	2,563,621	14,869,596	Long-term loans
90,841	(1,094,113)	4,404,030	(97,315)	191,493,718	Unreserved
90,841	3,469,931	16,960,051	2,476,311	272,542,233	Total fund balances
180,733	4,236,105	17,999,966	3,340,959	377,635,393	Total liabilities and fund balances

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the fiscal year ended June 30, 2007

	County Transit Systems	Dulles Rail Phase I Transportation Improvement District	Federal/ State Grant	Aging Grants and Programs	Information Technology	Cable Communications
REVENUES						
Taxes	$ -	-	-	-	-	-
Permits, privilege fees, and regulatory licenses	-	-	-	-	-	13,717,294
Intergovernmental	20,720,984	-	54,403,732	2,443,765	1,299,648	-
Charges for services	5,855,057	-	48,970	125,712	-	1,925
Fines and forfeitures	-	-	-	-	-	16,600
Developers' contributions	295,360	-	-	-	-	-
Revenue from the use of money and property	463,550	2,335,040	345,361	-	2,088,511	1,658
Recovered costs	-	-	1,750,209	72,589	-	-
Gifts, donations, and contributions	-	-	314,530	518,626	-	-
Total revenues	27,334,951	2,335,040	56,862,802	3,160,692	3,388,159	13,737,477
EXPENDITURES						
Current:						
General government administration	-	-	2,016,197	-	12,949,781	-
Judicial administration	-	-	682,167	-	-	-
Public safety	-	-	23,387,494	-	-	-
Public works	-	-	386,722	-	-	-
Health and welfare	-	-	27,078,671	4,309,355	-	-
Community development	43,590,752	-	2,161,111	842,147	-	8,638,963
Parks, recreation, and cultural	-	-	421,486	1,026,732	-	-
Intergovernmental:						
Community development	3,935,736	-	-	-	-	-
Education - for Public Schools	-	-	-	-	-	2,321,540
Capital outlay:						
General government administration	-	-	-	-	2,500,741	-
Public safety	-	-	2,040,660	-	-	-
Public works	-	-	-	-	-	-
Health and welfare	-	-	15,703	-	-	-
Community development	19,846,715	-	5,231,694	-	-	5,305,098
Parks, recreation, and cultural	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	100,389	-	725,718	-
Interest and other charges	-	-	6,031	-	139,126	-
Total expenditures	67,373,203	-	63,528,325	6,178,234	16,315,366	16,265,601
Excess (deficiency) of revenues over (under) expenditures	(40,038,252)	2,335,040	(6,665,523)	(3,017,542)	(12,927,207)	(2,528,124)
OTHER FINANCING SOURCES (USES)						
Transfers in	32,763,785	-	7,399,254	3,537,163	13,499,576	-
Transfers out	-	-	-	-	-	(2,408,050)
Total other financing sources (uses)	32,763,785	-	7,399,254	3,537,163	13,499,576	(2,408,050)
Net change in fund balances	(7,274,467)	2,335,040	733,731	519,621	572,369	(4,936,174)
Fund balances, July 1, 2006	26,104,311	962,709	23,237,964	1,180,191	31,021,716	27,227,265
Fund balances, June 30, 2007	$ 18,829,844	3,297,749	23,971,695	1,699,812	31,594,085	22,291,091

EXHIBIT D-1

Fairfax-Falls Church Community Services Board	Reston Community Center	McLean Community Center	Burgundy Village Community Center	Integrated Pest Management Program	E-911	
						REVENUES
-	-	-	-	-	17,044,804	Taxes
-	-	-	-	-	-	Permits, privilege fees, and regulatory licenses
27,065,308	-	4,500	-	35,000	4,047,362	Intergovernmental
15,705,669	7,760,982	5,871,842	27,688	2,172,013	-	Charges for services
-	-	-	-	-	-	Fines and forfeitures
-	-	-	-	-	-	Developers' contributions
-	594,752	521,462	37,746	184,003	806,296	Revenue from the use of money and property
-	-	-	-	-	313,036	Recovered costs
-	-	-	-	-	-	Gifts, donations, and contributions
42,770,977	8,355,734	6,397,804	65,434	2,391,016	22,211,498	Total revenues
						EXPENDITURES
						Current:
-	-	-	-	-	-	General government administration
-	-	-	-	-	-	Judicial administration
-	-	-	-	-	28,192,525	Public safety
-	-	-	-	-	-	Public works
138,582,583	-	-	-	1,100,884	-	Health and welfare
-	-	-	-	790,763	-	Community development
-	5,519,443	4,173,865	29,284	-	-	Parks, recreation, and cultural
						Intergovernmental:
-	-	-	-	-	-	Community development
-	-	-	-	-	-	Education - for Public Schools
						Capital outlay:
-	-	-	-	-	-	General government administration
-	-	-	-	-	1,083,802	Public safety
-	-	-	-	-	-	Public works
81,710	-	-	-	-	-	Health and welfare
-	-	-	-	-	-	Community development
-	426,953	378,864	-	-	-	Parks, recreation, and cultural
						Debt service:
-	19,138	-	-	-	207,325	Principal retirement
-	46,334	-	-	-	12,754	Interest and other charges
138,664,293	6,011,868	4,552,729	29,284	1,891,647	29,496,406	Total expenditures
(95,893,316)	2,343,866	1,845,075	36,150	499,369	(7,284,908)	Excess (deficiency) of revenues over (under) expenditures
						OTHER FINANCING SOURCES (USES)
97,935,840	-	-	-	-	8,892,287	Transfers in
-	-	-	-	-	-	Transfers out
97,935,840	-	-	-	-	8,892,287	Total other financing sources (uses)
2,042,524	2,343,866	1,845,075	36,150	499,369	1,607,379	Net change in fund balances
2,487,575	4,914,162	5,760,153	133,918	2,578,927	11,543,576	Fund balances, July 1, 2006
4,530,099	7,258,028	7,605,228	170,068	3,078,296	13,150,955	Fund balances, June 30, 2007

continued

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the fiscal year ended June 30, 2007

	Leaf Collection	Refuse Collection and Recycling Operations	Refuse Disposal	Energy Resource Recovery Facility	I-95 Refuse Disposal
REVENUES					
Taxes	$ -	-	-	-	-
Permits, privilege fees, and regulatory licenses	-	-	77,859	-	8,350
Intergovernmental	-	102,525	-	-	-
Charges for services	2,300,990	17,615,305	58,164,962	37,520,795	5,482,509
Fines and forfeitures	-	-	-	-	-
Developers' contributions	-	-	-	-	-
Revenue from the use of money and property	207,322	1,212,323	2,146,976	1,106,039	4,216,827
Recovered costs	-	8,980	217,852	-	51,733
Gifts, donations, and contributions	-	-	-	-	-
Total revenues	2,508,312	18,939,133	60,607,649	38,626,834	9,759,419
EXPENDITURES					
Current:					
General government administration	-	-	-	-	-
Judicial administration	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	1,687,886	16,223,322	58,798,394	34,606,514	9,604,764
Health and welfare	-	-	-	-	-
Community development	-	-	-	-	-
Parks, recreation, and cultural	-	-	-	-	-
Intergovernmental:					
Community development	-	-	-	-	-
Education - for Public Schools	-	-	-	-	-
Capital outlay:					
General government administration	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	15,941	1,988,948	1,901,856	12,827	1,542,147
Health and welfare	-	-	-	-	-
Community development	-	-	-	-	-
Parks, recreation, and cultural	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Total expenditures	1,703,827	18,212,270	60,700,250	34,619,341	11,146,911
Excess (deficiency) of revenues over (under) expenditures	804,485	726,863	(92,601)	4,007,493	(1,387,492)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	90,000	2,500,000	1,365,637	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	90,000	2,500,000	1,365,637	-
Net change in fund balances	804,485	816,863	2,407,399	5,373,130	(1,387,492)
Fund balances, July 1, 2006	2,006,924	5,710,376	9,330,104	20,748,670	66,257,690
Fund balances, June 30, 2007	$ 2,811,409	6,527,239	11,737,503	26,121,800	64,870,198

EXHIBIT D-1
concluded

Alcohol Safety Action Program	Community Development Block Grant	Housing Trust	HOME Investment Partnership Grant	Total Special Revenue Funds	
					REVENUES
-	-	-	-	17,044,804	Taxes
-	-	-	-	13,803,503	Permits, privilege fees, and regulatory licenses
-	8,113,432	-	4,782,653	123,018,909	Intergovernmental
1,592,391	-	-	-	160,246,810	Charges for services
-	-	-	-	16,600	Fines and forfeitures
-	-	1,007,161	-	1,302,521	Developers' contributions
420	60,057	1,160,776	51,900	17,541,019	Revenue from the use of money and property
-	-	-	-	2,414,399	Recovered costs
-	-	-	-	833,156	Gifts, donations, and contributions
1,592,811	8,173,489	2,167,937	4,834,553	336,221,721	Total revenues
					EXPENDITURES
					Current:
-	-	-	-	14,965,978	General government administration
-	-	-	-	682,167	Judicial administration
-	-	-	-	51,580,019	Public safety
-	-	-	-	121,307,602	Public works
1,570,189	-	-	-	172,641,682	Health and welfare
-	8,527,104	3,562,075	2,409,260	70,522,175	Community development
-	-	-	-	11,170,810	Parks, recreation, and cultural
					Intergovernmental:
-	-	-	-	3,935,736	Community development
-	-	-	-	2,321,540	Education - for Public Schools
					Capital outlay:
-	-	-	-	2,500,741	General government administration
-	-	-	-	3,124,462	Public safety
-	-	-	-	5,461,719	Public works
-	-	-	-	97,413	Health and welfare
-	-	1,003,992	200,000	31,587,499	Community development
-	-	-	-	805,817	Parks, recreation, and cultural
					Debt service:
-	-	-	-	1,052,570	Principal retirement
-	-	-	-	204,245	Interest and other charges
1,570,189	8,527,104	4,566,067	2,609,260	493,962,175	Total expenditures
22,622	(353,615)	(2,398,130)	2,225,293	(157,740,454)	Excess (deficiency) of revenues over (under) expenditures
					OTHER FINANCING SOURCES (USES)
-	-	-	-	167,983,542	Transfers in
-	-	-	-	(2,408,050)	Transfers out
-	-	-	-	165,575,492	Total other financing sources (uses)
22,622	(353,615)	(2,398,130)	2,225,293	7,835,038	Net change in fund balances
68,219	3,823,546	19,358,181	251,018	264,707,195	Fund balances, July 1, 2006
90,841	3,469,931	16,960,051	2,476,311	272,542,233	Fund balances, June 30, 2007

COUNTY OF FAIRFAX, VIRGINIA **EXHIBIT D-2A**

Special Revenue Fund

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

For the fiscal year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive
	Original	Final	(Budget Basis)	(Negative)
REVENUES				
Intergovernmental	$ 7,450,000	20,611,394	20,720,984	109,590
Charges for services	470,000	470,000	469,999	(1)
Developers' contibutions	-	295,360	295,360	-
Revenue from the use of money and property	300,000	300,000	463,608	163,608
Total revenues	8,220,000	21,676,754	21,949,951	273,197
EXPENDITURES				
Community development	40,974,853	80,434,025	61,988,203	18,445,822
Total expenditures	40,974,853	80,434,025	61,988,203	18,445,822
Excess (deficiency) of revenues over (under) expenditures	(32,754,853)	(58,757,271)	(40,038,252)	18,719,019
OTHER FINANCING SOURCES				
Transfers in	32,463,785	32,763,785	32,763,785	-
Total other financing sources	32,463,785	32,763,785	32,763,785	-
Net change in fund balance	$ (291,068)	(25,993,486)	(7,274,467)	18,719,019

COUNTY OF FAIRFAX, VIRGINIA **EXHIBIT D-2B**

Special Revenue Fund

Budgetary Comparison Schedule - Dulles Rail Phase I Transportation Improvement District Fund (Budget Basis)

For the fiscal year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive
	Original	Final	(Budget Basis)	(Negative)
REVENUES				
Charges for services	$ 20,610,469	20,610,469	22,148,692	1,538,223
Revenue from the use of money and property	515,262	515,262	2,330,213	1,814,951
Total revenues	21,125,731	21,125,731	24,478,905	3,353,174
EXPENDITURES	-	-	-	-
Net change in fund balance	$ 21,125,731	21,125,731	24,478,905	3,353,174

COUNTY OF FAIRFAX, VIRGINIA — EXHIBIT D-2C

Special Revenue Fund
Budgetary Comparison Schedule - Federal/State Grant Fund (Budget Basis)
For the fiscal year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive
	Original	Final	(Budget Basis)	(Negative)
REVENUES				
Intergovernmental	$ 60,005,309	132,291,916	54,403,732	(77,888,184)
Charges for services	-	-	48,970	48,970
Revenue from the use of money and property	-	(198,222)	345,361	543,583
Recovered costs	-	1,339,605	1,750,209	410,604
Gifts, donations, and contributions	1,874,781	7,718,201	3,237,580	(4,480,621)
Total revenues	61,880,090	141,151,500	59,785,852	(81,365,648)
EXPENDITURES				
General government administration	64,746,587	36,786,357	2,016,197	34,770,160
Judicial administration	-	1,030,825	682,167	348,658
Public safety	2,609,707	50,779,882	25,534,573	25,245,309
Public works	-	30,579,666	5,618,416	24,961,250
Health and welfare	-	42,159,548	27,094,374	15,065,174
Community development	-	6,764,417	2,161,112	4,603,305
Parks, recreation, and cultural	-	507,841	421,486	86,355
Total expenditures	67,356,294	168,608,536	63,528,325	105,080,211
Excess (deficiency) of revenues over (under) expenditures	(5,476,204)	(27,457,036)	(3,742,473)	23,714,563
OTHER FINANCING SOURCES				
Transfers in	5,476,204	4,476,204	4,476,204	-
Total other financing sources	5,476,204	4,476,204	4,476,204	-
Net change in fund balance	$ -	(22,980,832)	733,731	23,714,563

COUNTY OF FAIRFAX, VIRGINIA **EXHIBIT D-2D**

Special Revenue Fund

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

For the fiscal year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive
	Original	Final	(Budget Basis)	(Negative)
REVENUES				
Intergovernmental	$ 2,131,667	3,165,062	2,443,765	(721,297)
Charges for services	120,203	120,203	125,712	5,509
Recovered costs	75,656	71,319	72,589	1,270
Gifts, donations, and contributions	381,233	591,249	518,626	(72,623)
Total revenues	2,708,759	3,947,833	3,160,692	(787,141)
EXPENDITURES				
Health and welfare	3,877,226	5,805,178	4,309,355	1,495,823
Community development	1,255,848	1,413,470	842,147	571,323
Parks, recreation, and cultural	1,112,848	1,446,539	1,026,732	419,807
Total expenditures	6,245,922	8,665,187	6,178,234	2,486,953
Excess (deficiency) of revenues over (under) expenditures	(3,537,163)	(4,717,354)	(3,017,542)	1,699,812
OTHER FINANCING SOURCES				
Transfers in	3,537,163	3,537,163	3,537,163	-
Total other financing sources	3,537,163	3,537,163	3,537,163	-
Net change in fund balance	$ -	(1,180,191)	519,621	1,699,812

COUNTY OF FAIRFAX, VIRGINIA **EXHIBIT D-2E**

Special Revenue Fund

Budgetary Comparison Schedule - Information Technology Fund (Budget Basis)

For the fiscal year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive
	Original	Final	(Budget Basis)	(Negative)
REVENUES				
Intergovernmental	$ -	1,299,648	1,299,648	-
Revenue from the use of money and property	750,000	1,100,000	2,121,239	1,021,239
Total revenues	750,000	2,399,648	3,420,887	1,021,239
EXPENDITURES				
General government administration	13,289,576	46,828,064	16,315,366	30,512,698
Total expenditures	13,289,576	46,828,064	16,315,366	30,512,698
Excess (deficiency) of revenues over (under) expenditures	(12,539,576)	(44,428,416)	(12,894,479)	31,533,937
OTHER FINANCING SOURCES				
Transfers in	12,539,576	13,499,576	13,499,576	-
Total other financing sources	12,539,576	13,499,576	13,499,576	-
Net change in fund balance	$ -	(30,928,840)	605,097	31,533,937

COUNTY OF FAIRFAX, VIRGINIA **EXHIBIT D-2F**

Special Revenue Fund

Budgetary Comparison Schedule - Cable Communications Fund (Budget Basis)

For the fiscal year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive
	Original	Final	(Budget Basis)	(Negative)
REVENUES				
Permits, privilege fees, and regulatory licenses	$ 12,838,585	12,838,585	13,717,294	878,709
Charges for services	2,800	2,800	1,925	(875)
Fines and forfeitures	-	-	16,600	16,600
Revenue from the use of money and property	-	-	1,658	1,658
Total revenues	12,841,385	12,841,385	13,737,477	896,092
EXPENDITURES				
Community development	7,612,227	22,061,204	13,944,061	8,117,143
Total expenditures	7,612,227	22,061,204	13,944,061	8,117,143
Excess (deficiency) of revenues over (under) expenditures	5,229,158	(9,219,819)	(206,584)	9,013,235
OTHER FINANCING USES				
Transfers out	(2,408,050)	(2,408,050)	(2,408,050)	-
Transfers out to component units	(2,321,540)	(2,321,540)	(2,321,540)	-
Total other financing uses	(4,729,590)	(4,729,590)	(4,729,590)	-
Net change in fund balance	$ 499,568	(13,949,409)	(4,936,174)	9,013,235

COUNTY OF FAIRFAX, VIRGINIA **EXHIBIT D-2G**

Special Revenue Fund

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

For the fiscal year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive
	Original	Final	(Budget Basis)	(Negative)
REVENUES				
Intergovernmental	$ 24,045,327	29,173,576	27,065,308	(2,108,268)
Charges for services	15,521,070	14,939,359	15,705,669	766,310
Total revenues	39,566,397	44,112,935	42,770,977	(1,341,958)
EXPENDITURES				
Health and welfare	137,047,237	143,337,712	138,664,293	4,673,419
Total expenditures	137,047,237	143,337,712	138,664,293	4,673,419
Excess (deficiency) of revenues over (under) expenditures	(97,480,840)	(99,224,777)	(95,893,316)	3,331,461
OTHER FINANCING SOURCES				
Transfers in	97,480,840	97,935,840	97,935,840	-
Total other financing sources	97,480,840	97,935,840	97,935,840	-
Net change in fund balance	$ -	(1,288,937)	2,042,524	3,331,461

COUNTY OF FAIRFAX, VIRGINIA **EXHIBIT D-2H**

Special Revenue Fund

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

For the fiscal year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive
	Original	Final	(Budget Basis)	(Negative)
REVENUES				
Charges for services	$ 7,003,013	7,696,907	7,760,981	64,074
Revenue from the use of money and property	160,191	377,110	597,969	220,859
Total revenues	7,163,204	8,074,017	8,358,950	284,933
EXPENDITURES				
Parks, recreation, and cultural	6,509,626	7,467,088	6,011,867	1,455,221
Total expenditures	6,509,626	7,467,088	6,011,867	1,455,221
Net change in fund balance	$ 653,578	606,929	2,347,083	1,740,154

COUNTY OF FAIRFAX, VIRGINIA **EXHIBIT D-2I**

Special Revenue Fund

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

For the fiscal year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive
	Original	Final	(Budget Basis)	(Negative)
REVENUES				
Intergovernmental	$ 8,700	8,700	4,500	(4,200)
Charges for services	4,811,575	6,205,575	5,871,842	(333,733)
Revenue from the use of money and property	150,845	474,300	526,747	52,447
Total revenues	4,971,120	6,688,575	6,403,089	(285,486)
EXPENDITURES				
Parks, recreation, and cultural	3,799,261	5,299,953	4,552,728	747,225
Total expenditures	3,799,261	5,299,953	4,552,728	747,225
Net change in fund balance	$ 1,171,859	1,388,622	1,850,361	461,739

COUNTY OF FAIRFAX, VIRGINIA **EXHIBIT D-2J**

Special Revenue Fund

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

For the fiscal year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive
	Original	Final	(Budget Basis)	(Negative)
REVENUES				
Charges for services	$ 18,976	27,353	27,688	335
Revenue from the use of money and property	25,316	28,736	37,908	9,172
Total revenues	44,292	56,089	65,596	9,507
EXPENDITURES				
Parks, recreation, and cultural	43,810	43,810	29,284	14,526
Total expenditures	43,810	43,810	29,284	14,526
Net change in fund balance	$ 482	12,279	36,312	24,033

COUNTY OF FAIRFAX, VIRGINIA **EXHIBIT D-2K**

Special Revenue Fund

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

For the fiscal year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive
	Original	Final	(Budget Basis)	(Negative)
REVENUES				
Intergovernmental	$ -	-	35,000	35,000
Charges for services	2,051,438	2,051,438	2,172,013	120,575
Revenue from the use of money and property	30,890	30,890	186,739	155,849
Total revenues	2,082,328	2,082,328	2,393,752	311,424
EXPENDITURES				
Health and welfare	1,523,173	1,721,866	1,100,884	620,982
Community development	976,159	976,159	790,763	185,396
Total expenditures	2,499,332	2,698,025	1,891,647	806,378
Net change in fund balance	$ (417,004)	(615,697)	502,105	1,117,802

COUNTY OF FAIRFAX, VIRGINIA **EXHIBIT D-2L**

Special Revenue Fund

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

For the fiscal year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive
	Original	Final	(Budget Basis)	(Negative)
REVENUES	$ -	-	-	-
EXPENDITURES				
Health and welfare	8,324,073	8,371,801	8,131,998	239,803
Total expenditures	8,324,073	8,371,801	8,131,998	239,803
Excess (deficiency) of revenues over (under) expenditures	(8,324,073)	(8,371,801)	(8,131,998)	239,803
OTHER FINANCING SOURCES				
Transfers in	8,324,073	8,324,073	8,324,073	-
Total other financing sources	8,324,073	8,324,073	8,324,073	-
Net change in fund balance	$ -	(47,728)	192,075	239,803

COUNTY OF FAIRFAX, VIRGINIA **EXHIBIT D-2M**

Special Revenue Fund

Budgetary Comparison Schedule - Contributory Fund (Budget Basis)

For the fiscal year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive
	Original	Final	(Budget Basis)	(Negative)
REVENUES	$ -	-	-	-
EXPENDITURES				
General government administration	1,886,453	1,886,453	1,885,123	1,330
Public safety	453,568	453,568	453,568	-
Health and welfare	1,516,758	1,516,758	1,516,758	-
Community development	3,841,718	4,488,032	4,463,032	25,000
Parks, recreation, and cultural	3,963,042	4,963,042	4,963,020	22
Total expenditures	11,661,539	13,307,853	13,281,501	26,352
Excess (deficiency) of revenues over (under) expenditures	(11,661,539)	(13,307,853)	(13,281,501)	26,352
OTHER FINANCING SOURCES				
Transfers in	11,585,429	12,226,230	12,226,230	-
Total other financing sources	11,585,429	12,226,230	12,226,230	-
Net change in fund balance	$ (76,110)	(1,081,623)	(1,055,271)	26,352

COUNTY OF FAIRFAX, VIRGINIA **EXHIBIT D-2N**

Special Revenue Fund
Budgetary Comparison Schedule - E-911 Fund (Budget Basis)
For the fiscal year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive
	Original	Final	(Budget Basis)	(Negative)
REVENUES				
Local sales and use taxes	$ 19,725,705	19,725,705	17,044,803	(2,680,902)
Intergovernmental	3,558,598	3,558,598	4,047,362	488,764
Revenue from the use of money and property	171,303	171,303	824,124	652,821
Recovered costs	-	-	313,036	313,036
Total revenues	23,455,606	23,455,606	22,229,325	(1,226,281)
EXPENDITURES				
Public safety	33,917,615	37,487,476	29,496,406	7,991,070
Total expenditures	33,917,615	37,487,476	29,496,406	7,991,070
Excess (deficiency) of revenues over (under) expenditures	(10,462,009)	(14,031,870)	(7,267,081)	6,764,789
OTHER FINANCING SOURCES				
Transfers in	8,892,287	8,892,287	8,892,287	-
Total other financing sources	8,892,287	8,892,287	8,892,287	-
Net change in fund balance	$ (1,569,722)	(5,139,583)	1,625,206	6,764,789

COUNTY OF FAIRFAX, VIRGINIA **EXHIBIT D-2O**

Special Revenue Fund

Budgetary Comparison Schedule - Leaf Collection Fund (Budget Basis)

For the fiscal year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive
	Original	Final	(Budget Basis)	(Negative)
REVENUES				
Charges for services	$ 1,937,940	1,937,940	2,300,990	363,050
Revenue from the use of money and property	87,241	87,241	208,920	121,679
Total revenues	2,025,181	2,025,181	2,509,910	484,729
EXPENDITURES				
Public works	1,822,446	1,822,446	1,703,827	118,619
Total expenditures	1,822,446	1,822,446	1,703,827	118,619
Net change in fund balance	$ 202,735	202,735	806,083	603,348

COUNTY OF FAIRFAX, VIRGINIA **EXHIBIT D-2P**

Special Revenue Fund

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

For the fiscal year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive
	Original	Final	(Budget Basis)	(Negative)
REVENUES				
Intergovernmental	$ -	102,525	102,525	-
Charges for services	17,585,615	17,585,615	17,615,305	29,690
Revenue from the use of money and property	439,704	439,704	1,219,733	780,029
Recovered costs	-	-	8,980	8,980
Total revenues	18,025,319	18,127,844	18,946,543	818,699
EXPENDITURES				
Public works	18,152,220	20,302,336	18,212,270	2,090,066
Total expenditures	18,152,220	20,302,336	18,212,270	2,090,066
Excess (deficiency) of revenues over (under) expenditures	(126,901)	(2,174,492)	734,273	2,908,765
OTHER FINANCING SOURCES				
Transfers in	-	90,000	90,000	-
Total other financing sources	-	90,000	90,000	-
Net change in fund balance	$ (126,901)	(2,084,492)	824,273	2,908,765

COUNTY OF FAIRFAX, VIRGINIA **EXHIBIT D-2Q**

Special Revenue Fund

Budgetary Comparison Schedule - Refuse Disposal Fund (Budget Basis)

For the fiscal year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive
	Original	Final	(Budget Basis)	(Negative)
REVENUES				
Permits, privilege fees, and regulatory licenses	$ 42,000	42,000	77,859	35,859
Charges for services	58,578,677	58,578,677	58,164,962	(413,715)
Revenue from the use of money and property	1,004,279	1,004,279	2,161,355	1,157,076
Recovered costs	220,000	220,000	217,852	(2,148)
Total revenues	59,844,956	59,844,956	60,622,028	777,072
EXPENDITURES				
Public works	66,024,970	68,384,254	60,700,250	7,684,004
Total expenditures	66,024,970	68,384,254	60,700,250	7,684,004
Excess (deficiency) of revenues over (under) expenditures	(6,180,014)	(8,539,298)	(78,222)	8,461,076
OTHER FINANCING SOURCES				
Transfers in	2,500,000	2,500,000	2,500,000	-
Total other financing sources	2,500,000	2,500,000	2,500,000	-
Net change in fund balance	$ (3,680,014)	(6,039,298)	2,421,778	8,461,076

COUNTY OF FAIRFAX, VIRGINIA **EXHIBIT D-2R**

Special Revenue Fund

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

For the fiscal year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive
	Original	Final	(Budget Basis)	(Negative)
REVENUES				
Charges for services	$ 36,228,901	36,228,901	37,520,795	1,291,894
Revenue from the use of money and property	410,131	410,131	1,125,828	715,697
Total revenues	36,639,032	36,639,032	38,646,623	2,007,591
EXPENDITURES				
Public works	39,544,960	39,544,960	34,619,341	4,925,619
Total expenditures	39,544,960	39,544,960	34,619,341	4,925,619
Excess (deficiency) of revenues over (under) expenditures	(2,905,928)	(2,905,928)	4,027,282	6,933,210
OTHER FINANCING SOURCES				
Transfers in	-	1,365,637	1,365,637	-
Total other financing sources	-	1,365,637	1,365,637	-
Net change in fund balance	$ (2,905,928)	(1,540,291)	5,392,919	6,933,210

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2S

Special Revenue Fund
Budgetary Comparison Schedule - I-95 Refuse Disposal Fund (Budget Basis)
For the fiscal year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive
	Original	Final	(Budget Basis)	(Negative)
REVENUES				
Permits, privilege fees, and regulatory licenses	$ 7,200	7,200	8,350	1,150
Charges for services	4,981,116	4,981,116	5,482,509	501,393
Revenue from the use of money and property	1,489,844	1,489,844	4,311,800	2,821,956
Recovered costs	9,437	9,437	51,733	42,296
Total revenues	6,487,597	6,487,597	9,854,392	3,366,795
EXPENDITURES				
Public works	8,229,849	34,973,076	11,146,910	23,826,166
Total expenditures	8,229,849	34,973,076	11,146,910	23,826,166
Net change in fund balance	$ (1,742,252)	(28,485,479)	(1,292,518)	27,192,961

COUNTY OF FAIRFAX, VIRGINIA **EXHIBIT D-2T**

Special Revenue Fund

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

For the fiscal year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive
	Original	Final	(Budget Basis)	(Negative)
REVENUES				
Intergovernmental	$ 6,905,321	13,777,987	8,113,432	(5,664,555)
Revenue from the use of money and property	-	-	310,071	310,071
Total revenues	6,905,321	13,777,987	8,423,503	(5,354,484)
EXPENDITURES				
Community development	6,905,321	14,143,786	8,716,776	5,427,010
Total expenditures	6,905,321	14,143,786	8,716,776	5,427,010
Net change in fund balance	$ -	(365,799)	(293,273)	72,526

COUNTY OF FAIRFAX, VIRGINIA **EXHIBIT D-2U**

Special Revenue Fund

Budgetary Comparison Schedule - Housing Trust Fund (Budget Basis)

For the fiscal year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive
	Original	Final	(Budget Basis)	(Negative)
REVENUES				
Developers' contributions	$ 1,600,000	1,600,000	1,007,161	(592,839)
Revenue from the use of money and property	250,000	250,000	1,324,648	1,074,648
Total revenues	1,850,000	1,850,000	2,331,809	481,809
EXPENDITURES				
Community development	1,850,000	12,114,687	5,434,417	6,680,270
Total expenditures	1,850,000	12,114,687	5,434,417	6,680,270
Net change in fund balance	$ -	(10,264,687)	(3,102,608)	7,162,079

COUNTY OF FAIRFAX, VIRGINIA **EXHIBIT D-2V**

Special Revenue Fund

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

For the fiscal year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive
	Original	Final	(Budget Basis)	(Negative)
REVENUES				
Intergovernmental	$ 2,657,075	10,889,275	4,782,653	(6,106,622)
Revenue from the use of money and property	-	18,639	52,211	33,572
Total revenues	2,657,075	10,907,914	4,834,864	(6,073,050)
EXPENDITURES				
Community development	2,657,075	11,004,868	5,018,825	5,986,043
Total expenditures	2,657,075	11,004,868	5,018,825	5,986,043
Net change in fund balance	$ -	(96,954)	(183,961)	(87,007)

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

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT E

Debt Service Fund
Balance Sheet
June 30, 2007

ASSETS	
Equity in pooled cash and temporary investments	$ 12,329,558
Due from intergovernmental units	25,875
Loan to component unit	15,455,000
Lease to component unit	58,955,000
Restricted assets - Cash with fiscal agents	34,762
Total assets	$ 86,800,195
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable and accrued liabilities	$ 165,812
Matured bond principal and interest payable	81,638
Due to component unit	20,759
Deferred revenue	58,955,000
Total liabilities	59,223,209
Fund balance:	
Reserved for long-term loan	15,455,000
Unreserved	12,121,986
Total fund balance	27,576,986
Total liabilities and fund balance	$ 86,800,195

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT E-1

Debt Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the fiscal year ended June 30, 2007

REVENUES	
Intergovernmental	$ 1,218,498
Revenue from the use of money and property	3,356,307
Total revenues	4,574,805
EXPENDITURES	
Principal retirement:	
County	72,065,820
Schools	88,394,875
Interest:	
County	38,390,152
Schools	54,582,586
Bond issuance costs and other	1,155,041
Total expenditures	254,588,474
Deficiency of revenues under expenditures	(250,013,669)
OTHER FINANCING SOURCES (USES)	
Transfers in from:	
General Fund	252,960,529
Capital projects funds	739,061
Total other financing sources (uses)	253,699,590
Net change in fund balance	3,685,921
Fund balance, July 1, 2006	23,891,065
Fund balance, June 30, 2007	$ 27,576,986

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT E-2

Debt Service Fund
Budgetary Comparison Schedule (Budget Basis)
For the fiscal year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive
	Original	Final	(Budget Basis)	(Negative)
REVENUES				
Intergovernmental	$ 51,810	51,810	103,498	51,688
Total revenues	51,810	51,810	103,498	51,688
EXPENDITURES				
Principal retirement:				
County	72,065,820	72,065,820	72,065,820	-
Schools	88,394,875	88,394,875	88,394,875	-
Interest:				
County	40,802,398	42,335,322	38,390,152	3,945,170
Schools	57,201,656	60,177,331	54,582,586	5,594,745
Bond issuance costs and other	971,000	3,776,703	780,881	2,995,822
Total expenditures	259,435,749	266,750,051	254,214,314	12,535,737
Excess (deficiency) of revenues over (under) expenditures	(259,383,939)	(266,698,241)	(254,110,816)	12,587,425
OTHER FINANCING SOURCES				
General obligation bonds issued	971,000	971,000	342,867	(628,133)
Transfers in from:				
General Fund	252,960,529	252,960,529	252,960,529	-
Other funds	4,536,186	4,536,186	4,536,186	-
Total other financing sources	258,467,715	258,467,715	257,839,582	(628,133)
Net change in fund balance	$ (916,224)	(8,230,526)	3,728,766	11,959,292

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

Countywide Roadway Improvement Fund is used to account for funds held in reserve for necessary road construction and improvements for which funding from other sources is not available. Funds are transferred from this fund to other County road construction funds, as approved by the Board of Supervisors.

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

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

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

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

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

Pedestrian Walkway Improvements Fund, formerly the Sidewalk Construction Fund, is used to account for the design and construction of sidewalks to provide safe walking conditions for public school students. The program is undertaken in cooperation with the Public School system and generally involves projects which link

residential areas and public schools. Projects are funded by the General Fund.

Public Works Construction Fund is no longer being used. The activities previously accounted for in this fund are now accounted for in the County Construction Fund, the Transportation Improvements Fund, and the Stormwater Management Program Fund.

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

Stormwater Management Program Fund is used to account for the planned allocation of funding by the Board of Supervisors to prioritize and implement stormwater improvement projects. Projects are funded by the dedication of the value of one penny of the real estate tax rate and the General Fund, as necessary.

Storm Drainage Bond Construction Fund is used to account for the improvement and construction of storm drainage systems. Projects are funded by the sale of bonds.

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

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

Trail Construction Fund is no longer being used. The activities previously accounted for in this fund are now accounted for in the Pedestrian Walkway Improvements Fund.

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

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

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

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

Housing General Obligation Bond Construction Fund is used to account for projects that are supported wholly or in part by general obligation bond proceeds. This program involves providing assistance to maintain and improve the infrastructure and housing stock in older neighborhoods where residents have limited financial means to support the improvements.

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

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

COUNTY OF FAIRFAX, VIRGINIA
Capital Projects Funds
Combining Balance Sheet
June 30, 2007

	Countywide Roadway Improvement	Contributed Roadway Improvement	Library Construction	County Construction	Capital Renewal Construction
ASSETS					
Equity in pooled cash and temporary investments	$ 649,613	43,170,527	4,463,641	59,174,879	14,006,734
Receivables:					
Accounts	-	-	-	31,502	-
Accrued interest	-	181,228	-	-	-
Loans	-	-	-	-	-
Due from intergovernmental units	-	25,825	48,028	-	-
Due from component units	-	-	-	-	-
Loan to component unit	-	-	-	-	-
Prepaid and other assets	-	-	-	-	-
Restricted assets:					
Equity in pooled cash and temporary investments	-	-	13,067,244	-	-
Cash with fiscal agents	-	-	-	808,195	-
Total assets	$ 649,613	43,377,580	17,578,913	60,014,576	14,006,734
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	$ 91,133	166,570	478,037	1,509,875	1,155,000
Contract retainages	29,472	136,957	283,966	248,202	-
Accrued interest payable	-	-	-	1,026,352	-
Due to component units	-	-	-	519,748	-
Short-term notes payable	-	-	-	-	-
Deferred revenue	-	7,703,310	-	-	-
Performance and other deposits	-	-	50,000	4,212,127	-
Total liabilities	120,605	8,006,837	812,003	7,516,304	1,155,000
Fund balances:					
Reserved for:					
Encumbrances	36,603	1,566,734	7,928,636	5,915,862	2,694,015
Long-term loans	-	-	-	-	-
Certain capital projects	-	-	-	-	-
Unreserved (deficits)	492,405	33,804,009	8,838,274	46,582,410	10,157,719
Total fund balances	529,008	35,370,743	16,766,910	52,498,272	12,851,734
Total liabilities and fund balances	$ 649,613	43,377,580	17,578,913	60,014,576	14,006,734

EXHIBIT F

Transportation Improvements	Pedestrian Walkway Improvements	Metro Operations and Construction	Stormwater Management Program	Storm Drainage Bond Construction	
					ASSETS
7,318,988	2,419,237	3,099,591	23,194,243	-	Equity in pooled cash and temporary investments
					Receivables:
-	-	-	-	-	Accounts
-	-	-	-	-	Accrued interest
-	-	-	-	-	Loans
945,255	293,167	-	-	-	Due from intergovernmental units
-	-	-	-	-	Due from component units
-	-	-	-	-	Loan to component unit
-	-	-	-	-	Prepaid and other assets
					Restricted assets:
12,420	-	8,038,057	-	1,818	Equity in pooled cash and temporary investments
-	-	-	-	-	Cash with fiscal agents
8,276,663	2,712,404	11,137,648	23,194,243	1,818	Total assets
					LIABILITIES AND FUND BALANCES
					Liabilities:
4,455,290	140,990	-	2,317,472	-	Accounts payable and accrued liabilities
72,473	26,871	-	198,002	-	Contract retainages
-	-	-	-	1,818	Accrued interest payable
-	-	-	-	-	Due to component units
-	-	-	-	-	Short-term notes payable
-	-	-	-	-	Deferred revenue
12,420	292,123	-	-	-	Performance and other deposits
4,540,183	459,984	-	2,515,474	1,818	Total liabilities
					Fund balances:
					Reserved for:
7,940,893	808,158	-	10,166,137	-	Encumbrances
-	-	-	-	-	Long-term loans
-	-	8,038,057	-	-	Certain capital projects
(4,204,413)	1,444,262	3,099,591	10,512,632	-	Unreserved (deficits)
3,736,480	2,252,420	11,137,648	20,678,769	-	Total fund balances
8,276,663	2,712,404	11,137,648	23,194,243	1,818	Total liabilities and fund balances

continued

COUNTY OF FAIRFAX, VIRGINIA
Capital Projects Funds
Combining Balance Sheet
June 30, 2007

	County Bond Construction	Public Safety Construction	Neighborhood Improvement Program	Commercial Revitalization Program
ASSETS				
Equity in pooled cash and temporary investments	$ 13,600,865	100,245,898	230,533	667,987
Receivables:				
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Loans	-	-	-	-
Due from intergovernmental units	-	-	-	-
Due from component units	1,803,189	-	-	-
Loan to component unit	-	-	-	-
Prepaid and other assets	-	445	-	-
Restricted assets:				
Equity in pooled cash and temporary investments	15,714,966	27,269,685	210,767	311,855
Cash with fiscal agents	-	-	-	-
Total assets	$ 31,119,020	127,516,028	441,300	979,842
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	$ 1,303,327	6,963,414	-	9,834
Contract retainages	261,111	5,541,178	-	-
Accrued interest payable	-	-	-	-
Due to component units	-	-	-	-
Short-term notes payable	-	-	-	-
Deferred revenue	9,092,376	-	-	-
Performance and other deposits	-	-	-	386,464
Total liabilities	10,656,814	12,504,592	-	396,298
Fund balances:				
Reserved for:				
Encumbrances	34,620,672	47,807,727	5,345	253,080
Long-term loans	-	-	-	-
Certain capital projects	-	-	210,767	311,855
Unreserved (deficits)	(14,158,466)	67,203,709	225,188	18,609
Total fund balances	20,462,206	115,011,436	441,300	583,544
Total liabilities and fund balances	$ 31,119,020	127,516,028	441,300	979,842

EXHIBIT F
concluded

Pro Rata Drainage Construction	Housing Assistance Program	Housing General Obligation Bond Construction	The Penny for Affordable Housing	Northern Virginia Regional Park Authority	Total Capital Projects Funds	
						ASSETS
23,152,460	1,560,773	-	2,478,933	-	299,434,902	Equity in pooled cash and temporary investments
						Receivables:
-	-	-	-	-	31,502	Accounts
-	-	-	104,814	-	286,042	Accrued interest
-	-	-	12,325,000	-	12,325,000	Loans
-	-	-	-	-	1,312,275	Due from intergovernmental units
-	-	-	-	-	1,803,189	Due from component units
-	-	-	5,190,000	-	5,190,000	Loan to component unit
-	-	-	-	-	445	Prepaid and other assets
	-					Restricted assets:
-	-	14,269	-	2,500,000	67,141,081	Equity in pooled cash and temporary investments
-	-	-	-	-	808,195	Cash with fiscal agents
23,152,460	1,560,773	14,269	20,098,747	2,500,000	388,332,631	Total assets
						LIABILITIES AND FUND BALANCES
						Liabilities:
617,280	114,692	-	-	-	19,322,914	Accounts payable and accrued liabilities
39,655	38,018	14,269	-	-	6,890,174	Contract retainages
-	-	-	697,780	-	1,725,950	Accrued interest payable
-	-	-	-	-	519,748	Due to component units
-	-	-	40,465,000	-	40,465,000	Short-term notes payable
22,365,055	-	-	104,813	-	39,265,554	Deferred revenue
125,700	-	-	-	-	5,078,834	Performance and other deposits
23,147,690	152,710	14,269	41,267,593	-	113,268,174	Total liabilities
						Fund balances:
						Reserved for:
4,331,557	971,490	-	2,049,257	-	127,096,166	Encumbrances
-	-	-	17,515,000	-	17,515,000	Long-term loans
-	-	-	-	-	8,560,679	Certain capital projects
(4,326,787)	436,573	-	(40,733,103)	2,500,000	121,892,612	Unreserved (deficits)
4,770	1,408,063	-	(21,168,846)	2,500,000	275,064,457	Total fund balances
23,152,460	1,560,773	14,269	20,098,747	2,500,000	388,332,631	Total liabilities and fund balances

COUNTY OF FAIRFAX, VIRGINIA
Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the fiscal year ended June 30, 2007

	Countywide Roadway Improvement	Contributed Roadway Improvement	Library Construction	County Construction	Capital Renewal Construction
REVENUES					
Taxes	$ -	-	-	-	-
Intergovernmental	-	205,296	-	7,161,996	2,449,000
Charges for services	-	-	-	1,218,638	-
Developers' contributions	-	3,714,973	-	-	-
Revenue from the use of money and property	-	2,262,015	-	11,426	-
Recovered costs	186,044	4,116	468	1,471,103	-
Total revenues	186,044	6,186,400	468	9,863,163	2,449,000
EXPENDITURES					
Current:					
General government administration	-	-	-	1,344,350	2,381,608
Judicial administration	-	-	-	100,586	-
Public safety	-	-	-	1,064,987	897,801
Public works	-	-	-	2,801,414	-
Health and welfare	-	-	-	203,702	437,689
Community development	80,362	2,247,221	-	2,801,152	45,723
Parks, recreation, and cultural	-	-	13,297	1,611,282	551,048
Intergovernmental:					
Community development	-	303,266	-	-	-
Parks, recreation, and cultural	-	-	-	9,252,336	-
Education - for Public Schools	-	-	-	-	-
Capital outlay:					
General government administration	-	-	-	1,108,663	360,193
Judicial administration	-	-	-	-	-
Public safety	-	-	-	5,446,210	1,006,039
Public works	-	-	-	449,316	-
Health and welfare	-	-	-	357,436	1,666,948
Community development	777,585	-	-	3,351,120	-
Parks, recreation, and cultural	-	-	6,926,197	2,015,766	841,462
Debt service:					
Principal retirement	-	-	-	645,000	-
Interest and other charges	-	-	-	686,417	-
Total expenditures	857,947	2,550,487	6,939,494	33,239,737	8,188,511
Excess (deficiency) of revenues over		-	-		
(under) expenditures	(671,903)	3,635,913	(6,939,026)	(23,376,574)	(5,739,511)
OTHER FINANCING SOURCES (USES)					
Transfers in	195,000	430,000	-	31,488,739	5,641,000
Transfers out	-	(110,000)	-	(74,444)	-
General obligation bonds issued	-	-	13,560,000	-	2,000,000
Premium on general obligation bonds issued	-	-	430,000	-	-
Revenue bonds issued	-	-	-	-	-
Premium on revenue bonds issued	-	-	-	-	-
Total other financing sources (uses)	195,000	320,000	13,990,000	31,414,295	7,641,000
Net change in fund balances	(476,903)	3,955,913	7,050,974	8,037,721	1,901,489
Fund balances, July 1, 2006	1,005,911	31,414,830	9,715,936	44,460,551	10,950,245
Fund balances, June 30, 2007	$ 529,008	35,370,743	16,766,910	52,498,272	12,851,734

EXHIBIT F-1

Transportation Improvements	Pedestrian Walkway Improvements	Public Works Construction	Metro Operations and Construction	Stormwater Management Program	Storm Drainage Bond Construction	
						REVENUES
-	-	-	-	21,900,000	-	Taxes
3,592,252	1,642,589	-	-	-	-	Intergovernmental
-	-	-	-	1,498	-	Charges for services
-	-	-	-	-	-	Developers' contributions
2,782	-	-	-	-	-	Revenue from the use of money and property
-	8,216	-	-	-	-	Recovered costs
3,595,034	1,650,805	-	-	21,901,498	-	Total revenues
						EXPENDITURES
						Current:
-	-	-	-	-	-	General government administration
-	-	-	-	-	-	Judicial administration
-	-	-	-	-	-	Public safety
-	-	-	-	10,567,407	1,284,642	Public works
-	-	-	-	-	-	Health and welfare
25,648,932	355,906	-	-	-	-	Community development
-	-	-	-	-	-	Parks, recreation, and cultural
						Intergovernmental:
-	-	-	36,587,464	-	-	Community development
-	-	-	-	-	-	Parks, recreation, and cultural
-	-	-	-	-	-	Education - for Public Schools
						Capital outlay:
-	-	-	-	-	-	General government administration
-	-	-	-	-	-	Judicial administration
-	-	-	-	-	-	Public safety
-	-	-	-	7,902,399	13,770	Public works
-	-	-	-	-	-	Health and welfare
1,107,966	1,047,954	-	-	-	-	Community development
-	-	-	-	-	-	Parks, recreation, and cultural
						Debt service:
-	-	-	-	-	-	Principal retirement
-	-	-	-	-	-	Interest and other charges
26,756,898	1,403,860	-	36,587,464	18,469,806	1,298,412	Total expenditures
(23,161,864)	246,945	-	(36,587,464)	3,431,692	(1,298,412)	Excess (deficiency) of revenues over (under) expenditures
						OTHER FINANCING SOURCES (USES)
2,042,657	541,955	-	20,426,309	3,675,280	-	Transfers in
(625,000)	-	(6,029,805)	(1,768,275)	-	-	Transfers out
6,000,000	-	-	11,000,000	-	-	General obligation bonds issued
-	-	-	-	-	-	Premium on general obligation bonds issued
-	-	-	-	-	-	Revenue bonds issued
-	-	-	-	-	-	Premium on revenue bonds issued
7,417,657	541,955	(6,029,805)	29,658,034	3,675,280	-	Total other financing sources (uses)
(15,744,207)	788,900	(6,029,805)	(6,929,430)	7,106,972	(1,298,412)	Net change in fund balances
19,480,687	1,463,520	6,029,805	18,067,078	13,571,797	1,298,412	Fund balances, July 1, 2006
3,736,480	2,252,420	-	11,137,648	20,678,769	-	Fund balances, June 30, 2007

continued

COUNTY OF FAIRFAX, VIRGINIA
Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the fiscal year ended June 30, 2007

	County Bond Construction	Public Safety Construction	Trail Construction	Neighborhood Improvement Program	Commercial Revitalization Program
REVENUES					
Taxes	$ -	-	-	-	-
Intergovernmental	99,410	-	-	-	-
Charges for services	-	-	-	-	-
Developers' contributions	-	-	-	-	-
Revenue from the use of money and property	105,642	-	-	8,990	-
Recovered costs	5,051	3,744	-	-	-
Total revenues	210,103	3,744	-	8,990	-
EXPENDITURES					
Current:					
General government administration	17,890	-	-	-	-
Judicial administration	-	-	-	-	-
Public safety	94,892	236,268	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community development	18,379	-	-	-	184,574
Parks, recreation, and cultural	-	-	-	-	-
Intergovernmental:					
Community development	205,470	-	-	-	-
Parks, recreation, and cultural	10,010,000	-	-	-	-
Education - for Public Schools	129,490,000	-	-	-	-
Capital outlay:					
General government administration	266,338	-	-	-	-
Judicial administration	-	915,675	-	-	-
Public safety	-	53,013,077	-	-	-
Public works	-	-	-	-	-
Health and welfare	1,134,896	-	-	-	-
Community development	7,298,254	-	-	-	25,877
Parks, recreation, and cultural	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Total expenditures	148,536,119	54,165,020	-	-	210,451
Excess (deficiency) of revenues over (under) expenditures	(148,326,016)	(54,161,276)	-	8,990	(210,451)
OTHER FINANCING SOURCES (USES)					
Transfers in	3,400,000	7,605,150	-	-	-
Transfers out	(739,061)	-	(36,955)	-	-
General obligation bonds issued	146,810,000	48,230,000	-	-	-
Premium on general obligation bonds issued	3,707,027	1,520,000	-	-	-
Revenue bonds issued	8,065,000	-	-	-	-
Premium on revenue bonds issued	161,452	-	-	-	-
Total other financing sources (uses)	161,404,418	57,355,150	(36,955)	-	-
Net change in fund balances	13,078,402	3,193,874	(36,955)	8,990	(210,451)
Fund balances, July 1, 2006	7,383,804	111,817,562	36,955	432,310	793,995
Fund balances, June 30, 2007	$ 20,462,206	115,011,436	-	441,300	583,544

EXHIBIT F-1
concluded

Pro Rata Drainage Construction	Housing Assistance Program	Housing General Obligation Bond Construction	The Penny for Affordable Housing	Northern Virginia Regional Park Authority	Total Capital Projects Funds	
						REVENUES
-	-	-	21,900,000	-	43,800,000	Taxes
-	156,250	-	-	-	15,306,793	Intergovernmental
-	-	-	-	-	1,220,136	Charges for services
-	-	-	-	-	3,714,973	Developers' contributions
867	75,421	-	23,082	-	2,490,225	Revenue from the use of money and property
1,994,230	20,470	-	-	-	3,693,442	Recovered costs
1,995,097	252,141	-	21,923,082	-	70,225,569	Total revenues
						EXPENDITURES
						Current:
-	-	-	-	-	3,743,848	General government administration
-	-	-	-	-	100,586	Judicial administration
-	-	-	-	-	2,293,948	Public safety
1,673,819	-	-	-	-	16,327,282	Public works
-	-	-	-	-	641,391	Health and welfare
-	1,481,595	13,657	6,063,272	-	38,940,773	Community development
-	-	-	-	-	2,175,627	Parks, recreation, and cultural
						Intergovernmental:
-	-	-	-	2,500,000	39,596,200	Community development
-	-	-	-	-	19,262,336	Parks, recreation, and cultural
-	-	-	-	-	129,490,000	Education - for Public Schools
						Capital outlay:
-	-	-	-	-	1,735,194	General government administration
-	-	-	-	-	915,675	Judicial administration
-	-	-	-	-	59,465,326	Public safety
320,411	-	-	-	-	8,685,896	Public works
-	-	-	-	-	3,159,280	Health and welfare
-	31,390	-	-	-	13,640,146	Community development
-	-	-	-	-	9,783,425	Parks, recreation, and cultural
						Debt service:
-	-	-	-	-	645,000	Principal retirement
-	-	-	1,895,507	-	2,581,924	Interest and other charges
1,994,230	1,512,985	13,657	7,958,779	2,500,000	353,183,857	Total expenditures
867	(1,260,844)	(13,657)	13,964,303	(2,500,000)	(282,958,288)	Excess (deficiency) of revenues over (under) expenditures
						OTHER FINANCING SOURCES (USES)
-	1,285,000	-	-	-	76,731,090	Transfers in
-	-	-	-	-	(9,383,540)	Transfers out
-	2,000,000	-	-	5,000,000	234,600,000	General obligation bonds issued
-	-	-	-	-	5,657,027	Premium on general obligation bonds issued
-	-	-	-	-	8,065,000	Revenue bonds issued
-	-	-	-	-	161,452	Premium on revenue bonds issued
-	3,285,000	-	-	5,000,000	315,831,029	Total other financing sources (uses)
867	2,024,156	(13,657)	13,964,303	2,500,000	32,872,741	Net change in fund balances
3,903	(616,093)	13,657	(35,133,149)	-	242,191,716	Fund balances, July 1, 2006
4,770	1,408,063	-	(21,168,846)	2,500,000	275,064,457	Fund balances, June 30, 2007

The **Internal Service Funds** are used to account for the financing of goods or services provided by a department to another department on a cost reimbursement basis.

Vehicle Services Fund is used to account for the acquisition of certain motor vehicles and the costs associated with the operation thereof by various departments of the reporting entity.

Self-Insurance Fund is used to account for the costs associated with providing coverage to the County for losses related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and citizens, and natural disasters; with managing claims pertaining thereto; and with operating various loss-prevention, safety, and rehabilitation programs.

Document Services Fund is used to account for the costs associated with providing printing, copying, and micrographic services to various departments of the reporting entity.

Technology Infrastructure Services Fund is used to account for the costs associated with providing data center and network services to County departments through the operation and maintenance of a mainframe computer, data communications equipment, and radio networks.

Health Benefits Fund is used to account for the provision of a comprehensive health insurance benefits program to County employees.

Retiree Health Benefits Fund is used to account for subsidy payments ranging from $15 to $175 per month to eligible retirees of the County and certain surviving spouses to help pay for health insurance coverage in a plan provided by the County.

COUNTY OF FAIRFAX, VIRGINIA
Internal Service Funds
Combining Statement of Net Assets
June 30, 2007

	Vehicle Services	Self-Insurance	Document Services	Technology Infrastructure Services
ASSETS				
Current assets:				
Equity in pooled cash and temporary investments	$ 39,497,221	40,354,610	3,036,888	9,164,807
Accounts receivable	-	-	2,838	11,161
Accrued interest receivable	-	170,383	-	-
Due from intergovernmental units	-	-	-	-
Interfund receivables	-	-	-	-
Inventories of supplies	1,699,427	-	5,671	95,594
Total current assets	41,196,648	40,524,993	3,045,397	9,271,562
Long-term assets:				
Restricted assets - Cash with fiscal agents	-	187,000	-	-
Capital assets:				
Non-depreciable:				
Land	1,938,688	-	-	-
Depreciable:				
Equipment	69,785,766	-	8,625,932	18,429,218
Buildings and improvements	17,221,582	-	-	873,642
Accumulated depreciation	(50,537,382)	-	(5,623,855)	(12,304,007)
Total capital assets, net	38,408,654	-	3,002,077	6,998,853
Total long-term assets	38,408,654	187,000	3,002,077	6,998,853
Total assets	79,605,302	40,711,993	6,047,474	16,270,415
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	1,431,791	44,139	743,087	1,632,468
Accrued salaries and benefits	765,714	53,307	49,191	283,831
Interfund payables	249,127	13,981	14,242	69,910
Deferred revenue	-	-	-	-
Compensated absences payable	1,075,318	64,031	62,350	507,778
Obligations under capital leases	-	-	2,133,719	-
Insurance and benefit claims payable	-	9,423,172	-	-
Total current liabilities	3,521,950	9,598,630	3,002,589	2,493,987
Long-term liabilities:				
Compensated absences payable	954,733	22,790	27,388	235,130
Obligations under capital leases	-	-	914,978	-
Insurance and benefit claims payable	-	16,242,210	-	-
Total long-term liabilities	954,733	16,265,000	942,366	235,130
Total liabilities	4,476,683	25,863,630	3,944,955	2,729,117
NET ASSETS				
Invested in capital assets, net of related debt	38,408,654	-	(46,620)	6,998,853
Unrestricted	36,719,965	14,848,363	2,149,139	6,542,445
Total net assets	$ 75,128,619	14,848,363	2,102,519	13,541,298

EXHIBIT G

Health Benefits	Retiree Health Benefits	Total Internal Service Funds	
			ASSETS
			Current assets:
85,761,394	273	177,815,193	Equity in pooled cash and temporary investments
65,927	-	79,926	Accounts receivable
343,188	-	513,571	Accrued interest receivable
-	240,072	240,072	Due from intergovernmental units
905,244	-	905,244	Interfund receivables
-	-	1,800,692	Inventories of supplies
87,075,753	240,345	181,354,698	Total current assets
			Long-term assets:
-	-	187,000	Restricted assets - Cash with fiscal agents
			Capital assets:
			Non-depreciable:
-	-	1,938,688	Land
			Depreciable:
-	-	96,840,916	Equipment
-	-	18,095,224	Buildings and improvements
-	-	(68,465,244)	Accumulated depreciation
-	-	48,409,584	Total capital assets, net
-	-	48,596,584	Total long-term assets
87,075,753	240,345	229,951,282	Total assets
			LIABILITIES
			Current liabilities:
1,375,214	-	5,226,699	Accounts payable and accrued liabilities
-	3,707	1,155,750	Accrued salaries and benefits
-	107,046	454,306	Interfund payables
903,454	-	903,454	Deferred revenue
-	-	1,709,477	Compensated absences payable
-	-	2,133,719	Obligations under capital leases
7,486,315	-	16,909,487	Insurance and benefit claims payable
9,764,983	110,753	28,492,892	Total current liabilities
			Long-term liabilities:
-	-	1,240,041	Compensated absences payable
-	-	914,978	Obligations under capital leases
-	-	16,242,210	Insurance and benefit claims payable
-	-	18,397,229	Total long-term liabilities
9,764,983	110,753	46,890,121	Total liabilities
			NET ASSETS
-	-	45,360,887	Invested in capital assets, net of related debt
77,310,770	129,592	137,700,274	Unrestricted
77,310,770	129,592	183,061,161	Total net assets

COUNTY OF FAIRFAX, VIRGINIA
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Net Assets
For the fiscal year ended June 30, 2007

	Vehicle Services	Self-Insurance	Document Services	Technology Infrastructure Services
OPERATING REVENUES:				
Charges for services	$ 65,306,642	20,854,546	5,390,412	26,274,801
Intergovernmental	-	-	-	-
Recovered costs	327,046	-	-	-
Total operating revenues	65,633,688	20,854,546	5,390,412	26,274,801
OPERATING EXPENSES:				
Personnel services	17,177,181	1,070,280	1,032,145	6,018,642
Materials and supplies	512,679	1,171,831	892,926	500,207
Equipment operation and maintenance	32,624,938	41,602	1,159,996	12,985,855
Risk financing and benefit payments	-	16,421,696	-	-
Depreciation and amortization	8,612,564	-	2,272,131	1,649,375
Professional consultant and contractual services	266,736	464,316	2,354,310	6,518,843
Other	256,263	70,371	15,355	169,066
Total operating expenses	59,450,361	19,240,096	7,726,863	27,841,988
Operating income (loss)	6,183,327	1,614,450	(2,336,451)	(1,567,187)
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	-	2,167,117	-	-
Interest expense	-	-	(125,264)	-
Gain (loss) on disposal of capital assets	238,689	-	-	(37,361)
Total nonoperating revenues (expenses)	238,689	2,167,117	(125,264)	(37,361)
Income (loss) before operating transfers	6,422,016	3,781,567	(2,461,715)	(1,604,548)
Capital contributions	101,583	-	-	-
Transfers in	-	-	2,900,000	1,816,291
Change in net assets	6,523,599	3,781,567	438,285	211,743
Total net assets, July 1, 2006	68,605,020	11,066,796	1,664,234	13,329,555
Total net assets, June 30, 2007	$ 75,128,619	14,848,363	2,102,519	13,541,298

EXHIBIT G-1

Health Benefits	Retiree Health Benefits	Total Internal Service Funds	
			OPERATING REVENUES:
92,014,193	4,070,579	213,911,173	Charges for services
-	872,560	872,560	Intergovernmental
-	-	327,046	Recovered costs
92,014,193	4,943,139	215,110,779	Total operating revenues
			OPERATING EXPENSES:
-	91,280	25,389,528	Personnel services
-	-	3,077,643	Materials and supplies
-	-	46,812,391	Equipment operation and maintenance
71,157,777	5,040,233	92,619,706	Risk financing and benefit payments
-	-	12,534,070	Depreciation and amortization
3,888,164	-	13,492,369	Professional consultant and contractual services
-	-	511,055	Other
75,045,941	5,131,513	194,436,762	Total operating expenses
16,968,252	(188,374)	20,674,017	Operating income (loss)
			NONOPERATING REVENUES (EXPENSES):
3,934,962	-	6,102,079	Interest revenue
-	-	(125,264)	Interest expense
-	-	201,328	Gain (loss) on disposal of capital assets
3,934,962	-	6,178,143	Total nonoperating revenues (expenses)
20,903,214	(188,374)	26,852,160	Income (loss) before operating transfers
-	-	101,583	Capital contributions
8,200,000	-	12,916,291	Transfers in
29,103,214	(188,374)	39,870,034	Change in net assets
48,207,556	317,966	143,191,127	Total net assets, July 1, 2006
77,310,770	129,592	183,061,161	Total net assets, June 30, 2007

COUNTY OF FAIRFAX, VIRGINIA
Internal Service Funds
Combining Statement of Cash Flows
For the fiscal year ended June 30, 2007

	Vehicle Services	Self-Insurance	Document Services	Technology Infrastructure Services
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services provided	$ 65,829,189	20,854,778	5,393,499	26,273,165
Payments to suppliers and contractors	(28,939,868)	-	(4,098,800)	(21,863,353)
Payments to employees	(17,018,035)	(1,057,517)	(1,017,201)	(6,060,097)
Claims and benefits paid	-	(14,873,560)	-	-
Payments for interfund services used	(5,752,682)	(1,748,121)	-	-
Intergovernmental revenue received	-	-	-	-
Net cash provided (used) by operating activities	14,118,604	3,175,580	277,498	(1,650,285)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Receipt of loan from General Fund	-	-	-	-
Transfers from other funds	-	-	2,900,000	1,816,291
Net cash provided by noncapital financing activities	-	-	2,900,000	1,816,291
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	912,577	-	-	-
Purchase of capital assets	(14,811,629)	-	-	(3,173,392)
Principal payments on obligations under capital leases	-	-	(2,070,736)	-
Interest payments on obligations under capital leases	-	-	(125,264)	-
Net cash (used) by capital and related financing activities	(13,899,052)	-	(2,196,000)	(3,173,392)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	-	2,089,663	-	-
Net cash provided by investing activities	-	2,089,663	-	-
Net increase (decrease) in cash and cash equivalents	219,552	5,265,243	981,498	(3,007,386)
Cash and cash equivalents, July 1, 2006	39,277,669	35,276,367	2,055,390	12,172,193
Cash and cash equivalents, June 30, 2007	$ 39,497,221	40,541,610	3,036,888	9,164,807
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 6,183,327	1,614,450	(2,336,451)	(1,567,187)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	8,612,564	-	2,272,131	1,649,375
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	-	-	3,087	(2,069)
(Increase) in intergovernmental receivables	-	-	-	-
(Increase) in interfund receivables	-	-	-	-
(Increase) decrease in inventories of supplies	(186,935)	-	2,741	(22,764)
Decrease in other assets	195,500	232	-	434
Increase (decrease) in accounts payable and accrued liabilities	(844,998)	1,548,135	321,046	(1,666,619)
Increase (decrease) in accrued salaries and benefits	140,287	11,195	13,132	(44,015)
Increase (decrease) in interfund payables	18,859	1,568	1,812	2,560
Total adjustments to operating income (loss)	7,935,277	1,561,130	2,613,949	(83,098)
Net cash provided (used) by operating activities	$ 14,118,604	3,175,580	277,498	(1,650,285)
Noncash capital and financing activities:				
Capital contributions - equipment	$ 101,583	-	-	-

EXHIBIT G-2

Health Benefits	Retiree Health Benefits	Total Internal Service Funds	
			CASH FLOWS FROM OPERATING ACTIVITIES
91,624,681	4,070,579	214,045,891	Receipts from interfund services provided
(3,888,164)	-	(58,790,185)	Payments to suppliers and contractors
-	(92,220)	(25,245,070)	Payments to employees
(68,598,716)	(5,040,232)	(88,512,508)	Claims and benefits paid
-	-	(7,500,803)	Payments for interfund services used
-	861,548	861,548	Intergovernmental revenue received
19,137,801	(200,325)	34,858,873	Net cash provided (used) by operating activities
			CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES
-	106,000	106,000	Receipt of loan from General Fund
8,200,000	-	12,916,291	Transfers from other funds
8,200,000	106,000	13,022,291	Net cash provided by noncapital financing activities
			CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES
-	-	912,577	Proceeds from sale of capital assets
-	-	(17,985,021)	Purchase of capital assets
-	-	(2,070,736)	Principal payments on obligations under capital leases
-	-	(125,264)	Interest payments on obligations under capital leases
-	-	(19,268,444)	Net cash (used) by capital and related financing activities
			CASH FLOWS FROM INVESTING ACTIVITIES
3,734,073	-	5,823,736	Interest received
3,734,073	-	5,823,736	Net cash provided by investing activities
31,071,874	(94,325)	34,436,456	Net increase (decrease) in cash and cash equivalents
54,689,520	94,598	143,565,737	Cash and cash equivalents, July 1, 2006
85,761,394	273	178,002,193	Cash and cash equivalents, June 30, 2007
			Reconciliation of operating income (loss) to net cash provided (used) by operating activities:
16,968,252	(188,374)	20,674,017	Operating income (loss)
			Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:
-	-	12,534,070	Depreciation and amortization
			Change in assets and liabilities:
43,054	-	44,072	(Increase) decrease in accounts receivable
-	(11,012)	(11,012)	(Increase) in intergovernmental receivables
(432,566)	-	(432,566)	(Increase) in interfund receivables
-	-	(206,958)	Decrease in inventories of supplies
-	-	196,166	(Increase) decrease in other assets
2,559,061	(473)	1,916,152	Increase (decrease) in accounts payable and accrued liabilities
-	-	120,599	Increase (decrease) in accrued salaries and benefits
-	(466)	24,333	Increase (decrease) in interfund payables
2,169,549	(11,951)	14,184,856	Total adjustments to operating income (loss)
19,137,801	(200,325)	34,858,873	Net cash provided (used) by operating activities
			Noncash capital and financing activities:
-	-	101,583	Capital contributions - equipment

The **Fiduciary Funds** are used to account for assets held by the County in a trustee or agency capacity and include the pension trust funds and agency funds. Pension trust funds account for assets held by the County under terms of a formal trust agreement. Agency funds are custodial in nature and are maintained to account for funds received and disbursed by the County on behalf of various organizations.

Pension Trust Funds are used to account for employee retirement systems that provide pension benefits for various classes of County employees. The County maintains three employee retirement funds: the Uniformed Retirement Fund, the Employees' Retirement Fund, and the Police Officers Retirement Fund.

Sanitary Reimbursement Fund is an agency fund used to account for the collection of contributions from beneficiary developers toward the construction of major sewer lines and the reimbursement of these funds to the primary developers.

Special Welfare Fund is an agency fund used to account for regular assistance payments to recipients in the Aid to Dependent Children Program. These funds include money from the State, individuals, organizations, and churches.

Resource Recovery Fund is an agency fund used to account for certain assets of the commercial entity that operates the mass burn facility located near Interstate 95. This is the fund of the Fairfax County Solid Waste Authority, a blended component unit.

Vienna/Huntington Metrorail Fund is an agency fund used to account for certain funds related to the construction and operation of parking facilities at WMATA's Vienna and Huntington Metrorail Stations.

State Taxes Fund is an agency fund used to account for the collection of sheriff's fees and the subsequent remittances to the Commonwealth of Virginia.

Route 28 Fund is an agency fund used to account for the collection of assessments on certain industrial and commercial properties for transportation improvements to Route 28 and the subsequent remittances of these funds to the Commonwealth of Virginia.

Lake Barcroft Fund is an agency fund used to account for the collection of special assessments from certain property owners for the maintenance of Lake Barcroft and the subsequent remittances of these funds to the Commonwealth of Virginia.

Northern Virginia Regional Identification System (NOVARIS) Fund is an agency fund used to account for assets held by the County for NOVARIS, a joint venture entered into by the County and certain other local jurisdictions to operate a regional fingerprint center. The County has no explicit interest or measurable financial interest in NOVARIS.

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT H

Pension Trust Funds
Combining Statement of Plan Net Assets
June 30, 2007

	Uniformed Retirement	Employees' Retirement	Police Officers Retirement	Total Pension Trust Funds
ASSETS				
Equity in pooled cash and temporary investments	$ 4,019,370	2,885,447	1,611,919	8,516,736
Cash collateral for securities lending	106,896,663	500,913,475	105,999,745	713,809,883
Contributions receivable	2,326,710	2,531,334	1,186,878	6,044,922
Accrued interest and dividends receivable	3,054,931	11,229,225	2,637,609	16,921,765
Receivable from sale of pension investments	55,482,442	253,827,789	3,579,964	312,890,195
Prepaid and other assets	90	1,114	90	1,294
Investments, at fair value:				
U.S. Government securities	20,963,611	195,352,720	22,277,709	238,594,040
Asset-backed securities	140,597,741	117,150,168	137,079,959	394,827,868
Corporate and other bonds	82,867,088	282,787,691	63,538,137	429,192,916
Common and preferred stock	310,935,472	1,205,436,409	347,160,001	1,863,531,882
Pooled and mutual funds	534,280,543	791,043,477	331,568,758	1,656,892,778
Short-term investments	50,128,613	225,454,278	34,537,876	310,120,767
Total assets	1,311,553,274	3,588,613,127	1,051,178,645	5,951,345,046
LIABILITIES				
Accounts payable and accrued liabilities	1,402,795	3,181,940	993,318	5,578,053
Accrued salaries and benefits	-	78,286	-	78,286
Interfund payable	-	21,386	-	21,386
Payable for purchase of pension investments	95,242,640	301,117,142	12,258,373	408,618,155
Liabilities for collateral received under securities lending agreements	106,896,663	500,913,475	105,999,745	713,809,883
Total liabilities	203,542,098	805,312,229	119,251,436	1,128,105,763
NET ASSETS				
Held in trust for pension benefits	$ 1,108,011,176	2,783,300,898	931,927,209	4,823,239,283

COUNTY OF FAIRFAX, VIRGINIA — EXHIBIT H-1

Pension Trust Funds
Combining Statement of Changes in Plan Net Assets
For the fiscal year ended June 30, 2007

	Uniformed Retirement	Employees' Retirement	Police Officers Retirement	Total Pension Trust Funds
ADDITIONS				
Contributions:				
Employer	$ 36,486,832	57,452,711	19,222,753	113,162,296
Plan members	9,988,515	29,805,266	11,796,129	51,589,910
Total contributions	46,475,347	87,257,977	31,018,882	164,752,206
Investment income:				
From investment activities:				
Net appreciation in fair value of investments	149,422,134	292,059,431	118,210,061	559,691,626
Interest	16,391,321	50,961,785	16,437,650	83,790,756
Dividends	6,161,702	25,895,956	7,529,298	39,586,956
Total income from investment activities	171,975,157	368,917,172	142,177,009	683,069,338
Less investment activities expenses:				
Management fees	4,580,569	11,862,597	3,651,757	20,094,923
Other	405,763	583,372	139,582	1,128,717
Total investment activities expenses	4,986,332	12,445,969	3,791,339	21,223,640
Net income from investment activities	166,988,825	356,471,203	138,385,670	661,845,698
From securities lending activities:				
Securities lending income	4,957,145	22,936,447	5,156,427	33,050,019
Less securities lending expenses:				
Borrower rebates	4,591,869	19,738,487	4,764,954	29,095,310
Management fees	113,173	889,537	117,935	1,120,645
Total securities lending activities expenses	4,705,042	20,628,024	4,882,889	30,215,955
Net income from securities lending activities	252,103	2,308,423	273,538	2,834,064
Net investment income	167,240,928	358,779,626	138,659,208	664,679,762
Total additions	213,716,275	446,037,603	169,678,090	829,431,968
DEDUCTIONS				
Benefits	47,194,476	117,885,907	37,310,748	202,391,131
Refunds of contributions	737,506	3,935,886	435,566	5,108,958
Administrative expenses	421,391	1,866,410	429,094	2,716,895
Total deductions	48,353,373	123,688,203	38,175,408	210,216,984
Net increase	165,362,902	322,349,400	131,502,682	619,214,984
Net assets, July 1, 2006	942,648,274	2,460,951,498	800,424,527	4,204,024,299
Net assets, June 30, 2007	$ 1,108,011,176	2,783,300,898	931,927,209	4,823,239,283

COUNTY OF FAIRFAX, VIRGINIA
Agency Funds
Combining Statement of Fiduciary Assets and Liabilities
June 30, 2007

	Sanitary Reimbursement	Special Welfare	Resource Recovery	Vienna/ Huntington Metrorail
ASSETS				
Equity in pooled cash and temporary investments	$ 1,809,127	589,389	-	-
Accounts receivable	-	-	-	-
Accrued interest and dividends receivable	7,448	1,800	-	-
Investments, at fair value:				
Asset-backed securities	-	-	29,162,411	-
Money market funds	-	-	2,040,264	3,127,492
Repurchase agreements	-	-	-	1,295,788
Equipment	-	-	-	-
Total assets	1,816,575	591,189	31,202,675	4,423,280
LIABILITIES				
Accounts payable and accrued liabilities	466	3,919	-	-
Liabilities under reimbursement agreements	1,816,109	587,270	31,202,675	4,423,280
Obligations under capital leases	-	-	-	-
Total liabilities	$ 1,816,575	591,189	31,202,675	4,423,280

EXHIBIT H-2

State Taxes	Route 28	Lake Barcroft	NOVARIS	Total Agency Funds	
					ASSETS
37,036	2,291	-	37,427	2,475,270	Equity in pooled cash and temporary investments
-	79,259	5,780	-	85,039	Accounts receivable
-	588	-	332	10,168	Accrued interest and dividends receivable
					Investments, at fair value:
-	-	-	-	29,162,411	Asset-backed securities
-	-	-	-	5,167,756	Money market funds
-	-	-	-	1,295,788	Repurchase agreements
-	-	-	2,372,300	2,372,300	Equipment
37,036	82,138	5,780	2,410,059	40,568,732	Total assets
					LIABILITIES
-	36	-	21	4,442	Accounts payable and accrued liabilities
37,036	82,102	5,780	2,337,171	40,491,423	Liabilities under reimbursement agreements
-	-	-	72,867	72,867	Obligations under capital leases
37,036	82,138	5,780	2,410,059	40,568,732	Total liabilities

COUNTY OF FAIRFAX, VIRGINIA
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the fiscal year ended June 30, 2007

	Balances July 1, 2006	Additions	Deductions	Balances June 30, 2007
Sanitary Reimbursement:				
Assets:				
Equity in pooled cash and temporary investments	$ 1,614,177	277,381	82,431	1,809,127
Accrued interest receivable	4,543	7,448	4,543	7,448
Total assets	1,618,720	284,829	86,974	1,816,575
Liabilities:				
Accounts payable and accrued liabilities	526	466	526	466
Liabilities under reimbursement agreements	1,618,194	271,935	74,020	1,816,109
Total liabilities	1,618,720	272,401	74,546	1,816,575
Special Welfare:				
Assets:				
Equity in pooled cash and temporary investments	570,312	2,327,470	2,308,393	589,389
Accounts receivable	-			-
Accrued interest receivable	44	1,800	44	1,800
Due from intergovernmental units	-			-
Total assets	570,356	2,329,270	2,308,437	591,189
Liabilities:				
Accounts payable and accrued liabilities	733	115,969	112,783	3,919
Liabilities under reimbursement agreements	569,623	1,186,296	1,168,649	587,270
Total liabilities	570,356	1,302,265	1,281,432	591,189
Resource Recovery:				
Assets:				
Cash with fiscal agents	-	166,112,250	166,112,250	-
Investments	31,363,264	144,338,951	144,499,540	31,202,675
Total assets	31,363,264	310,451,201	310,611,790	31,202,675
Liabilities:				
Liabilities under reimbursement agreements	31,363,264	22,158,130	22,318,719	31,202,675
Total liabilities	31,363,264	22,158,130	22,318,719	31,202,675
Vienna/Huntington Metrorail:				
Assets:				
Investments	4,377,182	6,080,805	6,034,707	4,423,280
Total assets	4,377,182	6,080,805	6,034,707	4,423,280
Liabilities:				
Liabilities under reimbursement agreements	4,377,182	3,418,137	3,372,039	4,423,280
Total liabilities	4,377,182	3,418,137	3,372,039	4,423,280
State Taxes:				
Assets:				
Equity in pooled cash and temporary investments	34,675	1,062,487	1,060,126	37,036
Total assets	34,675	1,062,487	1,060,126	37,036
Liabilities:				
Liabilities under reimbursement agreements	34,675	1,099,523	1,097,162	37,036
Total liabilities	$ 34,675	$ 1,099,523	$ 1,097,162	$ 37,036

EXHIBIT H-3

	Balances July 1, 2006	Additions	Deductions	Balances June 30, 2007
Route 28				
Assets:				
Equity in pooled cash and temporary investments	$ 1,894	10,431,819	10,431,422	2,291
Accounts receivable	87,813	9,450,213	9,458,767	79,259
Accrued interest receivable	233	588	233	588
Total assets	89,940	19,882,620	19,890,422	82,138
Liabilities:				
Accounts payable and accrued liabilities	27	36	27	36
Liabilities under reimbursement agreements	89,913	10,392,401	10,400,212	82,102
Total liabilities	89,940	10,392,437	10,400,239	82,138
Lake Barcroft				
Assets:				
Equity in pooled cash and temporary investments	396	671,648	672,044	-
Accounts receivable	974	670,183	665,377	5,780
Total assets	1,370	1,341,831	1,337,421	5,780
Liabilities:				
Liabilities under reimbursement agreements	1,370	676,453	672,043	5,780
Total liabilities	1,370	676,453	672,043	5,780
NOVARIS				
Assets:				
Equity in pooled cash and temporary investments	25,934	666,053	654,560	37,427
Accrued interest receivable	184	332	184	332
Equipment	2,372,300	-	-	2,372,300
Total assets	2,398,418	666,385	654,744	2,410,059
Liabilities:				
Accounts payable and accrued liabilities	21	21	21	21
Liabilities under reimbursement agreements	2,041,813	949,815	654,457	2,337,171
Obligations under capital leases	356,584	-	283,717	72,867
Total liabilities	2,398,418	949,836	938,195	2,410,059
Total Agency Funds:				
Assets:				
Equity in pooled cash and temporary investments	2,247,388	15,436,858	15,208,976	2,475,270
Cash with fiscal agent	-	166,112,250	166,112,250	-
Accounts receivable	88,787	10,120,396	10,124,144	85,039
Accrued interest receivable	5,004	10,168	5,004	10,168
Due from intergovernmental units	-	-	-	-
Investments	35,740,446	150,419,756	150,534,247	35,625,955
Equipment	2,372,300	-	-	2,372,300
Total assets	40,453,925	342,099,428	341,984,621	40,568,732
Liabilities:				
Accounts payable and accrued liabilities	1,307	116,492	113,357	4,442
Liabilities under reimbursement agreements	40,096,034	40,152,690	39,757,301	40,491,423
Interfund payable	-	-	-	-
Obligations under capital leases	356,584	-	283,717	72,867
Total liabilities	$ 40,453,925	40,269,182	40,154,375	40,568,732

The **Capital Assets** schedules report assets that have been acquired for the activities of the governmental funds. The costs of such assets are recorded as expenditures in the General Fund, special revenue funds, and capital projects funds upon acquisition.

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT I

Capital Assets Used in the Operation of Governmental Funds
Schedule by Source (1)
June 30, 2007

	Governmental Funds
Governmental funds capital assets:	
Land	$ 378,270,919
Construction in progress	180,448,897
Equipment	205,463,576
Library collections	65,188,579
Buildings	811,378,286
Improvements	67,895,202
Infrastructure	517,204,159
Total governmental funds capital assets	$ 2,225,849,618
Investments in governmental funds capital assets by source:	
General fund	1,046,604,372
Special revenue funds	203,269,162
Capital projects funds	835,265,199
Gifts and donations	140,710,885
Total governmental funds capital assets	$ 2,225,849,618

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net assets.

COUNTY OF FAIRFAX, VIRGINIA
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity (1)
June 30, 2007

Function and Activity	Land	Equipment	Library Collections	Buildings
General government administration:				
Legislative	$110,478,370	-	-	81,910,162
General and financial administration	19,610,306	33,182,579	-	127,386,304
Board of Elections	-	119,171	-	-
Total general government administration	130,088,676	33,301,750	-	209,296,466
Judicial administration:				
Courts	-	1,193,183	-	890,611
Commonwealth's Attorney	61,298	614,004	-	39,247,023
Total judicial administration	61,298	1,807,187	-	40,137,634
Public safety:				
Law enforcement	1,425,806	26,652,896	-	45,291,261
Fire and rescue services	8,731,652	25,215,055	-	62,756,309
Correction and detention	-	98,646	-	97,192,475
Inspections	-	1,522,265	-	5,377
Other protection	4,915,059	9,223,658	-	390,055
Total public safety	15,072,517	62,712,520	-	205,635,477
Public works:				
Maintenance of streets, roads, and bridges	1,021,738	3,274,693	-	119,704,969
Sanitation and waste removal	103,877,170	30,380,514	-	3,536,895
Maintenance of buildings and grounds	958,660	2,473,807	-	42,493
Total public works	105,857,568	36,129,014	-	123,284,357
Health and welfare:				
Health	4,545,842	2,166,421	-	57,739,297
Mental health and mental retardation	1,283,295	896,209	-	18,591,462
Welfare/social services	-	3,025,687	-	2,494,973
Total health and welfare	5,829,137	6,088,317	-	78,825,732
Community development:				
Planning and community development	110,742,019	62,954,993	-	96,239,065
Environmental management	-	353,474	-	-
Cooperative extension program	-	-	-	-
Total community development	110,742,019	63,308,467	-	96,239,065
Parks, recreation, and cultural:				
Parks and recreation	3,600,371	1,246,780	-	10,655,488
Library	7,019,333	869,541	65,188,579	47,304,067
Total parks, recreation, and cultural	10,619,704	2,116,321	65,188,579	57,959,555
Construction in progress				
Total governmental funds capital assets	$378,270,919	205,463,576	65,188,579	811,378,286

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net assets.

EXHIBIT I-1

Improvements	Infrastructure	Total	Function and Activity
			General government administration:
5,937,114	-	198,325,646	Legislative
2,016,975	350,030	182,546,194	General and financial administration
-	-	119,171	Board of Elections
7,954,089	350,030	380,991,011	Total general government administration
			Judicial administration:
-	-	2,083,794	Courts
131,052	-	40,053,377	Commonwealth's Attorney
131,052	-	42,137,171	Total judicial administration
			Public safety:
566,184	-	73,936,147	Law enforcement
3,141,148	-	99,844,164	Fire and rescue services
3,473,275	20,708,000	121,472,396	Correction and detention
-	-	1,527,642	Inspections
1,650,027	-	16,178,799	Other protection
8,830,634	20,708,000	312,959,148	Total public safety
			Public works:
7,208,975	377,564,857	508,775,232	Maintenance of streets, roads, and bridges
2,743,452	-	140,538,031	Sanitation and waste removal
1,244,403	-	4,719,363	Maintenance of buildings and grounds
11,196,830	377,564,857	654,032,626	Total public works
			Health and welfare:
236,083	-	64,687,643	Health
428,468	-	21,199,434	Mental health and mental retardation
353,114	-	5,873,774	Welfare/social services
1,017,665	-	91,760,851	Total health and welfare
			Community development:
21,405,227	118,461,506	409,802,810	Planning and community development
-	-	353,474	Environmental management
1,299,107	-	1,299,107	Cooperative extension program
22,704,334	118,461,506	411,455,391	Total community development
			Parks, recreation, and cultural:
13,320,394	-	28,823,033	Parks and recreation
2,740,204	119,766	123,241,490	Library
16,060,598	119,766	152,064,523	Total parks, recreation, and cultural
		180,448,897	Construction in progress
67,895,202	517,204,159	2,225,849,618	**Total governmental funds capital assets**

COUNTY OF FAIRFAX, VIRGINIA — EXHIBIT I-2

Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity (1)
For the fiscal year ended June 30, 2007

Function and Activity	Capital Assets July 1, 2006	Additions	Deletions	Capital Assets June 30, 2007
General government administration:				
Legislative	$ 188,194,171	11,064,250	932,775	198,325,646
General and financial administration	181,460,806	2,692,078	1,606,690	182,546,194
Board of Elections	130,854	-	11,683	119,171
Total general government administration	369,785,831	13,756,328	2,551,148	380,991,011
Judicial administration:				
Courts	2,661,918	27,037	605,161	2,083,794
Commonwealth's Attorney	40,088,580	-	35,203	40,053,377
Total judicial administration	42,750,498	27,037	640,364	42,137,171
Public safety:				
Law enforcement	71,795,179	3,300,303	1,159,335	73,936,147
Fire and rescue services	91,518,312	9,086,323	760,471	99,844,164
Correction and detention	120,991,848	499,151	18,603	121,472,396
Inspections	1,210,962	331,100	14,420	1,527,642
Other protection	10,872,405	5,488,270	181,876	16,178,799
Total public safety	296,388,706	18,705,147	2,134,705	312,959,148
Public works:				
Maintenance of streets, roads, and bridges	495,861,157	12,982,882	68,807	508,775,232
Sanitation and waste removal	139,218,813	5,023,355	3,704,137	140,538,031
Maintenance of buildings and grounds	4,734,433	27,585	42,655	4,719,363
Total public works	639,814,403	18,033,822	3,815,599	654,032,626
Health and welfare:				
Health	64,842,150	22,111	176,618	64,687,643
Mental health and mental retardation	20,774,595	501,658	76,819	21,199,434
Welfare/social services	6,537,469	-	663,695	5,873,774
Total health and welfare	92,154,214	523,769	917,132	91,760,851
Community development:				
Planning and community development	377,202,037	32,697,795	97,022	409,802,810
Environmental management	353,474	-	-	353,474
Cooperative extension program	1,299,107	-	-	1,299,107
Total community development	378,854,618	32,697,795	97,022	411,455,391
Parks, recreation, and cultural:				
Parks and recreation	25,378,819	3,688,479	244,265	28,823,033
Library	113,915,701	9,325,789	-	123,241,490
Total parks, recreation, and cultural	139,294,520	13,014,268	244,265	152,064,523
Total general fixed assets allocated to functions	1,959,042,790	96,758,166	10,400,235	2,045,400,721
Construction in progress	109,870,255	104,470,116	33,891,474	180,448,897
Total governmental funds capital assets	$ 2,068,913,045	201,228,282	44,291,709	2,225,849,618

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net assets.

Fairfax County Public Schools (Public Schools) is responsible for elementary and secondary education within the County. The School Board is elected by County voters. Public Schools is fiscally dependent on the County in that its operations are funded primarily by payments from the County's General Fund, and the County issues general obligation debt to fund Public Schools capital projects.

General Fund is used to account for expenditures to operate, maintain, and support Public Schools' programs. Its primary sources of revenues are Federal and State Aid and payments from the County's General Fund.

Food and Nutrition Services Fund is a special revenue fund used to account for the provision of student breakfasts, snacks, and lunches. Primary sources of revenues are Federal and State Aid and receipts from food sales.

Grants and Self-Supporting Programs Fund is a special revenue fund used to account for federal, state, non-profit, and private industry grants that support the Instructional Services, Student Services, Special Education, and Information Technology programs.

Adult and Community Education Fund is a special revenue fund used to account for programs pertaining to basic skills education, high school completion, English as a second language, apprenticeship and occupation skills instruction, family literacy, driver education, SAT preparation, and business contracts.

Capital Projects Fund is used to account for the renovation, expansion, and new construction of school facilities as authorized by voter referendum and for other capital expenditures. Projects are funded primarily by proceeds from the sale of County general obligation bonds.

Central Procurement Fund is an internal service fund used to account for the centrally procured orders of textbooks, supplies, and equipment and their issuance to individual schools and offices.

Health Benefits Trust Fund is an internal service fund used to account for the provision of a comprehensive health insurance benefits program to Public Schools' employees.

Insurance Fund is an internal service fund that is used to account for the Public Schools' casualty liability obligations, including the provision of worker's compensation benefits in the form of medical and disability payments to Public Schools' employees who sustain occupational injuries.

Pension Trust Fund is used to account for the Educational Employees' Supplementary Retirement System, which provides pension benefits for Public Schools' employees.

Student Activity Fund is an agency fund that is used to account for the funds derived from various extracurricular school activities.

COUNTY OF FAIRFAX
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COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Public Schools
Balance Sheet - Governmental Funds
June 30, 2007

			Nonmajor Governmental	
			Special Revenue	
	General Fund	Capital Projects Fund	Food and Nutrition Services	Grants and Self-Supporting Programs
ASSETS				
Equity in pooled cash and temporary investments	$ 232,983,763	5,545,977	7,566,879	349,060
Receivables:				
Accounts	-	-	100,492	-
Accrued interest	162	-	39,921	-
Due from intergovernmental units	17,193,277	-	801,437	17,284,465
Due from primary government	-	-	185,107	-
Interfund receivables	4,600,000	-	-	-
Inventories of supplies	-	-	1,130,762	-
Prepaid and other assets	297,652	-	29,381	-
Total assets	$ 255,074,854	5,545,977	9,853,979	17,633,525
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	$ 30,609,154	2,344,043	245,340	344,946
Accrued salaries and benefits	94,527,405	27,059	932,016	174,736
Contract retainages	-	6,904,979	-	-
Interfund payables	644,412	-	-	3,500,000
Deferred revenue	391,716	-	-	6,675,635
Performance and other deposits	350	223,974	964	-
Total liabilities	126,173,037	9,500,055	1,178,320	10,695,317
Fund balances:				
Reserved for:				
Encumbrances	38,227,555	94,294,119	121,852	2,055,063
Inventories of supplies	-	-	1,130,762	-
Unreserved	90,674,262	(98,248,197)	7,423,045	4,883,145
Total fund balances	128,901,817	(3,954,078)	8,675,659	6,938,208
Total liabilities and fund balances	$ 255,074,854	5,545,977	9,853,979	17,633,525

Reconciliation of the Balance Sheet to the Statement of Net Assets

Fund balances - Total governmental funds	$ 141,851,306
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental fund activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is $2,727,562,245 and accumulated depreciation is $895,550,654.	1,832,011,591
Some of the Public Schools' receivables will not be collected soon enough to pay for the current period's expenditures and, therefore, are reported as deferred revenue in the funds.	3,630,212
Internal service funds are used by management to provide certain goods and services to governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	63,762,241
Compensated absences and accrued interests on long-term debt related to governmental fund activities are not due and payable in the current period, and therefore, are not reported in the funds.	(31,606,655)
Capital lease and installment purchase agreements are not due and payable in the current period and, therefore, are not reported in the funds.	(105,946,283)
Net assets of governmental activities	$ 1,903,702,412

EXHIBIT J

Funds		
Funds		
Adult and Community Education	Total Governmental Funds	
		ASSETS
1,356,140	247,801,819	Equity in pooled cash and temporary investments
		Receivables:
-	100,492	Accounts
8,216	48,299	Accrued interest
175,281	35,454,460	Due from intergovernmental units
-	185,107	Due from primary government
-	4,600,000	Interfund receivables
-	1,130,762	Inventories of supplies
-	327,033	Prepaid and other assets
1,539,637	289,647,972	Total assets
		LIABILITIES AND FUND BALANCES
		Liabilities:
55,039	33,598,522	Accounts payable and accrued liabilities
26,143	95,687,359	Accrued salaries and benefits
-	6,904,979	Contract retainages
-	4,144,412	Interfund payables
168,755	7,236,106	Deferred revenue
-	225,288	Performance and other deposits
249,937	147,796,666	Total liabilities
		Fund balances:
		Reserved for:
95,523	134,794,112	Encumbrances
-	1,130,762	Inventories of supplies
1,194,177	5,926,432	Unreserved
1,289,700	141,851,306	Total fund balances
1,539,637	289,647,972	Total liabilities and fund balances

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Public Schools
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the fiscal year ended June 30, 2007

			Nonmajor Governmental	
			Special Revenue	
	General Fund	Capital Projects Fund	Food and Nutrition Services	Grants and Self-Supporting Programs
REVENUES				
Intergovernmental	$ 2,015,764,508	130,418,801	21,770,437	36,796,483
Charges for services	7,326,146	-	41,269,698	3,113,299
Revenue from the use of money and property	2,836,818	11,968	398,005	-
Recovered costs	33,387,897	557,903	-	-
Other	6,196,590	7,171,364	-	1,726,307
Total revenues	2,065,511,959	138,160,036	63,438,140	41,636,089
EXPENDITURES				
Current:				
Education	1,964,210,163	32,307,484	63,700,365	70,220,018
Capital outlay	21,894,139	116,229,072	83,816	325,770
Debt service:				
Principal retirement	19,739,286	-	-	-
Interest and other charges	4,776,373	-	-	-
Total expenditures	2,010,619,961	148,536,556	63,784,181	70,545,788
Excess (deficiency) of revenues over (under) expenditures	54,891,998	(10,376,520)	(346,041)	(28,909,699)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	14,335,558	-	27,797,077
Transfers out	(43,806,852)	-	-	-
Capital leases and installment purchases	15,618,033	-	-	-
Total other financing sources (uses)	(28,188,819)	14,335,558	-	27,797,077
SPECIAL ITEM				
Proceeds from the sale of schools and property	-	4,000,000	-	-
Net change in fund balances	26,703,179	7,959,038	(346,041)	(1,112,622)
Fund balances, July 1, 2006	102,198,638	(11,913,116)	9,408,784	8,050,830
Decrease in reserve for inventories of supplies	-	-	(387,084)	-
Fund balances, June 30, 2007	$ 128,901,817	(3,954,078)	8,675,659	6,938,208

EXHIBIT J-1

Funds Funds Adult and Community Education	Total Governmental Funds	
		REVENUES
1,660,814	2,206,411,043	Intergovernmental
7,032,681	58,741,824	Charges for services
79,611	3,326,402	Revenue from the use of money and property
-	33,945,800	Recovered costs
613,202	15,707,463	Other
9,386,308	2,318,132,532	Total revenues
		EXPENDITURES
		Current:
10,526,868	2,140,964,898	Education
54,815	138,587,612	Capital outlay
		Debt service:
-	19,739,286	Principal retirement
-	4,776,373	Interest and other charges
10,581,683	2,304,068,169	Total expenditures
(1,195,375)	14,064,363	Excess (deficiency) of revenues over (under) expenditures
		OTHER FINANCING SOURCES (USES)
1,674,217	43,806,852	Transfers in
-	(43,806,852)	Transfers out
-	15,618,033	Capital leases and installment purchases
1,674,217	15,618,033	Total other financing sources (uses)
		SPECIAL ITEM
-	4,000,000	Proceeds from the sale of schools and property
478,842	33,682,396	Net change in fund balances
810,858	108,555,994	Fund balances, July 1, 2006
-	(387,084)	Decrease in reserve for inventories of supplies
1,289,700	141,851,306	Fund balances, June 30, 2007

continued

COUNTY OF FAIRFAX, VIRGINIA **EXHIBIT J-1**
Fairfax County Public Schools concluded
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
For the fiscal year ended June 30, 2007

Net change in fund balances - Total governmental funds		$ 33,682,396
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period:		
Capital outlay	$ 125,360,175	
Capital lease expenditures	13,227,437	
Less depreciation expense	(87,990,219)	50,597,393
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		1,696,570
Loss on the disposition of capital assets is reported in the statement of activities. However, in the governmental funds, only the proceeds from sales are reported, which increase fund balance. Thus, the difference is the depreciated cost of the capital assets disposed.		(12,994,865)
Some revenues will not be collected for several months after the fiscal year ends, hence, they are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues decreased by this amount this year.		3,243,128
Some capital additions were financed through capital leases and installment purchases. In governmental funds, these arrangements are considered a source of financing, but in the statement of net assets, the obligations are reported as a liability.		(15,618,033)
Principal payments on capital leases and installment purchases are reported as expenditures in governmental funds. However, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.		20,051,578
Under the modified accrual basis of accounting used in the governmental funds, expenditures for compensated absences are not recognized until they mature. In the statement of activities, however, they are reported as expenses and liabilities as they accrue.		(3,575,751)
Internal service funds are used by management to provide certain goods and services to governmental funds. The change in net assets is reported with governmental activities.		14,245,288
Interest on capital leases and installment purchases is reported as expenditures in the governmental funds when it is due. However, in the statement of activities, interest expense is affected as this interest accrues.		(1,253,720)
Change in net assets of governmental activities		$ 90,073,984

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT J-2

Fairfax County Public Schools
Budgetary Comparison Schedule - General Fund (Budget Basis)
For the fiscal year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive
	Original	Final	(Budget Basis)	(Negative)
REVENUES				
Intergovernmental	$ 481,556,318	488,065,093	482,546,419	(5,518,674)
Charges for services	4,728,928	4,728,928	7,326,146	2,597,218
Revenue from the use of money and property	2,005,220	2,005,220	2,836,818	831,598
Recovered costs	32,931,512	33,387,897	33,387,897	-
Other	3,802,900	3,824,201	6,196,590	2,372,389
Total revenues	525,024,878	532,011,339	532,293,870	282,531
EXPENDITURES				
Education	2,037,010,798	2,066,649,558	1,991,228,106	75,421,452
Total expenditures	2,037,010,798	2,066,649,558	1,991,228,106	75,421,452
Excess (deficiency) of revenues over (under) expenditures	(1,511,985,920)	(1,534,638,219)	(1,458,934,236)	75,703,983
OTHER FINANCING USES				
Transfers in	1,525,218,089	1,533,218,089	1,533,218,089	-
Transfers out	(48,232,169)	(47,580,674)	(47,580,674)	-
Total other financing uses	1,476,985,920	1,485,637,415	1,485,637,415	-
Net change in fund balance	$ (35,000,000)	(49,000,804)	26,703,179	75,703,983

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT J-3A

Fairfax County Public Schools
Budgetary Comparison Schedule - Food and Nutrition Services Fund (Budget Basis)
For the fiscal year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive
	Original	Final	(Budget Basis)	(Negative)
REVENUES				
Intergovernmental	$ 21,145,414	21,145,414	21,770,437	625,023
Charges for services	41,072,524	41,072,524	41,269,698	197,174
Revenue from the use of money and property	155,000	155,000	398,005	243,005
Total revenues	62,372,938	62,372,938	63,438,140	1,065,202
EXPENDITURES				
Education	71,746,427	71,781,722	63,784,181	7,997,541
Total expenditures	71,746,427	71,781,722	63,784,181	7,997,541
Net change in fund balance	$ (9,373,489)	(9,408,784)	(346,041)	9,062,743

COUNTY OF FAIRFAX, VIRGINIA **EXHIBIT J-3B**

Fairfax County Public Schools

Budgetary Comparison Schedule - Grants and Self-Supporting Programs Fund (Budget Basis)

For the fiscal year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive
	Original	Final	(Budget Basis)	(Negative)
REVENUES				
Intergovernmental	$ 42,081,012	49,800,331	34,474,943	(15,325,388)
Charges for services	3,068,042	3,068,042	3,113,299	45,257
Other	175,365	1,915,653	1,726,307	(189,346)
Total revenues	45,324,419	54,784,026	39,314,549	(15,469,477)
EXPENDITURES				
Education	77,235,031	92,953,472	70,545,788	22,407,684
Total expenditures	77,235,031	92,953,472	70,545,788	22,407,684
Excess (deficiency) of revenues over (under) expenditures	(31,910,612)	(38,169,446)	(31,231,239)	6,938,207
OTHER FINANCING SOURCES				
Transfers in	31,910,612	30,118,617	30,118,617	-
Total other financing sources	31,910,612	30,118,617	30,118,617	-
Net change in fund balance	$ -	(8,050,829)	(1,112,622)	6,938,207

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT J-3C

Fairfax County Public Schools
Budgetary Comparison Schedule - Adult and Community Education Fund (Budget Basis)
For the fiscal year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive
	Original	Final	(Budget Basis)	(Negative)
REVENUES				
Intergovernmental	$ 1,543,491	1,792,460	1,660,814	(131,646)
Charges for services	8,096,863	7,942,340	7,032,681	(909,659)
Revenue from the use of money and property	43,818	43,818	79,611	35,793
Other	212,000	232,000	613,202	381,202
Total revenues	9,896,172	10,010,618	9,386,308	(624,310)
EXPENDITURES				
Education	11,570,389	12,495,693	10,581,683	1,914,010
Total expenditures	11,570,389	12,495,693	10,581,683	1,914,010
Excess (deficiency) of revenues over (under) expenditures	(1,674,217)	(2,485,075)	(1,195,375)	1,289,700
OTHER FINANCING SOURCES				
Transfers in	1,674,217	1,674,217	1,674,217	-
Total other financing sources	1,674,217	1,674,217	1,674,217	-
Net change in fund balance	$ -	(810,858)	478,842	1,289,700

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT J-4

Fairfax County Public Schools
Combining Statement of Net Assets - Internal Service Funds
June 30, 2007

	Central Procurement	Health Benefits Trust	Insurance	Total Internal Service Funds
ASSETS				
Current assets:				
Equity in pooled cash and temporary investments	$ 40,599	78,491,361	25,735,916	104,267,876
Accounts receivable	-	54,203	-	54,203
Accrued interest receivable	-	551,726	-	551,726
Interfund receivables	644,412	-	-	644,412
Inventories of supplies	1,936,516	-	-	1,936,516
Prepaid items	-	-	4,000	4,000
Total current assets	2,621,527	79,097,290	25,739,916	107,458,733
Long-term assets - Capital assets:				
Equipment	100,053	-	40,029	140,082
Accumulated depreciation	(58,515)	-	(14,580)	(73,095)
Total long-term assets	41,538	-	25,449	66,987
Total assets	2,663,065	79,097,290	25,765,365	107,525,720
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	538,669	3,837,732	565,158	4,941,559
Accrued salaries and benefits	-	-	3,121	3,121
Interfund payables	1,100,000	-	-	1,100,000
Compensated absences payable	1,698	57,177	39,853	98,728
Insurance and benefit claims payable	-	15,621,000	3,898,883	19,519,883
Deferred revenue	-	4,410,104	-	4,410,104
Total current liabilities	1,640,367	23,926,013	4,507,015	30,073,395
Long-term liabilities:				
Compensated absences payable	727	24,505	17,080	42,312
Insurance and benefit claims payable	-	-	13,647,772	13,647,772
Total long-term liabilities	727	24,505	13,664,852	13,690,084
Total liabilities	1,641,094	23,950,518	18,171,867	43,763,479
NET ASSETS				
Invested in capital assets	41,538	-	25,449	66,987
Unrestricted	980,433	55,146,772	7,568,049	63,695,254
Total net assets	$ 1,021,971	55,146,772	7,593,498	63,762,241

COUNTY OF FAIRFAX, VIRGINIA — EXHIBIT J-5

Fairfax County Public Schools
Combining Statement of Revenues, Expenses, and Changes in Net Assets - Internal Service Funds
For the fiscal year ended June 30, 2007

	Central Procurement	Health Benefits Trust	Insurance	Total Internal Service Funds
OPERATING REVENUES:				
Charges for services	$ 13,472,426	220,383,489	14,879,023	248,734,938
Total operating revenues	13,472,426	220,383,489	14,879,023	248,734,938
OPERATING EXPENSES:				
Cost of goods sold	12,931,935	-	-	12,931,935
Personnel services	86,398	1,180,923	884,829	2,152,150
Depreciation expense	9,380	-	4,673	14,053
Claims and benefit payments	-	203,231,689	9,365,218	212,596,907
Professional consultant and contractual services	-	7,706,243	2,535,616	10,241,859
Other	17,707	55,655	572,882	646,244
Total operating expenses	13,045,420	212,174,510	13,363,218	238,583,148
Operating income	427,006	8,208,979	1,515,805	10,151,790
NONOPERATING REVENUES:				
Interest revenue	-	4,093,498	-	4,093,498
Total nonoperating revenues	-	4,093,498	-	4,093,498
Change in net assets	427,006	12,302,477	1,515,805	14,245,288
Total net assets, July 1, 2006	594,965	42,844,295	6,077,693	49,516,953
Total net assets, June 30, 2007	$ 1,021,971	55,146,772	7,593,498	63,762,241

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT J-6

Fairfax County Public Schools
Combining Statement of Cash Flows - Internal Service Funds
For the fiscal year ended June 30, 2007

	Central Procurement	Health Benefits Trust	Insurance	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services provided	$ 12,828,014	220,345,460	14,879,023	248,052,497
Payments to suppliers	(12,155,596)	-	-	(12,155,596)
Payments to employees	(83,973)	(1,099,241)	(826,830)	(2,010,044)
Claims and benefits paid	-	(201,516,526)	(7,605,089)	(209,121,615)
Payments for professional services	-	(7,741,343)	(2,355,393)	(10,096,736)
Payments for other operating expenses	(817,708)	(239,403)	(573,883)	(1,630,994)
Net cash provided (used) by operating activities	(229,263)	9,748,947	3,517,828	13,037,512
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	-	4,000,496		4,000,496
Net cash provided by investing activities	-	4,000,496	-	4,000,496
Net increase (decrease) in cash and cash equivalents	(229,263)	13,749,443	3,517,828	17,038,008
Cash and cash equivalents, July 1, 2006	269,862	64,741,918	22,218,088	87,229,868
Cash and cash equivalents, June 30, 2007	$ 40,599	78,491,361	25,735,916	104,267,876
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 427,006	8,208,979	1,515,805	10,151,790
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	9,380	-	4,673	14,053
Change in assets and liabilities:			-	
Decrease in accounts receivable	-	40,104	-	40,104
(Increase) in interfund receivables	(644,412)	-	-	(644,412)
Decrease in inventories of supplies	948,164	-	-	948,164
(Increase) in other assets	-	-	(4,000)	(4,000)
Increase (decrease) in accounts payable and accrued liabilities	(171,826)	875,315	190,661	894,150
Increase in accrued salaries and benefits	2,425	81,682	57,999	142,106
(Decrease) in interfund payables	(800,000)	-	-	(800,000)
(Decrease) in deferred revenue	-	(78,133)	-	(78,133)
Increase in insurance and benefits claims payable	-	621,000	1,752,690	2,373,690
Total adjustments to operating income	(656,269)	1,539,968	2,002,023	2,885,722
Net cash provided (used) by operating activities	$ (229,263)	9,748,947	3,517,828	13,037,512

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT J-7

Fairfax County Public Schools
Statement of Fiduciary Net Assets
June 30, 2007

	Pension Trust Fund - Educational Employees' Supplementary Retirement System	Agency Fund - Student Activity Fund
ASSETS		
Equity in pooled cash and temporary investments	$ 1,563,474	$ -
Cash with fiscal agents	1,683,000	-
Cash collateral for securities lending	258,549,938	-
Cash in student activity funds	-	16,678,982
Accounts receivable	33,378	299,683
Contributions receivable	229,355	-
Accrued interest and dividends receivable	3,975,949	-
Receivable from sale of pension investments	8,501,543	-
Investments, at fair value:		
U.S. Government securities	33,454,994	-
Asset-backed securities	6,357,280	-
Corporate bonds	99,180,424	-
Common and preferred stock	982,995,035	-
Pooled and mutual funds	778,484,935	-
Real estate	87,466,032	-
Short-term investments	22,253,398	-
Inventories of supplies	-	310,846
Prepaid items and other assets	24,792	-
Equipment, net of depreciation	80,402	-
Total assets	2,284,833,929	$ 17,289,511
LIABILITIES		
Accounts payable and accrued liabilities	1,585,881	753,773
Payable for purchase of pension investments	8,960,018	-
Liabilities for collateral received under securities lending agreements	258,549,938	-
Due to student groups	-	16,535,738
Total liabilities	269,095,837	$ 17,289,511
NET ASSETS		
Held in trust for pension benefits	$ 2,015,738,092	

COUNTY OF FAIRFAX, VIRGINIA **EXHIBIT J-8**

Fairfax County Public Schools
Statement of Changes in Plan Net Assets - Pension Trust Fund
For the fiscal year ended June 30, 2007

	Pension Trust Fund - Educational Employees' Supplementary Retirement System
ADDITIONS	
Contributions:	
Employer	$ 36,644,001
Plan members	44,453,617
Capital contributions	27,632
Total contributions	81,125,250
Investment income:	
From investment activities:	
Net appreciation in fair value of investments	267,227,188
Interest and dividends	40,883,541
Real estate income	2,187,555
Other	107,955
Total income from investment activities	310,406,239
Less investment activities expenses:	
Management fees	6,264,341
Other	607,233
Total investment activities expenses	6,871,574
Net income from investment activities	303,534,665
From securities lending activities:	
Securities lending income	9,619,966
Less securities lending expenses:	
Borrower rebates	8,840,445
Management fees	194,859
Total securities lending activities expenses	9,035,304
Net income from securities lending activities	584,662
Net investment income	304,119,327
Total additions	385,244,577
DEDUCTIONS	
Benefits	128,739,638
Refunds of contributions	3,583,007
Administrative expenses	3,718,761
Total deductions	136,041,406
Net decrease	249,203,171
Net assets, July 1, 2006	1,766,534,921
Net assets, June 30, 2007	$ 2,015,738,092

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT J-9

Fairfax County Public Schools
Statement of Changes in Assets and Liabilities - Agency Fund
For the fiscal year ended June 30, 2007

	Balances July 1, 2006	Additions	Deductions	Balances June 30, 2007
Student Activity Fund:				
Assets:				
Cash with fiscal agents	$ 16,027,826	42,365,710	41,714,554	16,678,982
Accounts receivable	466,982	138,451	305,750	299,683
Inventories of supplies	272,668	110,965	72,787	310,846
Total assets	16,767,476	42,615,126	42,093,091	17,289,511
Liabilities:				
Accounts payable and accrued liabilities	917,645	277,493	441,365	753,773
Due to student groups	15,849,831	1,841,832	1,155,925	16,535,738
Total liabilities	$ 16,767,476	2,119,325	1,597,290	17,289,511

The **Fairfax County Redevelopment and Housing Authority** (FCRHA) is responsible for low income housing and community development programs within the County. FCRHA was approved by a voter referendum in November 1965 and was activated by the County Board of Supervisors in February 1966. FCRHA is a political subdivision of and reports to the Commonwealth of Virginia. The County Board of Supervisors appoints the FCRHA Board of Commissioners and the County provides certain managerial and other related assistance to FCRHA.

Primary Government represents FCRHA's use of an enterprise fund to report its activities. FCRHA activities are funded by federal grants from the U.S. Department of Housing and Urban Development (HUD), rents, and other user charges resulting from operations of subsidized housing, development and financing fees, investment income, and loan proceeds. These funds provide rental housing, housing for the elderly/group homes, loans for home ownership and home improvement, tenant assistance, community development, and administration of these programs.

Component Units are real estate limited partnerships of FCRHA. FCRHA is the managing general partner and has certain rights which enable it to impose its will on the limited partnerships. FCRHA is legally obligated to fund operating deficits, making FCRHA financially accountable for the partnerships.

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT K

Fairfax County Redevelopment and Housing Authority
Statement of Net Assets
June 30, 2007

	Primary Government	Component Units	Total Reporting Entity
ASSETS			
Current assets:			
Equity in pooled cash and temporary investments	$ 24,654,478	-	24,654,478
Cash in banks	4,515,594	5,349,216	9,864,810
Investments	3,982,438	-	3,982,438
Receivables (net of allowances):			
Accounts	577,430	131,509	708,939
Accrued interest	244,990	6,944	251,934
Notes	2,245,550	-	2,245,550
Land held for sale	918,340	-	918,340
Prepaid and other assets	2,791,796	8,602	2,800,398
Total current assets	39,930,616	5,496,271	45,426,887
Long-term assets:			
Restricted assets:			
Cash with fiscal agents	4,098,306	3,358,390	7,456,696
Certificates of deposit - performance bonds	2,982,743	392,854	3,375,597
Investments	6,946,098	-	6,946,098
Total restricted assets	14,027,147	3,751,244	17,778,391
Capital assets:			
Non-depreciable:			
Land	29,810,292	7,168,525	36,978,817
Construction in progress	4,634,781	-	4,634,781
Depreciable:			
Equipment	531,694	606,112	1,137,806
Buildings and improvements	113,244,571	55,021,306	168,265,877
Accumulated depreciation	(64,676,259)	(19,045,560)	(83,721,819)
Total capital assets, net	83,545,079	43,750,383	127,295,462
Other long-term assets:			
Notes receivable	15,929,958	-	15,929,958
Prepaid and other assets	1,644	-	1,644
Deferred financing fees (net of amortization)	19,836	269,638	289,474
Total other long-term assets	15,951,438	269,638	16,221,076
Total long-term assets	113,523,664	47,771,265	161,294,929
Total assets	153,454,280	53,267,536	206,721,816
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	1,979,487	4,777,856	6,757,343
Accrued salaries and benefits	485,794	-	485,794
Accrued interest payable	-	2,469,117	2,469,117
Due to primary government	1,933,549	-	1,933,549
Deferred revenue	1,006,405	71,460	1,077,865
Performance and other deposits	2,982,743	330,206	3,312,949
Mortgage revenue bonds payable	393,241	-	393,241
Mortgage notes payable	7,046,884	744,582	7,791,466
Public housing loans payable	166,926	-	166,926
Compensated absences payable	417,682	-	417,682
Total current liabilites	16,412,711	8,393,221	24,805,932
Long-term liabilities:			
Mortgage revenue bonds payable	10,748,771	-	10,748,771
Mortgage notes payable	10,781,259	30,366,217	41,147,476
Public housing loans payable	923,669	-	923,669
Compensated absences payable	573,998	-	573,998
Loan from primary government	5,190,000	-	5,190,000
Total long-term liabilities	28,217,697	30,366,217	58,583,914
Total liabilities	44,630,408	38,759,438	83,389,846
NET ASSETS			
Invested in capital assets, net of related debt	67,007,532	12,639,584	79,647,116
Restricted	4,500,848	3,421,038	7,921,886
Unrestricted	37,315,492	(1,552,524)	35,762,968
Total net assets	$ 108,823,872	14,508,098	123,331,970

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT K-1

Fairfax County Redevelopment and Housing Authority
Statement of Revenues, Expenses, and Changes in Net Assets
For the fiscal year ended June 30, 2007

	Primary Government	Component Units	Total Reporting Entity
OPERATING REVENUES:			
Dwelling rentals	$ 14,875,668	5,672,972	20,548,640
Other	3,296,797	1,047,679	4,344,476
Total operating revenues	18,172,465	6,720,651	24,893,116
OPERATING EXPENSES:			
Personnel services	11,255,469	1,156,428	12,411,897
Materials and supplies	2,852,882	1,519,778	4,372,660
Repairs and maintenance	4,060,686	1,227,951	5,288,637
Housing assistance payments	36,925,895	-	36,925,895
Depreciation and amortization	4,129,731	1,919,561	6,049,292
Contractual services	1,459,070	84,747	1,543,817
Utilities	2,450,610	904,158	3,354,768
Total operating expenses	63,134,343	6,812,623	69,946,966
Operating income (loss)	(44,961,878)	(91,972)	(45,053,850)
NONOPERATING REVENUES (EXPENSES):			
Intergovernmental revenue	57,291,118	83,502	57,374,620
Interest revenue	1,762,225	147,433	1,909,658
Interest expense	(1,838,317)	(1,132,709)	(2,971,026)
Gain on disposal of capital assets	2,714,949	-	2,714,949
Total nonoperating revenues (expenses)	59,929,975	(901,774)	59,028,201
Gain (loss) before contributions	14,968,097	(993,746)	13,974,351
CAPITAL CONTRIBUTIONS:			
HUD debt service contributions	239,205	-	239,205
HUD capital contributions	1,104,111	-	1,104,111
Total capital contributions	1,343,316	-	1,343,316
Change in net assets	16,311,413	(993,746)	15,317,667
Total net assets, July 1, 2006	92,512,459	15,501,844	108,014,303
Total net assets, June 30, 2007	$ 108,823,872	14,508,098	123,331,970

COUNTY OF FAIRFAX, VIRGINIA — EXHIBIT K-2

Fairfax County Redevelopment and Housing Authority
Statement of Cash Flows
For the fiscal year ended June 30, 2007

	Primary Government	Component Units	Total Reporting Entity
CASH FLOWS FROM OPERATING ACTIVITIES			
Rental receipts	$ 15,104,535	5,665,380	20,769,915
Other operating cash receipts	3,427,516	1,035,234	4,462,750
Payments to employees for services	(11,202,376)	(1,156,428)	(12,358,804)
Payments made for housing assistance	(36,798,022)	-	(36,798,022)
Payments to suppliers for goods and services	(10,491,993)	(4,307,782)	(14,799,775)
Purchase of property held for sale	(720,072)	-	(720,072)
Net cash provided (used) by operating activities	(40,680,412)	1,236,404	(39,444,008)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Retirement of loans, notes, and bonds payables	(3,100,000)	-	(3,100,000)
Proceeds from the issuance of debt	10,690,000	-	10,690,000
Receipts on behalf of the County	3,503,609	-	3,503,609
Intergovernmental revenue received	58,102,877	83,502	58,186,379
Net cash provided by noncapital financing activities	69,196,486	83,502	69,279,988
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(14,956,493)	(250,704)	(15,207,197)
Proceeds from sale of capital assets	11,433,920	-	11,433,920
Capital contributions	68,936	-	68,936
Proceeds from issuance of debt	3,011,365	83,218	3,094,583
Interest payments	(2,001,774)	(769,693)	(2,771,467)
Debt principal payments	(13,987,739)	(680,880)	(14,668,619)
HUD debt service and capital contributions	1,343,316	-	1,343,316
Net cash (used) by capital and related financing activities	(15,088,469)	(1,618,059)	(16,706,528)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of loan and advance repayments	174,142	-	174,142
Disbursement of loans and advances receivable	(11,723,638)	-	(11,723,638)
Acquisition of investments	(5,929,905)	-	(5,929,905)
Interest received	1,709,825	126,193	1,836,018
Net cash provided (used) by investing activities	(15,769,576)	126,193	(15,643,383)
Net decrease in cash and cash equivalents	(2,341,971)	(171,960)	(2,513,931)
Cash and cash equivalents, July 1, 2006	38,593,092	9,272,420	47,865,512
Cash and cash equivalents, June 30, 2007	$ 36,251,121	9,100,460	45,351,581
Reconciliation of operating (loss) to net cash provided (used) by operating activities:			
Operating (loss)	$ (44,961,878)	(91,972)	(45,053,850)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	4,129,731	1,919,561	6,049,292
Change in assets and liabilities:			
(Increase) in accounts receivable	(470)	(15,042)	(15,512)
Decrease in prepaid and other assets	153,699	24,732	178,431
(Decrease) in accounts payable and accrued liabilities	(454,376)	(595,880)	(1,050,256)
Increase in accrued salaries and benefits	55,060	-	55,060
Increase (decrease) in performance and other deposits	477,145	(12,445)	464,700
Increase (decrease) in deferred revenue	(79,323)	7,450	(71,873)
Total adjustments to operating (loss)	4,281,466	1,328,376	5,609,842
Net cash provided (used) by operating activities	$ (40,680,412)	1,236,404	(39,444,008)

The **Fairfax County Park Authority** (Park Authority) was created by the Board of Supervisors of the County on December 6, 1950, to maintain and operate the public parks and recreational facilities located in the County. The Board appoints the Park Authority's Board members, and a substantial portion of the cost of the Park Authority's operations are funded by the County.

General Fund (Financed from County General Fund) is used to account for the operations of the park facilities that are funded by the County.

Park Revenue Fund is a special revenue fund used to account for the operations of the park facilities that are funded from park operating revenues.

Financed from County Construction Fund is a capital projects fund used to account for specific maintenance projects for park facilities that are funded by the County's Construction Fund.

Park Construction Bond Fund is a capital projects fund used to account for all construction projects and capital improvements of the Park Authority financed by County general obligation bonds.

Park Capital Improvement Fund is a capital projects fund used to account for all Park Authority construction projects and capital improvements financed through interest earned and transfers from the Park Revenue Fund.

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Park Authority
Balance Sheet
June 30, 2007

	General Fund (Financed from County General Fund)	Major Governmental: Special Revenue Fund - Park Revenue	Major Governmental: Capital Financed from County Construction Fund
ASSETS			
Equity in pooled cash and temporary investments	$ -	7,511,082	-
Receivables:			
Accounts	-	10,813	-
Accrued interest	-	26,206	-
Interfund receivable	-	-	-
Due from primary government	1,608,556	-	519,748
Prepaid and other assets	-	-	-
Restricted assets:			
Equity in pooled cash and temporary investments	-	-	-
Investments	-	1,945,660	-
Total assets	$ 1,608,556	9,493,761	519,748
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	$ 253,148	554,387	453,416
Accrued salaries and benefits	1,355,408	1,447,501	-
Interfund payable	-	-	-
Due to primary government	-	244,472	-
Contract retainages	-	-	66,332
Deferred revenue	-	3,941,354	-
Performance and other deposits	-	105,442	-
Total liabilities	1,608,556	6,293,156	519,748
Fund balances:			
Reserved for:			
Encumbrances	431,780	127	776,350
Certain capital projects	-	-	-
Debt service	-	1,945,660	-
Repair and replacement	-	-	-
Unreserved (deficit)	(431,780)	1,254,818	(776,350)
Total fund balances	-	3,200,605	-
Total liabilities and fund balances	$ 1,608,556	9,493,761	519,748

Reconciliation of the Balance Sheet to the Statement of Net Assets

Fund balances - Total governmental funds		$ 8,141,669
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is $614,552,374 and the accumulated depreciation is $126,276,954.		488,245,420
Deferred bond issuance costs reported in governmental activities are not financial resources, and therefore, are not reported as assets in governmental funds.		365,760
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Revenue bonds payable, net	$ (10,275,515)	
Compensated absences payable	(4,949,876)	
Loan from primary government	(15,455,000)	
Accrued interest payable	(215,982)	(30,896,373)
Net assets of governmental activities		$ 465,856,476

EXHIBIT L

Funds			
Projects Funds			
Park Construction Bond	Park Capital Improvement	Total Governmental Funds	
			ASSETS
-	7,773,229	15,284,311	Equity in pooled cash and temporary investments
			Receivables:
-	3,483	14,296	Accounts
-	107,119	133,325	Accrued interest
-	11,826,143	11,826,143	Interfund receivable
-	20,759	2,149,063	Due from primary government
-	14,935	14,935	Prepaid and other assets
			Restricted assets:
-	700,000	700,000	Equity in pooled cash and temporary investments
-	164,506	2,110,166	Investments
-	20,610,174	32,232,239	Total assets
			LIABILITIES AND FUND BALANCES
			Liabilities:
2,936,902	49,104	4,246,957	Accounts payable and accrued liabilities
-	-	2,802,909	Accrued salaries and benefits
11,826,143	-	11,826,143	Interfund payable
-	-	244,472	Due to primary government
744,448	-	810,780	Contract retainages
-	5,550	3,946,904	Deferred revenue
-	106,963	212,405	Performance and other deposits
15,507,493	161,617	24,090,570	Total liabilities
			Fund balances:
			Reserved for:
7,684,273	372,360	9,264,890	Encumbrances
-	164,506	164,506	Certain capital projects
-	-	1,945,660	Debt service
-	700,000	700,000	Repair and replacement
(23,191,766)	19,211,691	(3,933,387)	Unreserved (deficit)
(15,507,493)	20,448,557	8,141,669	Total fund balances
-	20,610,174	32,232,239	Total liabilities and fund balances

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Park Authority
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the fiscal year ended June 30, 2007

		Major Governmental	
	General Fund (Financed from County General Fund)	Special Revenue Fund - Park Revenue	Capital Financed from County Construction Fund
REVENUES			
Intergovernmental	$ 30,383,549	-	9,252,336
Charges for services	2,277,753	33,027,194	-
Developers' contributions	-	-	-
Revenue from the use of money and property	-	2,876,104	-
Gifts, donations, and contributions	75,182	295,228	-
Other	-	273,572	-
Total revenues	32,736,484	36,472,098	9,252,336
EXPENDITURES			
Current:			
Parks, recreation, and cultural	32,436,998	33,169,992	7,436,476
Capital outlay	299,486	187,894	1,815,860
Debt service:			
Principal retirement	-	660,000	-
Interest and other charges	-	1,171,188	-
Total expenditures	32,736,484	35,189,074	9,252,336
Net change in fund balances	-	1,283,024	-
Fund balances, July 1, 2006	-	1,917,581	-
Fund balances, June 30, 2007	$ -	3,200,605	-

EXHIBIT L-1

Funds			
Projects Funds			
Park Construction Bond	Park Capital Improvement	Total Governmental Funds	
			REVENUES
11,010,000	2,427,963	53,073,848	Intergovernmental
-	5,377	35,310,324	Charges for services
-	766,005	766,005	Developers' contributions
-	3,182,131	6,058,235	Revenue from the use of money and property
-	388,533	758,943	Gifts, donations and contributions
-	114,041	387,613	Other
11,010,000	6,884,050	96,354,968	Total revenues
			EXPENDITURES
			Current:
1,868,325	301,049	75,212,840	Parks, recreation, and cultural
33,808,570	3,846,426	39,958,236	Capital outlay
			Debt service:
-	-	660,000	Principal retirement
-	-	1,171,188	Interest and other charges
35,676,895	4,147,475	117,002,264	Total expenditures
(24,666,895)	2,736,575	(20,647,296)	Net change in fund balances
9,159,402	17,711,982	28,788,965	Fund balances, July 1, 2006
(15,507,493)	20,448,557	8,141,669	Fund balances, June 30, 2007

continued

COUNTY OF FAIRFAX, VIRGINIA **EXHIBIT L-1**

Fairfax County Park Authority concluded

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

For the fiscal year ended June 30, 2007

Net change in fund balances - Total governmental funds		$ (20,647,296)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period:		
Capital outlays	$ 39,958,236	
Less depreciation expense	(7,352,335)	32,605,901
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		489,910
Repayment of the principal amounts of long-term debt is reported as an expenditure or as an other financing use when debt is refunded in the governmental funds and thus, reduces fund balance. However, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities. Principal repayments of matured bonds totaled this amount.		660,000
Under the modified accrual basis of accounting used in the governmental funds, expenditures for the following are not recognized until they mature. In the statement of activities, however, they are reported as expenses and liabilities as they accrue. The timing differences are as follows:		
Compensated absences	$ (361,808)	
Interest and other	(74,516)	(436,324)
Change in net assets of governmental activities		$ 12,672,191

COUNTY OF FAIRFAX, VIRGINIA **EXHIBIT L-2A**

Fairfax County Park Authority

Budgetary Comparison Schedule - General Fund (Financed from County General Fund) (Budget Basis)

For the fiscal year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive
	Original	Final	(Budget Basis)	(Negative)
REVENUES				
Intergovernmental	$ 23,287,061	23,787,890	23,448,010	(339,880)
Charges for services	2,479,131	2,459,922	2,352,936	(106,986)
Total revenues	25,766,192	26,247,812	25,800,946	(446,866)
EXPENDITURES				
Parks, recreation, and cultural	25,766,192	26,247,812	25,800,946	446,866
Total expenditures	25,766,192	26,247,812	25,800,946	446,866
Net change in fund balance	$ -	-	-	-

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT L-2B

Fairfax County Park Authority
Budgetary Comparison Schedule - Park Revenue Fund (Budget Basis)
For the fiscal year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive
	Original	Final	(Budget Basis)	(Negative)
REVENUES				
Charges for services	$ 32,057,934	32,709,339	33,170,226	460,887
Revenue from the use of money and property	2,623,633	2,721,322	2,896,943	175,621
Gifts, donations, and contributions	240,000	281,433	295,228	13,795
Other	215,559	217,559	273,571	56,012
Total revenues	35,137,126	35,929,653	36,635,968	706,315
EXPENDITURES				
Parks, recreation, and cultural	34,929,885	35,722,412	35,184,322	538,090
Total expenditures	34,929,885	35,722,412	35,184,322	538,090
Net change in fund balance	$ 207,241	207,241	1,451,646	1,244,405

The **Fairfax County Economic Development Authority** (EDA) provides direct assistance to firms which intend to establish their operations within the County. The EDA's mission is to attract businesses to Fairfax County and to work with the existing businesses to retain them as they expand and create new jobs. The EDA is an independent authority, legally authorized by an enactment of the Virginia General Assembly and formally created by resolution of the County Board of Supervisors. The County Board of Supervisors appoints the seven members of EDA's Commission. The Board also appropriates funds annually for operating expenditures incurred in carrying out EDA's mission.

General Fund (Financed from County General Fund) is used to account for the operations of the EDA, all of which are funded by the County.

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT M

Fairfax County Economic Development Authority
Balance Sheet
June 30, 2007

		General Fund (Financed from County General Fund)
ASSETS		
Due from primary government	$	547,925
Total assets	$	547,925
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued liabilities	$	366,657
Accrued salaries and benefits		181,268
Total liabilities		547,925
Fund balance:		
Unreserved		-
Total liabilities and fund balance	$	547,925

Reconciliation of the Balance Sheet to the Statement of Net Assets

Fund balance - General Fund	$	-
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is $81,021 and the accumulated depreciation is $45,824.		35,197
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the fund.		(201,292)
Net assets of governmental activities	$	(166,095)

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT M-1

Fairfax County Economic Development Authority
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the fiscal year ended June 30, 2007

	General Fund (Financed from County General Fund)
REVENUES	
Intergovernmental	$ 7,235,006
Total revenues	7,235,006
EXPENDITURES	
Current:	
Community development	7,235,006
Total expenditures	7,235,006
Excess of revenues over expenditures	-
Fund balance, July 1, 2006	-
Fund balance, June 30, 2007	$ -

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

Net change in fund balance - General Fund		$ -
Amounts reported for governmental activities in the statement of activities are different because:		
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds:		
Capital outlay	$ 5,145	
Depreciation expense	(15,861)	
Loss on equipment disposals	(3,718)	
Decrease in compensated absences	15,639	1,205
Change in net assets of governmental activities		$ 1,205

COUNTY OF FAIRFAX, VIRGINIA — EXHIBIT M-2

Fairfax County Economic Development Authority
Budgetary Comparison Schedule - General Fund (Financed from County General Fund) (Budget Basis)
For the fiscal year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive
	Original	Final	(Budget Basis)	(Negative)
REVENUES				
Intergovernmental	$ 6,628,342	6,628,342	6,628,339	(3)
Total revenues	6,628,342	6,628,342	6,628,339	(3)
EXPENDITURES				
Community development	6,628,342	6,628,342	6,628,339	3
Total expenditures	6,628,342	6,628,342	6,628,339	3
Net change in fund balance	$ -	-	-	-

Statistical Section

The Statistical Section provides financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, including the accompanying notes, and required supplementary information to understand and assess the County's economic condition. Information is presented in the following five categories:

1.0 Financial trends information

2.0 Revenue capacity information

3.0 Debt capacity information

4.0 Demographic and economic information

5.0 Operating information

1.0 - Financial trends information is intended to assist users in understanding and assessing how the County's financial position has changed over time. There are four tables presented in this section.

COUNTY OF FAIRFAX, VA
TABLE 1.1 - Net Assets by Component
Last Six Fiscal Years (1)

	Fiscal Year					
	2007	2006	2005	2004	2003	2002
Governmental activities:						
Invested in capital assets, net of related debt	$ 1,177,845,472	1,075,520,989	1,034,317,673	995,156,131	932,499,218	905,544,976
Restricted	45,835,642	36,903,134	30,414,477	42,737,479	29,329,687	11,092,218
Unrestricted (2)	(762,741,854)	(777,273,475)	(882,121,487)	(885,313,225)	(891,343,756)	(849,887,728)
Total net assets, governmental activities	$ 460,939,260	335,150,648	182,610,663	152,580,385	70,485,149	66,749,466
Business-type activities:						
Invested in capital assets, net of related debt	$ 789,479,735	786,263,108	787,889,313	755,683,261	651,624,011	621,870,392
Restricted	46,489,817	57,514,949	56,463,753	85,025,111	144,412,547	154,565,734
Unrestricted	61,756,541	61,442,481	63,234,893	63,547,596	105,456,857	132,250,541
Total net assets, business-type activities	$ 897,726,093	905,220,538	907,587,959	904,255,968	901,493,415	908,686,667
Total Primary government:						
Invested in capital assets, net of related debt	$ 1,967,325,207	1,861,784,097	1,822,206,986	1,750,839,392	1,584,123,229	1,527,415,368
Restricted	92,325,459	94,418,083	86,878,230	127,762,590	173,742,234	165,657,952
Unrestricted	(700,985,313)	(715,830,994)	(818,886,594)	(821,765,629)	(785,886,899)	(717,637,187)
Total net assets, primary government	$ 1,358,665,353	1,240,371,186	1,090,198,622	1,056,836,353	971,978,564	975,436,133

Source: Fairfax County Department of Finance

Notes:

(1) GASB Statement No. 34 requires the presentation of full accrual financial information, including the presentation of net assets. This statement was implemented in fiscal year 2002; therefore, there are only six years of data presented in this table.

(2) The County issues debt for the construction of Public Schools and Park Authority facilities. The County reports this debt, whereas the Public Schools and Park Authority report the related capital assets and unspent bond proceeds. As a result, the debt reduces unrestricted net assets for the primary government. The amount of this debt related to investments in capital assets and unspent bond proceeds for these component units that is outstanding for each fiscal year is as follows:

Fiscal Year					
2007	2006	2005	2004	2003	2002
$ 1,215,573,395	1,184,160,483	1,154,667,840	1,117,774,930	1,059,149,620	984,800,430

COUNTY OF FAIRFAX, VA
TABLE 1.2 - Changes in Net Assets
Last Six Fiscal Years (1)

	Fiscal Year					
	2007	2006	2005	2004	2003	2002 (5)
Expenses						
Governmental activities:						
General government administration	$ 140,972,403	133,838,032	182,163,429 (6)	118,582,483	118,511,161	132,867,365
Judicial administration	41,566,535	38,631,468	36,370,091	34,988,605	35,243,062	32,652,640
Public safety	580,551,244	550,648,594	481,881,184	436,789,222	414,698,922	391,465,390
Public works	173,175,664	159,913,922	155,502,766	146,543,177	132,457,898	141,536,370
Health and welfare	464,160,365	441,567,541	423,218,014	400,760,061	383,744,665	370,118,888
Community development	224,697,345	185,778,647	167,075,768	130,018,919	134,530,817	142,055,156
Parks, recreation, and cultural	126,638,121	137,380,297	126,227,717	123,769,806	118,518,084	105,852,089
Education - for Public Schools	1,665,173,825	1,547,083,954	1,453,746,126	1,370,981,360	1,308,402,963	1,209,931,327
Interest on long-term debt	88,475,535	82,365,378	82,981,808	77,309,276	81,994,507	77,719,236
Total expenses, governmental activities	3,505,411,037	3,277,207,833	3,109,166,903	2,839,742,909	2,728,102,079	2,604,198,461
Business-type activities:						
Public works - Sewer	$ 136,914,753	136,063,778	125,435,224	124,373,936	126,953,197	105,766,365
Total expenses, business-type activities	136,914,753	136,063,778	125,435,224	124,373,936	126,953,197	105,766,365
Total expenses, primary government	3,642,325,790	3,413,271,611	3,234,602,127	2,964,116,845	2,855,055,276	2,709,964,826
Program Revenues						
Governmental activities:						
Charges for services:						
Public safety	$ 55,092,085	53,558,588	41,565,418	38,438,771	34,072,120	30,698,240
Public works	89,181,174	80,212,361	72,715,488	72,758,327	66,543,218	61,306,429
Health and welfare	53,722,470	56,770,395	48,998,685	43,329,319	43,281,914	38,309,902
Other activities	82,465,140	72,600,753	64,486,204	59,564,348	56,553,155	57,024,536
Operating grants and contributions	238,382,990	241,510,533	225,089,494	236,755,548	203,931,755	175,459,023
Capital grants and contributions	20,942,679	28,003,177	55,346,338	47,056,844	32,611,096	77,783,486
Total program revenues, governmental activiti	539,786,538	532,655,807	508,201,627	497,903,157	436,993,258	440,581,616
Business-type activities:						
Charges for services:						
Public works - Sewer	$ 115,457,196	123,358,395	118,013,675	117,422,097	108,149,558	110,345,773
Capital grants and contributions	8,137,150	5,888,926	7,248,130	8,887,132	7,244,852	9,862,455
Total program revenues, business-type activiti	123,594,346	129,247,321	125,261,805	126,309,229	115,394,410	120,208,228
Total program revenues, primary government	663,380,884	661,903,128	633,463,432	624,212,386	552,387,668	560,789,844
Net (Expense) Revenue						
Governmental activities	(2,965,624,499)	(2,744,552,026)	(2,600,965,276)	(2,341,839,752)	(2,291,108,821)	(2,163,616,845)
Business-type activities	(13,320,407)	(6,816,457)	(173,419)	1,935,293	(11,558,787)	14,441,863
Total primary government	$ (2,978,944,906)	(2,751,368,483)	(2,601,138,695)	(2,339,904,459)	(2,302,667,608)	(2,149,174,982)

	Fiscal Year					
	2007	2006	2005	2004	2003	2002 (5)
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes:						
Real property	$ 1,938,762,106	1,785,065,735	1,638,739,052	1,502,921,280	1,396,210,347	1,233,555,473
Personal property	310,274,454	288,584,215	277,668,819	272,609,749	273,447,219	284,981,993
Business licenses	136,616,482	127,439,823	114,434,467	103,176,919	94,744,725	90,973,176
Local sales and use	160,580,634	176,084,111	168,740,477	160,910,888	143,641,853	139,345,413
Consumers utility	116,673,940	103,271,085	96,189,365	92,533,138	85,892,727	86,368,876
Motor vehicle decals	-	19,572,404	19,802,772	19,503,579	19,052,623	18,694,344
Recordation	41,687,302	51,431,631	48,743,007	30,908,422	27,044,633	19,843,886
Occupancy, tobacco, and other	46,450,935	41,195,083	33,376,957	19,814,208	17,788,607	16,486,754
Unrestricted grants and contributions	216,873,082	215,804,028	200,817,597	201,520,018	197,619,418	209,855,319
Revenue from the use of money	111,428,568	88,643,896	24,483,041	20,036,787	21,841,712	31,667,551
Special item	10,874,069 (7)	-	8,000,000 (3)	-	17,560,640 (2)	-
Total general revenues and other changes in net assets, governmental activities	3,090,221,572	2,897,092,011	2,630,995,554	2,423,934,988	2,294,844,504	2,131,772,785
Business-type activities:						
Revenue from the use of money	$ 5,825,962	4,449,036	3,505,410	2,640,720	4,365,535	7,031,710
Special item	-	-	-	(1,813,460) (4)	-	-
Total general revenues and other changes in net assets, business-type activities	5,825,962	4,449,036	3,505,410	827,260	4,365,535	7,031,710
Total general revenues and other changes in net assets, primary government	3,096,047,534	2,901,541,047	2,634,500,964	2,424,762,248	2,299,210,039	2,138,804,495
Change in Net Assets						
Governmental activities	124,597,073	152,539,985	30,030,278	82,095,236	3,735,683	(31,844,060)
Business-type activities	(7,494,445)	(2,367,421)	3,331,991	2,762,553	(7,193,252)	21,473,573
Total primary government	$ 117,102,628	150,172,564	33,362,269	84,857,789	(3,457,569)	(10,370,487)

Source: Fairfax County Department of Finance

Notes:

(1) GASB Statement No. 34 requires the presentation of full accrual financial information, including the presentation of changes in net assets. This statement was implemented in fiscal year 2002; therefore, there are only six years of data presented in this table.

(2) The County sold 46.8 acres of land located in the Laurel Hill area of the southern part of the County to a private developer for development as a senior living campus and graduated care facility.

(3) The County sold 34.0 acres of land located in central Fairfax to provide funding for the Park Authority to satisfy the debt it issued to purchase certain park land in western Fairfax.

(4) The Sewer System used available resources to redeem certain outstanding bonds, resulting in the recognition of an accounting loss, in order to reduce its total debt service payments by approximately $20.9 million over 13 years.

(5) Certain revenue amounts for fiscal year 2002 have been reclassified to conform with the presentations for subsequent years.

(6) General government administration expenses increased approx 53.6 percent over fiscal year 2004 primarily as a result of the transfer of South County Secondary School valued at $68.0 million to Public Schools.

(7) In FY2007, Public Schools transferred 12 properties totaling 188.9 acres to the County valued at $10,874,069. As part of this transfer, Public Schools is able to request an annual request of $25 million in capital bond funding through fiscal year 2012.

COUNTY OF FAIRFAX, VA
TABLE 1.3 - Fund Balances, Governmental Funds
Last Ten Fiscal Years

	Fiscal Year				
	2007	2006	2005	2004	2003
General Fund:					
Reserved	$ 41,763,658	34,665,914	25,761,930	31,694,047	20,452,621
Unreserved	249,823,537	239,587,945	210,724,987	161,541,066	133,004,492
Total general fund	291,587,195	274,253,859	236,486,917	193,235,113	153,457,113
All Other Governmental Funds:					
Reserved	249,675,360	236,238,170	196,266,810	222,458,953	167,212,512
Unreserved, reported in:					
Special revenue funds	191,493,718	184,308,185	180,570,230	178,290,865	181,380,468
Debt service funds	12,121,986	8,361,065	14,302,670	18,970,383	16,897,074
Capital projects funds	121,892,612	101,882,556	113,143,870	62,758,569	88,799,811
Total all other governmental funds	$ 575,183,676	530,789,976	504,283,580	482,478,770	454,289,865

Source: Fairfax County Department of Finance

Note: Certain reclassifications have been made for fiscal years 1998 - 2001 to conform with the presentations for subsequent years.

Fiscal Year					
2002	2001	2000	1999	1998	
					General Fund:
14,120,072	14,083,532	10,693,150	14,239,274	9,149,518	Reserved
112,673,370	91,552,620	101,783,423	85,092,857	81,382,919	Unreserved
126,793,442	105,636,152	112,476,573	99,332,131	90,532,437	Total general fund
					All Other Governmental Funds:
97,762,828	90,092,844	58,932,647	49,268,370	54,039,452	Reserved
					Unreserved, reported in:
174,045,654	171,486,214	157,191,830	155,083,460	117,978,981	Special revenue funds
10,222,617	4,078,555	5,820,964	2,838,035	987,175	Debt service funds
68,051,292	37,724,873	49,933,196	38,152,747	13,412,337	Capital projects funds
350,082,391	303,382,486	271,878,637	245,342,612	186,417,945	Total all other governmental funds

COUNTY OF FAIRFAX, VA
TABLE 1.4 - Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

	Fiscal Year				
	2007	2006	2005	2004	2003
Revenues					
Taxes	$ 2,747,313,169	2,591,610,934	2,398,277,235	2,200,570,345	2,054,784,694
Permits, privilege fees, and regulatory licenses	44,581,986	45,335,405	40,591,871	40,310,942	38,625,237
Intergovernmental	482,930,649	484,822,403	435,486,897	451,720,871	415,759,761
Charges for services	219,607,480	202,707,290	182,316,633	168,106,332	157,604,088
Fines and forfeitures	14,867,509	15,108,251	15,554,264	13,307,318	11,065,873
Revenue from the use of money and property	122,013,330	91,543,648	44,975,930	25,582,447	25,336,155
Recovered costs	13,393,966	15,876,280	11,135,242	12,607,810	12,481,015
Contributions and other	6,771,263	6,708,723	6,920,481	7,220,453	14,569,936
Total revenues	3,651,479,352	3,453,712,934	3,135,258,553	2,919,426,518	2,730,226,759
Expenditures					
Current:					
General government administration	133,968,481	123,677,400	120,937,429	112,177,459	108,912,669
Judicial administration	41,062,317	38,113,725	35,409,832	34,127,757	34,087,541
Public safety	562,006,584	532,941,254	461,387,643	422,501,453	405,593,918
Public works	210,888,400	195,231,421	180,096,171	171,616,126	157,131,104
Health and welfare	463,193,567	442,392,799	421,059,009	395,790,648	380,515,142
Community development	163,601,525	140,630,700	112,375,464	87,925,272	92,061,094
Parks, recreation, and cultural	68,455,248	63,493,502	54,152,986	49,149,335	52,411,059
Nondepartmental (1)	-	-	-	-	-
Intergovernmental (2):					
Community development	52,461,994	36,375,841	42,713,945	30,280,310	30,003,932
Parks, recreation, and cultural	51,998,820	67,429,466	65,432,258	66,231,453	57,108,484
Education	1,665,173,825	1,548,705,318	1,516,057,490	1,372,602,724	1,306,972,343
Capital outlay	151,872,354	159,498,041	114,008,813	85,091,794	54,684,186
Debt service:					
Principal retirement	163,468,305	155,731,090	149,333,276	144,474,933	140,564,084
Interest and other charges	97,148,791	93,863,245	90,670,315	83,091,312	81,949,450
Total expenditures	3,825,300,211	3,598,083,802	3,363,634,631	3,055,060,576	2,901,995,006
Excess of revenues over (under) expenditures	(173,820,859)	(144,370,868)	(228,376,078)	(135,634,058)	(171,768,247)
Other Financing Sources (Uses)					
Transfers in	500,822,272	494,604,574	454,613,670	412,033,079	355,467,852
Transfers out	(513,738,563)	(502,270,865)	(458,514,510)	(416,933,079)	(355,667,852)
Bonds issued	248,483,479	199,964,050	280,615,984	199,224,018	282,510,708
Refunding bonds issued	-	381,982,418	141,081,070	257,362,098	183,893,333
Payments to escrow agent	-	(381,019,900)	(140,525,562)	(255,977,448)	(183,541,600)
Capital leases, installment purchases, and other	-	15,424,016	807,522	7,774,660	1,565,293
Total other financing sources (uses)	235,567,188	208,684,293	278,078,174	203,483,328	284,227,734
Special Item	-	-	15,500,000	-	18,200,000
Net change in fund balances	$ 61,746,329	64,313,425	65,202,096	67,849,270	130,659,487
Debt service as a percentage of noncapital expenditures	7.1%	7.3%	7.4%	7.7%	7.8%

Source: Fairfax County Department of Finance

Notes:

(1) Commencing in fiscal year 2002, nondepartmental expenditures are reported as functional current expenditures.

(2) Intergovernmental expenditures represent payments to component units, including Public Schools, the Park Authority, and the Economic Development Authority, and certain other government authorities. Certain reclassifications have been made for fiscal years 1998 - 2003 to conform with the presentations for subsequent years.

Fiscal Year						
2002		2001	2000	1999	1998	
						Revenues
1,898,192,584		1,785,431,379	1,690,371,422	1,640,594,459	1,548,908,361	Taxes
36,939,184		39,535,467	43,835,560	43,044,787	37,128,657	Permits, privilege fees, and regulatory licenses
451,679,407		322,831,212	253,160,640	158,213,844	137,836,514	Intergovernmental
140,033,476		123,038,689	119,498,020	116,786,897	117,397,608	Charges for services
10,318,703		9,116,533	7,579,871	7,139,633	7,411,845	Fines and forfeitures
34,115,952		70,589,590	62,703,815	54,981,030	54,351,695	Revenue from the use of money and property
9,009,483		10,112,563	7,842,983	7,585,120	6,821,285	Recovered costs
12,913,055		15,969,640	20,806,434	13,019,921	9,013,290	Contributions and other
2,593,201,844		2,376,625,073	2,205,798,745	2,041,365,691	1,918,869,255	Total revenues
						Expenditures
						Current:
99,226,761		84,251,292	87,400,231	81,323,563	77,592,551	General government administration
30,852,713		24,162,805	21,408,526	19,502,814	18,652,509	Judicial administration
379,379,556	(3)	289,032,001	256,155,919	229,816,356	211,191,952	Public safety
144,649,708		138,490,277	125,478,465	113,140,139	122,113,299	Public works
365,542,786		314,452,758	300,328,090	269,576,534	253,136,820	Health and welfare
102,629,811		84,921,560	72,851,132	70,146,886	41,772,581	Community development
57,122,407		51,848,476	47,941,903	44,758,195	39,601,225	Parks, recreation, and cultural
-		120,577,637	106,035,082	96,500,551	97,667,906	Nondepartmental (1)
						Intergovernmental (2):
27,424,248		28,867,568	26,633,469	31,204,903	31,394,556	Community development
41,152,581		30,421,966	33,620,781	36,600,153	21,584,394	Parks, recreation, and cultural
1,211,552,691		1,119,816,709	1,029,134,319	953,948,506	907,683,743	Education
101,859,104	(4)	46,431,914	40,091,303	43,405,673	63,386,836	Capital outlay
						Debt service:
130,050,588		115,948,925	109,261,425	104,773,925	100,768,924	Principal retirement
77,627,666		77,262,417	75,709,447	71,488,617	70,801,589	Interest and other charges
2,769,070,620		2,526,486,305	2,332,050,092	2,166,186,815	2,057,348,885	Total expenditures
(175,868,776)		(149,861,232)	(126,251,347)	(124,821,124)	(138,479,630)	Excess of revenues over (under) expenditures
						Other Financing Sources (Uses)
348,524,492		361,370,147	319,497,484	315,939,959	277,157,749	Transfers in
(348,279,492)		(366,166,147)	(326,176,909)	(306,141,038)	(280,016,888)	Transfers out
201,345,513		174,673,305	171,629,135	160,865,747	136,959,743	Bonds issued
62,614,916		144,209,867	-	140,599,608	-	Refunding bonds issued
(62,561,378)		(143,650,436)	-	(140,423,000)	-	Payments to escrow agent
33,640,753		4,078,378	965,289	7,953,284	5,536,069	Capital leases and installment purchases
235,284,804		174,515,114	165,914,999	178,794,560	139,636,673	Total other financing sources (uses)
-		-	-	-	-	**Special Item**
59,416,028		24,653,882	39,663,652	53,973,436	1,157,043	Net change in fund balances
7.8%		7.8%	8.1%	8.3%	8.6%	Debt service as a percentage of noncapital expenditures

(3) Expenditures for public safety increased $90.3 million, or 31.3 percent, primarily as a result of the events of September 11, 2001.

(4) Capital outlay expenditures increased $55.4 million, or 119.4 percent, primarily as a result of the acquisition of the South County Government Center.

2.0 - Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the County's ability to generate its own-source revenues. There are four tables presented in this section.

COUNTY OF FAIRFAX, VA
TABLE 2.1 - Assessed Value and Actual Value of Taxable Real Property (1)
Last Ten Fiscal Years

Fiscal Year	Residential (000s)	Commercial (000s)	Public Service Corporations (000s)	Total Taxable Assessed Value (000s)	Tax-Exempt (000s)	Total Direct Tax Rate (2)
2007	$ 175,316,906	44,088,497	950,707	220,356,110	12,261,651	0.89
2006	141,857,826	36,942,894	960,617	179,761,337	10,462,057	1.00
2005	112,858,706	31,946,040	991,053	145,795,799	9,779,970	1.13
2004	99,189,600	30,057,551	902,495	130,149,646	9,261,168	1.16
2003	84,668,753	30,233,837	846,936	115,749,526	8,720,806	1.21
2002	70,980,944	28,812,448	826,274	100,619,666	8,246,380	1.23
2001	62,213,402	25,600,738	803,375	88,617,515	7,812,420	1.23
2000	57,824,575	22,782,389	772,293	81,379,257	7,036,624	1.23
1999	56,203,580	19,605,123	741,141	76,549,844	6,690,019	1.23
1998	55,142,791	17,778,335	648,567	73,569,693	6,508,338	1.23

Source: Fairfax County Department of Tax Administration

Notes:

(1) Assessed value is the estimated actual value of taxable property and is shown for each period for which taxes are levied. Real property is assessed as of January 1 each year at the estimated fair market value of all land and improvements, with the resulting taxes being payable in the subsequent fiscal year.

(2) The tax rate is per $100 of assessed value.

COUNTY OF FAIRFAX, VA
TABLE 2.2 - Direct and Overlapping Real Property Tax Rates (1)
Last Ten Fiscal Years

		Overlapping Rates (3)	
Fiscal Year	County Direct Rate (2)	Town of Herndon	Town of Vienna
2007	$ 0.89	0.24	0.186
2006	1.00	0.25	0.220
2005	1.13	0.28	0.265
2004	1.16	0.28	0.275
2003	1.21	0.30	0.285
2002	1.23	0.32	0.300
2001	1.23	0.32	0.300
2000	1.23	0.32	0.310
1999	1.23	0.32	0.310
1998	1.23	0.32	0.310

Sources: Fairfax County Department of Tax Administration; Town of Herndon; Town of Vienna

Notes:

(1) Rates are per $100 of assessed value, which is determined as of January 1 of the prior calendar year.

(2) Virginia law limits the annual tax increase to 2% unless public hearings are held. The County Board of Supervisors holds public hearings annually in conjunction with the budget process.

(3) These overlapping rates only apply to property owners within these Towns, which lie entirely within the County.

COUNTY OF FAIRFAX, VA
TABLE 2.3 - Principal Real Property Taxpayers
Current Year and Nine Years Ago

Fiscal Year 2007			
Rank	Taxpayer	Taxable Assessed Value (1)	Pct. of Total Taxable Assessed Value (2)
1	Tysons Corner Property Holdings LLC	$ 678,203,170	0.31 %
2	Prentiss Properties	564,507,710	0.26
3	West Group Properties LLC	387,971,780	0.18
4	Virginia Electric & Power Company	341,975,070	0.16
5	EOP Reston Town Center	274,742,300	0.13
6	Fairfax Company of	264,039,000	0.12
7	Franconia Two LP	254,800,290	0.12
8	Mobil Fairfax Inc	212,925,490	0.10
9	Washington Gas Light Company	211,178,313	0.10
10	West Mac Associates	205,511,140	0.09
Totals		$ 3,395,854,263	1.55 %

Source: Fairfax County Department of Tax Administration

Notes:

(1) Assessed values are as of January 1 of the prior calendar year.

(2) Total taxable assessed value for fiscal year 2007 is $219,405,403,770.
Total taxable assessed value for fiscal year 1998 is $ 80,853,935,000.

COUNTY OF FAIRFAX, VA
TABLE 2.4 - Real Property Tax Levies and Collections
Last Ten Fiscal Years

		Collected within the Fiscal Year of the Levy			
Fiscal Year	Taxes Levied for the Fiscal Year Original Levy (1)	Amount	Pct. of Original Levy	Adjustments to Original Levy in Subsequent Years (2)	Total Adjusted Levy
2007	$ 1,935,626,339	1,926,279,952	99.52 %	$ -	1,935,626,339
2006	1,779,168,760	1,769,793,216	99.47	(1,121,536)	1,778,047,224
2005	1,656,668,208	1,648,504,246	99.51	(641,405)	1,656,026,803
2004	1,518,549,518	1,511,904,661	99.56	(608,453)	1,517,941,065
2003	1,410,550,906	1,405,218,191	99.62	(292,424)	1,410,258,482
2002	1,247,726,326	1,242,776,932	99.60	(119,001)	1,247,607,325
2001	1,100,425,283	1,095,773,887	99.58	(22,919)	1,100,402,364
2000	1,012,037,449	1,007,186,954	99.52	(74,519)	1,011,962,930
1999	952,991,338	948,332,582	99.51	(16,646)	952,974,692
1998	915,479,535	910,864,622	99.50	(3,175)	915,476,360

Source: Fairfax County Department of Tax Administration

Notes:

(1) Taxes are levied on assessed property values as of January 1 of prior calendar year, i.e. FY2007, taxes are levied for calendar year 2006.

(2) Adjustments to the original levy include exonerations, tax relief, and supplemental assessments.

Fiscal Year 1998			
Rank	Taxpayer	Taxable Assessed Value (1)	Pct. of Total Taxable Assessed Value (2)
1	Tysons Corner Property Holdings LLC	$ 373,787,600	0.46 %
2	Virginia Electric and Power Company	287,779,233	0.36
3	Company of Fairfax	237,344,235	0.29
4	Franconia Associates	233,385,000	0.29
5	Westgate	178,563,160	0.22
6	Washington Gas Light Company	173,671,464	0.21
7	Smith Property Holdings	170,285,570	0.21
8	Mobil Oil Corporation	143,255,590	0.18
9	EOP Reston Town Center	140,166,870	0.17
10	Dwoskin, Albert J.	139,670,550	0.17
Totals		$ 2,077,909,272	2.57 %

Collections in Subsequent Years	Total Collections to Date	
	Amount	Pct. of Adjusted Levy (3)
-	1,926,279,952	99.52 %
6,717,934	1,776,511,150	99.91
6,775,722	1,655,279,968	99.95
5,928,651	1,517,833,312	99.99
4,944,193	1,410,162,384	99.99
4,727,290	1,247,504,222	99.99
4,247,473	1,100,021,360	99.97
4,261,541	1,011,448,495	99.95
3,988,981	952,321,563	99.93
3,965,181	914,829,803	99.93

(3) This table includes real estate taxes only and does not include penalty and interest. There is a difference in the collection rate reported here and the rate reported in the County's Budget Overview document resulting from a difference in accounting basis. Taxes receivable reflects only the actual levy and collections and does not include the accrual of taxes.

3.0 - Debt capacity information is intended to assist users in understanding and assessing the County's debt burden and its ability to issue additional debt. There are five tables presented in this section.

COUNTY OF FAIRFAX, VA
TABLE 3.1 - Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities (1)					
Fiscal Year	General Obligation Bonds (000s)	Revenue Bonds (000s)	Certificates of Participation (2) (000s)	Notes (000s)	Capital Leases (000s)	HUD Section 108 Loan (000s)
2007	$ 1,784,240	234,290	26,885	11,933	11,736	1,725
2006	1,700,980	234,863	27,360	12,578	16,169	1,725
2005	1,661,385	241,732	27,805	-	22,277	1,955
2004	1,618,775	167,354	28,230	-	19,961	2,070
2003	1,577,156	173,450	28,625	-	17,513	2,185
2002	1,519,646	106,650	29,000	-	21,958	2,300
2001	1,441,688	110,485	-	-	22,914	-
2000	1,380,267	114,125	-	-	23,738	-
1999	1,314,378	117,600	-	-	28,811	-
1998	1,258,172	114,530	-	-	27,365	-

Source: Fairfax County Department of Finance

Notes:

(1) Amounts for bonds are reported gross, excluding premiums and/or discounts and deferred amounts on refundings. See Note J in Notes to the Financial Statements for additional information regarding the County's outstanding debt.

(2) The Certificates of Participation relate to the County's acquisition of the South County Government Center, which is reported as a capital lease in the financial statements. The lease was signed on November 1, 2000, and the first payment was due on October 15, 2002.

(3) See Table 4.1 for personal income data. The percentage is calculated using personal income data for the prior calendar year.

(4) See Table 4.1 for population data. The ratio is calculated using population data for the prior calendar year.

State Literary Fund Loans (000s)	Business-type Activities (1) Revenue Bonds (000s)	Total Primary Government (000s)	Pct. of Personal Income (3)	Debt Per Capita (4)
8	376,008	2,446,825	3.710 %	$ 2,359
15	386,783	2,380,473	3.820	2,303
86	398,602	2,353,842	4.028	2,303
158	405,586	2,242,134	4.104	2,215
230	474,272	2,273,431	4.319	2,263
319	484,522	2,164,395	4.239	2,199
408	442,583	2,018,078	4.160	2,081
496	409,740	1,928,366	4.307	2,038
585	414,945	1,876,319	4.664	2,014
712	421,309	1,822,088	4.953	1,998

COUNTY OF FAIRFAX, VA
TABLE 3.2 - Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

	General Bonded Debt Outstanding (1)						
Fiscal Year	General Obligation Bonds (000s)	Revenue Bonds (000s)	Certificates of Participation (000s)	State Literary Fund Loans (000s)	Total (000s)	Pct. of Actual Taxable Value of Real Property (2)	Debt Per Capita (3)
2007	$ 1,784,240	234,290	26,885	8	2,045,423	0.93 %	$ 1,972
2006	1,700,980	234,863	27,360	15	1,963,218	1.09	1,899
2005	1,661,385	241,732	27,805	86	1,931,008	1.32	1,889
2004	1,618,775	167,354	28,230	158	1,814,517	1.39	1,793
2003	1,577,156	173,450	28,625	230	1,779,461	1.54	1,772
2002	1,519,646	106,650	29,000	319	1,655,615	1.65	1,682
2001	1,441,688	110,485	-	408	1,552,581	1.75	1,601
2000	1,380,267	114,125	-	496	1,494,888	1.84	1,580
1999	1,314,378	117,600	-	585	1,432,563	1.87	1,538
1998	1,258,172	114,530	-	712	1,373,414	1.87	1,506

Source: Fairfax County Department of Finance

Notes:

(1) Amounts for bonds are reported gross, excluding premiums and/or discounts and deferred amounts on refundings. See Note J in Notes to the Financial Statements for additional information regarding the County's outstanding debt.

(2) See Table 2.1 for actual taxable value of real property data. This percentage is calculated using values for each fiscal year for which levied.

(3) See Table 4.1 for population data. This ratio is calculated using population for the prior calendar year.

COUNTY OF FAIRFAX, VA
TABLE 3.3 - Direct and Overlapping Governmental Activities Debt
As of June 30, 2007

	Debt Outstanding (1) (000s)	Percentage Applicable (2)	Share of Overlapping Debt (000s)
Overlapping debt (2):			
Town of Herndon general obligation bonds	$ 23,930	100.0 %	$ 23,930
Town of Vienna general obligation bonds	14,297	100.0	14,297
Total overlapping debt			38,227
County direct debt (3):			
General obligation bonds			1,784,240
Revenue bonds			234,290
Certificates of participation			26,885
Notes			11,933
Capital leases			11,736
HUD Section 108 loan			1,725
State Literary Fund loans			8
Total direct debt			2,070,817
Total direct and overlapping debt			$ 2,109,044

Sources: Fairfax County Department of Finance; Town of Herndon; Town of Vienna

Notes:

(1) Amounts for bonds are reported gross, excluding premiums and/or discounts and deferred amounts on refundings.

(2) The percentage of overlapping debt applicable is determined using taxable assessed property values. The Towns of Herndon and Vienna are situated entirely within the geographic boundaries of the County, and their residents and businesses bear the governmental activities debt burdens of both the County and their respective Towns.

(3) The County's direct debt is also presented in Table 3.1.

COUNTY OF FAIRFAX, VA
TABLE 3.4 - Self-Imposed Debt Margin Information
Last Ten Fiscal Years

The Commonwealth of Virginia does not impose a legal limit on the amount of long-term indebtedness that the County can at any time incur or have outstanding. The Board of Supervisors, however, has imposed limits which provide that the County's (a) long-term general bonded debt should not exceed three percent of the total assessed value of taxable real and personal property in the County and (b) the annual debt service should not exceed ten percent of the annual general fund expenditures and transfers out, excluding capital leases and installment purchases in the year initiated. Relevant information pertaining to these self-imposed debt margins is provided below.

	Fiscal Year (000s)				
	2007	2006	2005	2004	2003
(a) Debt limit (2)	$ 7,057,254	5,820,845	4,782,421	4,324,646	3,888,560
Total debt applicable to limit (3)	2,045,423	1,963,218	1,931,008	1,814,517	1,779,461
Self-imposed debt margin	$ 5,011,831	3,857,627	2,851,413	2,510,129	2,109,099
Total debt applicable to limit as a percentage of debt limit	28.98%	33.73%	40.38%	41.96%	45.76%
Total debt applicable to limit as a percentage of assessed value	0.87%	1.01%	1.21%	1.26%	1.37%

Debt Margin Calculation for Fiscal Year 2007:	
Assessed value (2)	$ 235,241,795
Debt limit (3% of assessed value)	7,057,254
Debt applicable to limit: (3)	
General obligation bonds (1)	1,784,240
Revenue bonds (1)	234,290
Certificates of participation	26,885
State Literary Fund loans	8
Total debt applicable to limit	2,045,423
Self-imposed debt margin	$ 5,011,831

	Fiscal Year (000s)				
	2007	2006	2005	2004	2003
(b) Debt service limit	$ 322,551	303,501	279,878	259,515	244,792
Total debt service requirements applicable to limit (4)	253,433	239,326	224,544	213,027	212,107
Self-imposed debt service margin	$ 69,118	64,175	55,334	46,488	32,685
Total debt service requirements applicable to limit as a percentage of the debt service limit	78.57%	78.86%	80.23%	82.09%	86.65%
Total debt service requirements applicable to limit as a percentage of annual general fund expenditures and transfers out	7.86%	7.89%	8.02%	8.21%	8.66%

Source: Fairfax County Department of Finance

Notes:

(1) Amounts for bonds are reported gross, excluding premiums and/or discounts and deferred amounts on refundings.

(2) See Table 2.1 for assessed taxable value of real property data. The amounts used to determine debt limits include values for each period for which levied and include both real and personal property.

(3) See Table 3.2 for debt applicable to limit amounts.

(4) Debt service requirements exclude "bond issuance costs and other" expenditures recorded in the debt service funds.

Fiscal Year (000s)					
2002	2001	2000	1999	1998	
3,432,734	3,045,171	2,791,309	2,620,905	2,513,835	Debt limit (2)
1,655,615	1,552,581	1,494,888	1,432,563	1,373,414	Total debt applicable to limit (3)
1,777,119	1,492,590	1,296,421	1,188,342	1,140,421	Self-imposed debt margin
48.23%	50.99%	53.56%	54.66%	54.63%	Total debt applicable to limit as a percentage of debt limit
1.45%	1.53%	1.61%	1.64%	1.64%	Total debt applicable to limit as a percentage of assessed value

Fiscal Year (000s)					
2002	2001	2000	1999	1998	
229,262	214,834	198,259	184,962	175,702	Debt service limit
190,098	183,740	176,004	162,623	162,971	Total debt service requirements applicable to limit (4)
39,164	31,094	22,255	22,339	12,731	Self-imposed debt service margin
82.92%	85.53%	88.77%	87.92%	92.75%	Total debt service requirements applicable to limit as a percentage of the debt service limit
8.29%	8.55%	8.88%	8.79%	9.28%	Total debt service requirements applicable to limit as a percentage of annual general fund expenditures and transfers out

COUNTY OF FAIRFAX, VA
TABLE 3.5 - Pledged Revenue Coverage for the Integrated Sewer System
Last Ten Fiscal Years

Fiscal Year (1)	Gross Revenues (2) (000s)	Operating Expenses (3) (000s)	Net Available Revenue (000s)	Debt Service (4) Principal (000s)	Debt Service (4) Interest (000s)	Debt Service (4) Total (000s)	Coverage
2007	$ 121,193	73,663	47,530	10,859	17,489	28,347	1.68
2006	127,780	72,705	55,075	9,910	18,028	27,938	1.97
2005	121,476	67,226	54,250	8,939	18,351	27,290	1.99
2004	120,063	70,124	49,939	11,842	22,054	33,896	1.47
2003	112,515	70,579	41,936	10,249	23,457	33,706	1.24
2002	117,377	68,665	48,712	8,061	21,765	29,826	1.63
2001	122,905	61,787	61,118	7,157	21,412	28,569	2.14
2000	122,197	57,447	64,750	5,205	21,682	26,887	2.41
1999	122,445	60,061	62,384	6,364	20,710	27,074	2.30
1998	112,108	58,907	53,201	4,615	18,985	23,600	2.25

Source: Fairfax County Department of Finance

Notes:

(1) Certain amounts for fiscal years 1998 to 2001 have been reclassified and/or adjusted for comparability.

(2) Gross revenues include all revenues, except the amortization of deferred gain on bond refundings.

(3) Operating expenses do not include depreciation and amortization.

(4) See Note J in the Notes to the Financial Statements for detailed information regarding the sewer revenue bonds issued by the Integrated Sewer System and the System's share of the revenue bonds issued by the Upper Occoquan Sewage Authority.

4.0 - Demographic and economic information is intended to assist users in understanding the socioeconomic environment within which a government operates and to provide information that facilitates comparisons of financial statement information over time and among governments. There are two tables presented in this section.

COUNTY OF FAIRFAX, VA
TABLE 4.1 - Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (2) (000s)	Per Capita Personal Income (2)	Median Age (yrs) (3)	Pct. of People ≥ 25 Years Old with a Bachelor's Degree (3)	Public School Enrollment (4)	Unemployment Rate (5)
2006	1,037,311	$ 65,951,196	$ 63,579	38.4	58.7 %	164,284	2.2 %
2005	1,033,646	62,317,484	60,289	38.1	58.5	164,408	2.5
2004	1,022,298	58,443,754	57,169	37.6	57.4	164,195	2.7
2003	1,012,090	54,633,630	53,981	37.9	56.3	163,386	3.1
2002	1,004,435	52,638,421	52,406	37.3	55.9	161,385	3.4
2001	984,366	51,063,002	51,874	36.4	56.2	158,331	2.5
2000	969,749	48,510,724	50,024	36.0	54.8	154,523	1.6
1999	946,371	44,769,027	47,306	*NA*	*NA*	151,418	1.5
1998	931,452	40,232,206	43,193	37.0	*NA*	148,036	1.5
1997	912,126	36,786,042	40,330	*NA*	*NA*	145,805	2.1

Notes:

(1) Population data is obtained from the Fairfax County Department of Systems Management for Human Services.

(2) Personal income data is obtained from the Bureau of Economic Analysis, U.S. Department of Commerce and includes the Cities of Fairfax and Falls Church. Data for only Fairfax County is not available, however, it is believed that the inclusion of these Cities does not significantly affect the County's data. Fairfax County data for 2006 is estimated using percent change in per capita personal income from 2004 to 2005.

(3) Median age and educational attainment information are obtained from the U.S. Census Bureau's American Community Survey.

(4) Public school enrollment is obtained from Fairfax County Public Schools.

(5) Unemployment rates are obtained from the Virginia Employment Commission, Annual Unemployment Statistics for the calendar year, not seasonally adjusted.

COUNTY OF FAIRFAX, VA
TABLE 4.2 - Principal Employers
Current Year and Nine Years Ago

	Fiscal Year 2007 (1)			Fiscal Year 1998		
Employer	Number of Employees (2)	Rank	Pct. of Total County Employment (3)	Number of Employees (2)	Rank	Pct. of Total County Employment (3)
Fairfax County Public Schools	22,707	1	3.91 %	17,589	1	3.76 %
Federal Government	13,359	2	2.30	11,036	2	2.36
Fairfax County Government	11,324	3	1.95	9,988	3	2.13
Inova Health System	7,000-10,000	4	1.46	9,000-10,000	4	2.03
Booz Allen Hamilton	7,000-10,000	5	1.46	2,000-3,000	9	0.53
Northrop Grumman	7,000-10,000	6	1.46	-	-	-
Science Applications International Corporation	4,000-6,999	7	0.95	3,000-4,000	6	0.75
Federal Home Loan Mortgage	4,000-6,999	8	0.95	2,000-3,000	10	0.53
Lockheed Martin	4,000-6,999	9	0.95	-	-	-
Sprint	4,000-6,999	10	0.95	-	-	-
Electronic Data Systems	-	-	-	3,000-4,000	5	0.75
AT&T	-	-	-	2,000-3,000	7	0.53
BDM International	-	-	-	2,000-3,000	8	0.53
Totals			16.33 %			13.91 %

Source: Fairfax County Economic Development Authority (using Virginia Employment Commission data); Fairfax County Public Schools; Fairfax County Department of Management and Budget

Notes:

(1) Employment information for fiscal year 2007, excluding data for Fairfax County Government and Fairfax County Public Schools, is from the 4th quarter of calendar year 2006, which represents the most recent data available. Employment information for fiscal year 1998 is from third quarter 1997 through second quarter 1998, corresponding to the actual County fiscal year.

(2) Employment estimates for separate facilities of the same firm have been combined to create company totals. Employment ranges for the private sector are given to ensure confidentiality.

(3) Percentages are based on the midpoint of the employment range.

Average total County employment for fiscal year 2007 is estimated at 581,053.
Average total County employment for fiscal year 1998 is estimated at 468,120.

5.0 - Operating information is intended to provide contextual information about a government's operations and resources to assist readers in using financial statement information to understand and assess a government's economic condition. There are three tables presented in this section.

COUNTY OF FAIRFAX, VA
TABLE 5.1 - Full Time Equivalent County Government Employees by Function
Last Ten Fiscal Years

	Full-Time Equivalent Employees as of June 30				
Function/Program	2007	2006	2005	2004	2003
Primary Government:					
General government administration	1,437.5	1,426.5	1,417.5	1,415.0	1,415.0
Judicial administration	381.0	370.0	370.0	370.0	376.0
Public safety	4,297.8	4,163.4	4,000.4	3,941.9	3,865.2
Public works	1,128.5	1,103.5	1,100.5	1,133.5	1,137.5
Health and welfare	2,986.3	2,867.1	2,818.2	2,808.3	2,840.4
Community development	487.0	469.0	447.5	403.1	431
Parks, recreation, and cultural	605.5	599.5	585.0	590.5	571.9
Total	11,323.5	10,998.9	10,739.0	10,662.2	10,637.0
Component Units:					
Public Schools:					
Education	22,706.8	22,561.8	22,246.5	21,770.1	21,291.7
Redevelopment and Housing Authority:					
Community development	236.0	234.0	234.0	234.0	235.0
Park Authority:					
Parks, recreation, and cultural	615.3	611.3	609.7	592.3	586.3

Sources: Fairfax County Department of Management and Budget; Fairfax County Public Schools; Fairfax County Redevelopment and Housing Authority; Fairfax County Park Authority

Full-Time Equivalent Employees as of June 30					
2002	2001	2000	1999	1998	Function/Program
					Primary Government:
1,421.0	1,392.0	1,375.0	1,376.0	1,382.0	General government administration
382.0	365.0	355.0	350.0	350.5	Judicial administration
3,808.2	3,749.2	3,663.7	3,555.7	3,513.7	Public safety
1,146.5	1,168.5	1,140.5	1,154.5	1,173.0	Public works
2,817.9	2,761.5	2,663.8	2,589.0	2,563.9	Health and welfare
444.0	435.0	459.0	450.0	439.0	Community development
572.9	586.4	585.7	578.9	566.3	Parks, recreation, and cultural
10,592.4	10,457.5	10,242.6	10,054.0	9,988.3	Total
					Component Units:
					Public Schools:
21,044.9	20,445.3	19,462.7	18,388.0	17,588.9	Education
					Redevelopment and Housing Authority:
235.0	231.0	226.0	224.0	221.0	Community development
					Park Authority:
587.3	576.8	564.8	564.5	568.3	Parks, recreation, and cultural

COUNTY OF FAIRFAX, VA
TABLE 5.2 - Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year				
Function/Program	2007	2006	2005	2004	2003
Primary Government:					
General government administration:					
Real property parcels assessed	355,003	349,995	345,338	341,651	337,350
Personal property vehicles assessed	941,788	947,135	955,658	942,860	949,061
Businesses licensed	47,556	48,074	47,248	47,176	40,649
Best qualified job applicants forwarded to departments	20,336	23,850	20,207	17,777	14,863
Judicial administration:					
Cases filed in General District Court	309,107	314,964	306,347	281,002	249,708
Booking transactions	53,389	52,069	52,120	51,972	48,395
Probation program new enrollment	1,369	1,092	1,181	768	742
Public safety:					
Police:					
Recruits graduating Criminal Justice Academy	126	89	96	154	135
Total cases assigned	*NA*	10,752	10,407	11,257	10,890
Total cases cleared	*NA*	6,927	6,839	7,949	7,556
Parking tickets issued	66,993	77,459	81,881	32,743	21,367
Sheriff:					
Court cases heard annually	458,358	488,453	496,080	456,574	425,022
Average daily Adult Detention Center inmate population	1,095	1,046	1,031	1,044	1,034
Fire and rescue:					
Fire investigations conducted	380	395	380	372	465
Fire inspection activities conducted	18,942	17,396	20,052	20,816	21,330
EMS incidents	64,088	62,036	61,636	62,420	60,306
Animals impounded	*NA*	5,753	7,013	5,773	6,447
Public works:					
Gross square feet of facilities maintained	7,720,206	7,620,961	7,564,973	7,525,059	7,460,673
Tons of County waste disposed	1,008,263	1,020,009	1,006,837	965,119	883,088
Total tons recycled	498,139	424,923	437,235	514,220	386,019
Total average daily wastewater flow treated (million gallons)	107.2	102.4	104.2	108.3	106.0
Health and welfare:					
Persons served through Community Services Board programs:					
Mental health	11,191	11,165	11,006	10,641	10,438
Alcohol and drug services	5,456	5,684	5,290	5,665	6,323
Mental retardation	2,297	1,890	1,809	1,926	1,985
Infant Toddler Connection	1,314	1,719	1,541	1,434	1,254
Senior home-delivered meals	570,614	505,520	462,049	456,735	451,152
Food Stamp applications processed	9,363	9,343	8,611	9,645	9,327
Medicaid/FAMIS applications processed	15,621	14,548	13,359	14,376	15,499
Primary care clinic visits	47,022	48,032	47,616	47,899	39,733
Child immunization vaccines given at clinics	44,775	39,762	32,644	44,537	52,395
Community development:					
Building inspections	180,471	218,631	256,659	237,073	222,546
Building permits issued	68,585	82,029	91,416	78,703	78,078
Zoning permits processed	24,611	24,555	28,991	27,963	33,410
Fairfax Connector bus passengers	9,717,392	9,529,056	8,474,143	7,990,825	7,595,138
Parks, recreation, and cultural:					
Senior Center attendance	246,946	249,966	209,963	191,794	180,692
Teen Center attendance	99,445	116,033	85,610	61,866	53,265
Community Center attendance	175,908	157,512	142,531	116,185	119,685
Library visits	5,334,827	5,225,404	5,265,176	5,283,497	5,261,448
Circulation of all library materials	11,942,788	11,279,972	11,232,817	11,435,007	11,566,681

Fiscal Year					
2002	2001	2000	1999	1998	Function/Program
					Primary Government:
					General government administration:
333,209	330,252	326,244	319,291	315,782	Real property parcels assessed
921,716	900,730	861,826	827,468	802,188	Personal property vehicles assessed
39,568	38,960	39,474	38,473	41,070	Businesses licensed
18,289	21,126	20,125	*NA*	*NA*	Best qualified job applicants forwarded to departments
					Judicial administration:
260,214	285,911	281,725	277,834	263,367	Cases filed in General District Court
47,158	41,297	42,031	42,346	*NA*	Booking transactions
631	613	576	556	440	Probation program new enrollment
					Public safety:
					Police:
113	88	142	96	73	Recruits graduating Criminal Justice Academy
11,550	10,157	*NA*	*NA*	*NA*	Total cases assigned
7,991	6,671	*NA*	*NA*	*NA*	Total cases cleared
27,188	28,498	34,463	32,986	29,982	Parking tickets issued
					Sheriff:
447,545	*NA*	*NA*	*NA*	*NA*	Court cases heard annually
859	778	740	694	708	Average daily Adult Detention Center inmate population
					Fire and rescue:
469	512	444	400	354	Fire investigations conducted
21,660	21,668	*NA*	*NA*	*NA*	Fire inspection activities conducted
60,685	57,800	*NA*	*NA*	*NA*	EMS incidents
8,619	7,430	7,050	7,150	5,729	Animals impounded
					Public works:
6,781,380	6,564,880	*NA*	*NA*	*NA*	Gross square feet of facilities maintained
855,812	809,690	715,658	635,721	*NA*	Tons of County waste disposed
401,368	405,539	336,921	305,298	311,729	Total tons recycled
96.9	102.4	102.3	96.3	104.1	Total average daily wastewater flow treated (million gallons)
					Health and welfare:
					Persons served through Community Services Board programs:
10,551	11,270	11,948	11,422	11,804	Mental health
6,224	5,954	6,183	6,655	6,505	Alcohol and drug services
1,882	1,716	2,139	2,497	2,164	Mental retardation
1,189	1,094	*NA*	*NA*	*NA*	Infant Toddler Connection
452,241	427,681	430,823	425,005	426,766	Senior home-delivered meals
9,299	7,965	8,688	10,233	10,032	Food Stamp applications processed
13,737	14,006	13,310	11,605	9,822	Medicaid/FAMIS applications processed
44,005	44,319	*NA*	*NA*	*NA*	Primary care clinic visits
59,360	56,293	42,128	37,803	41,512	Child immunization vaccines given at clinics
					Community development:
261,811	275,022	292,259	257,713	242,493	Building inspections
82,100	82,911	97,407	89,728	85,491	Building permits issued
32,860	38,985	46,180	43,742	37,603	Zoning permits processed
6,831,313	6,110,611	5,586,462	4,773,876	4,736,026	Fairfax Connector bus passengers
					Parks, recreation, and cultural:
191,009	186,688	182,439	179,412	176,720	Senior Center attendance
48,822	58,514	*NA*	*NA*	*NA*	Teen Center attendance
137,600	*NA*	*NA*	*NA*	*NA*	Community Center attendance
5,349,847	5,063,274	4,821,447	4,820,216	4,960,146	Library visits
12,114,743	11,492,624	10,813,448	10,111,358	9,696,887	Circulation of all library materials

continued

COUNTY OF FAIRFAX, VA
TABLE 5.2 - Operating Indicators by Function (concluded)
Last Ten Fiscal Years

	Fiscal Year				
Function/Program	2007	2006	2005	2004	2003
Component Units:					
Public Schools:					
Combined SAT scores (1)	1104	1108	1114	1105	1110
Number of lunches served daily	82,273	82,169	81,672	81,166	79,012
Number of breakfasts served daily	10,889	10,202	10,830	11,410	10,665
Student enrollment	164,486	164,284	164,408	164,195	163,386
Special education enrollment	13,265	12,665	12,420	12,148	11,751
ESOL enrollment	21,369	20,963	20,646	19,921	19,346
Redevelopment and Housing Authority:					
Residents housed through subsidized rental programs:					
Federal Public Housing	8,108	8,676	10,140	10,534	10,185
Federal Housing Choice Vouchers	2,924	2,933	3,165	2,940	2,967
County Rental Program	3,876	1,355	1,378	1,494	2,068
Homes sold in First-Time Homebuyer Program	142	92	114	97	147
Park Authority:					
REC Center attendance	1,773,319	1,775,980	1,658,377	1,582,774	1,532,537
Golf course rounds	318,117	319,595	296,750	321,381	285,392
Visits to natural, cultural, historic, and interpretive sites	526,975	574,127	479,533	469,774	459,828
Class, camp, and program participation	158,449	151,019	131,379	133,202	132,461

Sources: Fairfax County Department of Management and Budget, Fairfax County Public Schools, Fairfax County Redevelopment and Housing Authority, Fairfax County Park Authority

Notes:

(1) Starting in FY2006, a writing section was added to the SAT, for a possible total score of 2400, compared to 1600 in FY2005 and prior years. The scores reflected above are based on the 1600 scale. The Public Schools average writing score for both FY2007 and FY2006 was 535.

Fiscal Year					
2002	2001	2000	1999	1998	Function/Program
					Component Units:
					Public Schools:
1096	1093	1098	1094	1095	Combined SAT scores (1)
76,423	74,873	72,816	68,165	64,614	Number of lunches served daily
10,029	10,004	9,765	9,316	8,990	Number of breakfasts served daily
161,385	158,331	154,523	151,418	148,026	Student enrollment
10,839	10,444	10,282	9,768	9,334	Special education enrollment
17,128	14,941	12,657	11,099	10,024	ESOL enrollment
					Redevelopment and Housing Authority:
					Residents housed through subsidized rental programs:
9,229	8,869	8,570	*NA*	*NA*	Federal Public Housing
2,897	2,899	2,922	*NA*	*NA*	Federal Housing Choice Vouchers
2,117	2,046	2,187	*NA*	*NA*	County Rental Program
111	253	114	*NA*	*NA*	Homes sold in First-Time Homebuyer Program
					Park Authority:
1,514,138	1,362,501	1,425,064	1,370,813	1,328,979	REC Center attendance
375,711	350,290	373,491	364,177	328,514	Golf course users
418,561	445,511	410,667	421,564	400,208	Visitors to natural, cultural, historic, and interpretive sites
115,901	81,337	81,324	77,463	72,501	Class, camp, and program participation

COUNTY OF FAIRFAX, VA
TABLE 5.3 - Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year				
Function/Program	2007	2006	2005	2004	2003
Primary Government:					
General government administration:					
Government office buildings (square feet)	3,080,056	3,027,973	3,027,973	3,027,973	3,027,973
Vehicle maintenance facilities	4	4	4	4	4
Judicial administration:					
Correctional facilities (inmate capacity)	1,260	1,260	1,260	1,260	1,260
Courtrooms	35	35	35	35	35
Public safety:					
Police:					
Stations	8	8	8	8	7
Vehicles	1,280	1,326	1,283	1,248	1,334
Helicopters	2	2	2	2	2
Criminal justice academy (trainee capacity)	230	230	230	230	230
Fire and rescue:					
County-operated fire and rescue stations	22	21	20	20	20
Volunteer fire and rescue stations	13	11	11	11	11
Combination stations	4	4	4	4	4
Vehicles	462	458	447	431	397
Boats	2	2	2	2	2
Training facilities (trainee capacity)	177	177	152	152	152
Animal shelters (animal capacity)	158	158	158	158	158
Public works:					
Miles of sanitary sewer lines	3,328	3,306	3,289	3,267	3,240
Sewer pumping stations	65	65	64	64	61
Refuse collection, recycling, and disposal vehicles	229	229	228	224	222
Miles of stormwater drainage lines	1,758	1,520	1,507	1,044	835
Stormwater retention ponds	1,222	1,196	1,146	1,116	1,060
Landfills and transfer stations	3	3	3	3	3
Health and welfare:					
Health-related clinics	5	5	5	5	5
Family shelters	3	3	3	3	3
Community Services Board centers	9	9	9	9	9
Community development:					
Community centers	5	5	5	5	5
Bus shelters	74	57	53	42	28
Transit centers and park & ride lots	19	8	6	6	7
Fairfax Connector buses	202	170	170	170	163
Parks, recreation, and cultural:					
Libraries	21	21	21	21	21
Community centers	3	3	3	3	3
Trails and walkways (miles)	605	596	631	626	616

Fiscal Year					
2002	2001	2000	1999	1998	Function/Program
					Primary Government:
					General government administration:
2,962,899	2,802,005	2,802,005	2,802,005	2,802,005	Government office buildings (square feet)
4	4	4	4	4	Vehicle maintenance facilities
					Judicial administration:
1,260	1,012	589	589	589	Correctional facilities (inmate capacity)
35	35	35	35	35	Courtrooms
					Public safety:
					Police:
7	7	7	7	7	Stations
1,298	1,173	958	891	679	Vehicles
2	2	2	2	2	Helicopters
230	230	230	230	230	Criminal justice academy (trainee capacity)
					Fire and rescue:
20	20	19	19	19	County-operated fire and rescue stations
11	11	11	11	11	Volunteer fire and rescue stations
4	4	4	4	4	Combination stations
407	403	393	379	362	Vehicles
2	2	2	2	2	Boats
152	152	152	152	152	Training facilities (trainee capacity)
158	158	158	158	158	Animal shelters (animal capacity)
					Public works:
3,213	3,177	3,139	3,106	3,076	Miles of sanitary sewer lines
61	63	60	54	54	Sewer pumping stations
222	215	214	214	212	Refuse collection, recycling, and disposal vehicles
815	754	692	*NA*	*NA*	Miles of stormwater drainage lines
1,004	976	932	*NA*	*NA*	Stormwater retention ponds
3	3	3	3	3	Landfills and transfer stations
					Health and welfare:
5	5	5	5	5	Health-related clinics
3	3	3	3	3	Family shelters
9	9	9	9	9	Community Services Board centers
					Community development:
5	5	5	5	5	Community centers
13	*NA*	*NA*	*NA*	*NA*	Bus shelters
7	*NA*	*NA*	*NA*	*NA*	Transit centers and park & ride lots
163	163	154	130	127	Fairfax Connector buses
					Parks, recreation, and cultural:
21	21	20	19	19	Libraries
3	3	3	3	3	Community centers
606	546	486	*NA*	*NA*	Trails and walkways (miles)

continued

COUNTY OF FAIRFAX, VA
TABLE 5.3 - Capital Asset Statistics by Function (concluded)
Last Ten Fiscal Years

	Fiscal Year				
Function/Program	2007	2006	2005	2004	2003
Component Units:					
Public Schools:					
Elementary schools	137	136	136	136	132
Middle schools	22	22	22	22	22
High/secondary schools	25	25	24	24	24
Special education centers	11	13	15	20	21
Alternative high schools	3	3	3	3	3
Redevelopment and Housing Authority:					
Housing units owned under programs:					
Federal Public Housing	1,065	1,065	1,065	1,065	1,065
County Rental Program	736	702	683	670	666
Senior Housing Program	494	460	400	400	400
Partnership Program	689	491	491	491	491
Park Authority:					
Acres of park land	23,977	23,677	23,517	22,978	22,644
Athletic fields	288	288	275	274	274
Trail miles	297	211	204	204	204
Play areas and tot lots	194	192	205	205	201
Tennis courts	229	229	225	223	222
Multi-use courts	132	128	119	118	119
Recreational centers	9	9	9	8	8
Golf courses	9	9	8	8	8
Historic sites	64	64	65	65	60
Nature/visitor centers	7	7	7	7	7
Marinas	3	3	3	3	3

Sources: Fairfax County Department of Finance, Fairfax County Public Schools, Fairfax County Redevelopment and Housing Authority, Fairfax County Park Authority

Fiscal Year					
2002	2001	2000	1999	1998	Function/Program
					Component Units:
					Public Schools:
132	131	133	132	132	Elementary schools
21	21	21	21	21	Middle schools
24	24	23	23	23	High/secondary schools
24	25	28	26	26	Special education centers
3	3	3	3	3	Alternative high schools
					Redevelopment and Housing Authority:
					Housing units owned under programs:
1,065	1,065	1,065	1,065	1,065	Federal Public Housing
666	666	666	666	666	County Rental Program
400	340	340	340	280	Senior Housing Program
491	491	491	491	491	Partnership Program
					Park Authority:
22,621	20,063	19,326	17,269	17,146	Acres of park land
295	295	295	295	293	Athletic fields
204	204	190	182	180	Trail miles
201	201	197	271	271	Play areas and tot lots
222	222	222	252	252	Tennis courts
143	143	135	138	118	Multi-use courts
8	8	8	8	8	Recreational centers
8	8	8	8	8	Golf courses
60	60	54	51	49	Historic sites
7	7	7	6	6	Nature/visitor centers
3	3	3	3	3	Marinas

For the 30th consecutive year the County was recognized by the Government Finance Officers Association for excellence in financial reporting.

The County prides itself in continuing its tradition of fiscal excellence as evidenced by its expansive capital improvement program. The front cover boasts some of the most recent capital improvement programs undertaken by the County: (from top to bottom)

Fairfax Center Fire Station;
Burke Virginia Railway Express (VRE) Station;
Fairfax City Regional Library;
Katherine K. Hanley Family Shelter;
Public Safety and Transportation Operations Center (PSTOC);
and Jennings Judicial Center Expansion.

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www.fairfaxcounty.gov

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