

COUNTY OF FAIRFAX, VIRGINIA

Comprehensive Annual Financial Report

For Fiscal Year Ending June 30, 2009



1742

"Providing Transparency in Government"

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2009



DEPARTMENT OF FINANCE
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COMPREHENSIVE ANNUAL FINANCIAL REPORT
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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 6, 2009

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the County of Fairfax, Virginia (the County) for the fiscal year ended June 30, 2009, in accordance with the *Code of Virginia*. The financial statements included in this report conform to generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the County. Extensive disclosures have been included to enable the reader to gain the maximum understanding of the County's financial affairs.

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

GOVERNMENTAL STRUCTURE

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

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

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

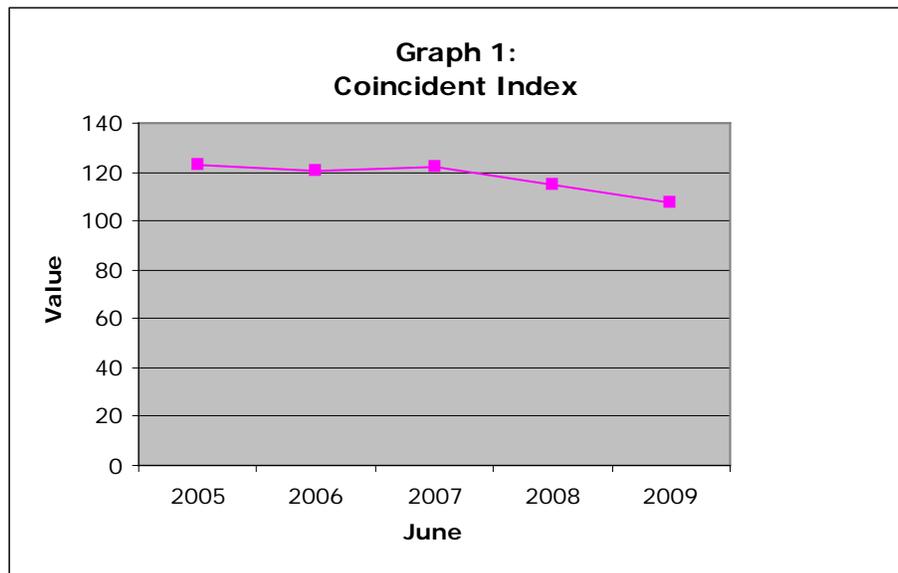
The incorporated towns of Clifton, Herndon, and Vienna are underlying units of government within the County. The ordinances and regulations of the County, with certain limitations prescribed by state law, are in effect. Properties in these towns are subject to County taxation, and the County provides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

ECONOMIC CONDITION AND OUTLOOK

Local Economy

The Washington Coincident Index, which represents the current state of the metropolitan area economy, improved for a fourth consecutive month in June increasing to 107.4. In contrast to these four monthly gains, the index had been down in six of the previous seven months. However, when compared to the previous year, the Coincident Index is 6.4 percent below its June 2008 level of 114.7. While still declining monthly when compared to the previous year, these decreases have moderated each successive month since February 2009. Components of the Coincident Index include consumer confidence, total employment, transient occupancy tax collections, and sales tax collections. The Coincident Index for the Metropolitan Washington Area is shown in Graph 1.

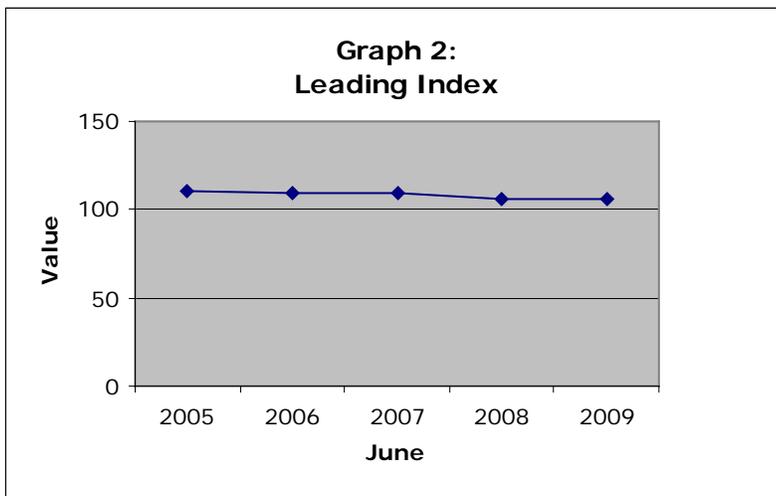
The Washington Leading Index, which is designed to forecast the performance of the metropolitan area economy six to eight months in advance, decreased in June 2009 to 106.1 after three consecutive monthly increases. However, when compared to the previous year, the index increased for a third month following twenty consecutive monthly losses. Components of the Leading Index include total residential building permits, consumer expectations, initial unemployment claims, the help wanted index, and estimated durable retail sales. The Leading Index for the Metropolitan Washington Area is shown in Graph 2.



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

The June 2009 data provide further evidence that the slight improvement reflected in the area economy beginning in March 2009 is continuing with the Leading Index trending higher and with the Coincidence Index sustaining small gains and slowly approaching a positive monthly value when compared to the previous year. The Washington area economy continues to suffer the consequences of a slowdown that dates back to the beginning of 2008. Nonetheless, recent economic indicators point to a stabilizing economy in the region.

The Washington area economy experienced many of the same stresses experienced by the national economy, although it has not been as long or as deep. While payroll jobs have declined for twenty consecutive months at the national level, payroll jobs have declined in the Washington area for only eight months. In addition,

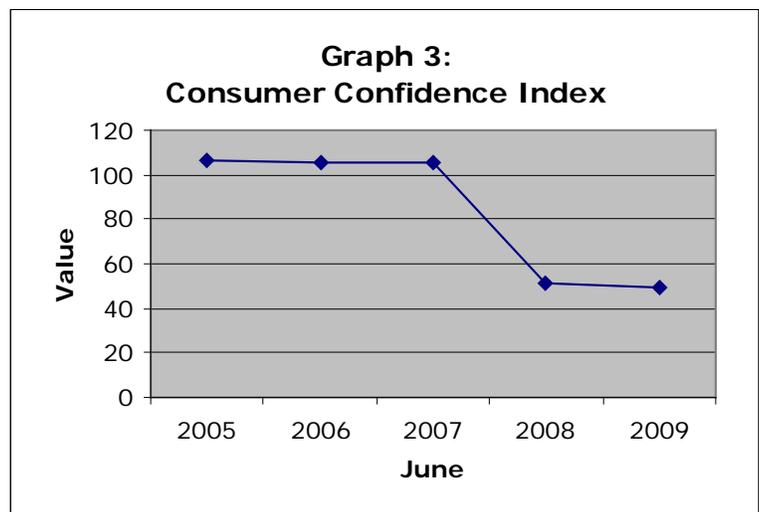


Source: Economic Indicators, Fairfax County Department of Management and Budget

the local housing market appears to have recovered slightly faster locally than nationally with sales in the first eight months in 2009 exceeding sales for the same period in 2008 with prices stabilizing.

Slow growth in the national economy is projected in the second half of 2009, continuing through the first half and possibly even through the first three quarters of 2010 before growth rates move high enough to generate sufficient job growth to stabilize the labor market and reduce unemployment. Locally, the projected growth pattern indicates a slightly faster recovery than nationally, resulting in job growth before the end of 2009 and employment gains sufficient to lower unemployment in 2010.

The Consumer Confidence Index (CCI), which is composed of a “present situation” factor and an “expectations” factor, was 49.3 in June 2009, as compared to 51.0 in June 2008. The decline to this level indicates that consumers have a cautious view of the short-term economic situation; however, August 2009 showed a slight CCI increase due to a gain in the expectation index. Sales tax receipts for 2009 are down 4.3% from 2008 levels, a further indication that consumers are pessimistic about the short term economic outlook. As Graph 3 indicates, there has been a sharp decline in consumer confidence since 2007.



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

Economic Development

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

To promote Fairfax County as the place to locate for a United States presence, the EDA has overseas offices in Bangalore, India; Tel Aviv, Israel; London, England; Frankfurt, Germany; and Seoul, South Korea. A strong foreign-owned business sector helps diversify the County’s economy and enhance opportunities for trade. In 2008, the EDA assisted 20 foreign-owned businesses with their decision to locate or expand in Fairfax

County. More than 360 foreign-owned firms are doing business in the county. They employ more than 21,000 people.

The total inventory of office space in the County was more than 111 million square feet at the end of calendar year 2008, making Fairfax County the largest suburban office market in the Washington, D.C., area and the fourth largest in the nation. It is also the largest office market in the Commonwealth of Virginia. Industrial/flex inventory in the County was estimated at 38.0 million square feet. The vacancy rates (including sublet space) for the office market and industrial/flex markets were 14.5% and 10.2%, respectively, in 2008.

In 2009, the EDA hosted a national conference to focus on the trend towards increased growth and densification facing U.S. suburban communities today. The New Urban Economic Model Conference was held to explore what this transformation means to the County and the lessons drawn from the experiences of similar communities across the country. The three day conference provided insights from economic developers who are responsible for attracting and retaining young, mobile talent, the cost and structure of local government transportation, as well as several other topics. Business leaders from some of the County's major corporations discussed the strategies that drive the decision where to locate a company's headquarters and what makes Fairfax County attractive to their organizations.

The EDA received the 2008 Excellence in Economic Development Award from the International Economic Development Council (IEDC) for its "Power of Ideas" advertising campaign, which highlights the innovative companies in Fairfax County and the highly educated, highly skilled people who work in them. The series consists of three print ads and has appeared in national magazines and regional newspapers.

In 2008 The EDA worked with 90 companies that will add approximately 4,200 jobs to Fairfax County's primary economy. These companies will occupy over 539,000 square feet of additional office space, which will increase the commercial tax base.

As Fairfax County employers continued to create jobs, the county's unemployment rate stood at 3.4%, in contrast to the national unemployment rate of 7.2% at the end of 2008. Well-known companies, such as Google, Volkswagen Group of America, and CEC relocated or expanded in Fairfax County, along with dozens of other U.S., foreign-owned, and small and minority-owned businesses. In August, 2009 Hilton Hotels announced the opening of its new global headquarters in the County. Economic development promotes a vibrant and diversified economy and business community, which also increases the commercial tax base.

Employment

Over 32,000 payroll businesses, including corporate and regional headquarters, information technology firms, sales and marketing offices, and business services are located within Fairfax County. Local businesses create employment in such diverse areas as computer software development and systems integration; telecommunications; Internet and Internet-related services; wholesale and retail trade; defense and homeland security; and financial services. A very high proportion of local jobs are in high-wage, highly skilled technical, professional, scientific, and managerial service occupations.

Fairfax County companies annually appear on a number of prestigious regional and national "best of business" lists in an array of categories, reflecting the diversity and strength of Fairfax County's vibrant business community. The *Washington Business Journal* in 2008 included 22 Fairfax County companies on its list of the 50 fastest growing in the Washington area. The Virginia Chamber of Commerce Fantastic 50 list included 19 firms based in Fairfax County. Twenty-one Fairfax County firms made the Deloitte & Touché Technology Fast 500 in 2008. *Black Enterprise* magazine names five Fairfax County companies to its 2008 list of the largest African American-owned service/industrial companies in the U.S.. Eleven Fairfax County companies were among the 500 largest Hispanic-owned firms in the country in 2008.

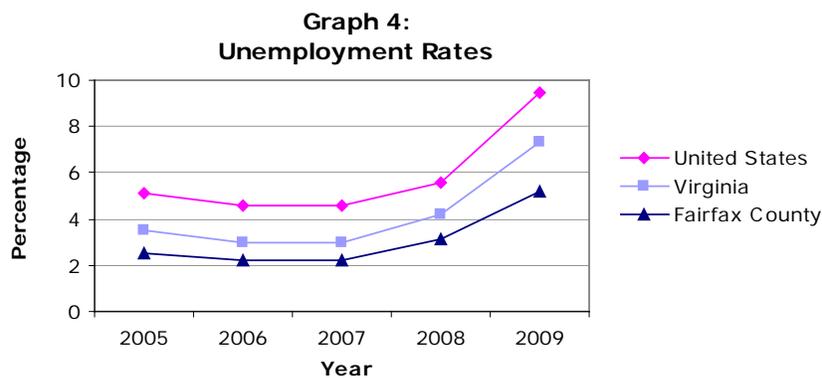
The County hosts a large and lively mix of technology-driven enterprises that deliver a wide spectrum of high-end services and solutions to government, industry, and consumer markets worldwide. Over 5,400

technology establishments directly employ more than 135,000 people – one in four jobs countywide. Technology firms specialize in aerospace, biotech/biomedical, energy environment, engineering/R&D, enterprise software, systems integration, technology consulting, and telecommunications. Since 1980, technology job growth has increased nearly seven-fold. The Washington, D.C. metropolitan area has more technology jobs than any other metro area in the United States, and Fairfax County is home to 20 of the top 30 largest technology employers in the area.

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 4,100 jobs were added by 90 companies during 2008. The County has become a job magnet since 1990 as outsourced federal government work fuels the growth of private-sector companies, especially those that do work for the Defense and Homeland Security departments. The County's proximity to Washington Dulles International Airport also has boosted economic development.

The unemployment rate in the County was 5.2 percent in June 2009, an increase from the 3.1 level reported in June 2008. The Commonwealth of Virginia and national unemployment rates in June 2009 were 7.3 percent and 9.5 percent, respectively. The number of County residents holding jobs in June 2008 was approximately 572,000.

Graph 4 shows unemployment rate information for the past five years for the County, the Commonwealth of Virginia, and the United States. Fairfax County consistently is below the national and state averages for unemployment rates primarily due to increased job growth in the areas of information technology, homeland security, and federal defense contracting.

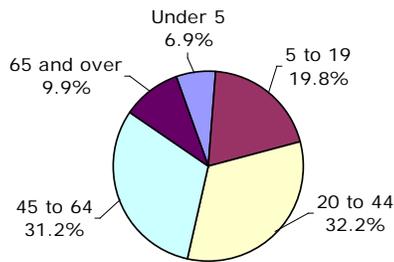


Demographic Information

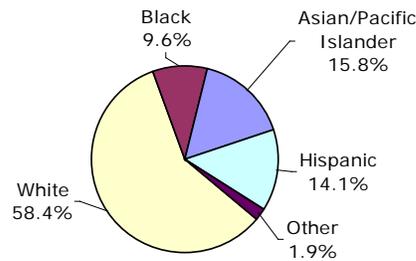
The estimated population of the County at the end of 2008 was approximately 1,015,300 people. In 1980, Fairfax County was the third most populous jurisdiction in the Washington, D.C. metropolitan area, as defined by the U.S. Census Bureau, with a population of 596,900. By 1990, Fairfax County, with 818,600 residents, had become the most populous jurisdiction in the metropolitan region. In 2002, Fairfax County crossed the one million mark in population, with a population of 1,004,400 people. It is anticipated that the population will grow to 1.2 million people by the year 2025.

As illustrated in the charts on the following page, the composition of the County's population is quite diverse. In 2008, almost 38 percent of the County's population consisted of ethnic minorities, and nearly 35 percent of all County residents spoke a language other than English at home. In 2008, slightly over 47.0 percent of the population was 45 years or older, while about 24 percent of the population was under 18 years old.

Population Age Distribution



Racial/Ethnic Composition



Source: U.S. Census Bureau, 2008 American Community Survey

As reported in the American Community Survey, Fairfax County had an annual median household income of \$107,448 in 2008, as compared to \$61,233 in the Commonwealth of Virginia and \$52,029 in the United States. The income level in 2008 was more than double its 1983 level of \$42,600 and the highest of any county in Virginia.

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 2008, single-family detached units represent 51.7 percent and townhouses make up 23.4 percent. In addition, the median size of single-family detached homes 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 \$523,600 in 2008.

Public Schools

Fairfax County Public Schools (FCPS), with a student population of 173,573 for fiscal year 2009, is the largest educational system in the Commonwealth of Virginia and is the 12th largest of over 15,000 in the U.S. The School Board is composed of nine magisterial (election) district representatives plus three at-large members; each member serves a four-year term. A student representative, selected for a one-year term, participates in discussions but does not vote. The operating costs of FCPS are funded primarily by payments from the General Fund of the County to FCPS; additional funds are provided by the federal government and the Commonwealth of Virginia. Capital funding for public school facilities is provided primarily by the sale of general obligation bonds by the County.

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

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

Colleges and Universities

George Mason University (GMU) and Northern Virginia Community College (NVCC) are the two largest higher education institutions located in Fairfax County. For the 2008-2009 school year, GMU had an enrollment of over 30,000 students in 168 programs of study, including doctoral programs; NVCC enrollment exceeded 60,000 students in 55 programs of study on the six campuses in Northern Virginia. Other institutions of higher education located in Fairfax County include Averett University, DeVry University-the Keller Graduate School of Management, ITT Technical Institute, National-Louis University, the University of Virginia, and the Virginia Polytechnic Institute and State University, (the latter two located in the Northern Virginia Graduate Center) and the University of Virginia - Darden School of Business. American University, Catholic University, George Washington University, and Virginia Commonwealth University also operate programs in the County's secondary schools and on military installations within the County.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

Providing Transparency in Government

The recent downturn in the global economy has created a challenging environment throughout the nation, and Fairfax County is no exception. In response, the County is proactively seeking opportunities to engage its residents and promote a collaborative approach with increased access to the budgetary process and the associated financial information that is created and distributed. The County has historically taken steps to solicit input from residents, and in the past fiscal year increased its efforts to provide more transparency and openness.

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

In a cooperative effort between the County and Fairfax County Public Schools, a series of Community Dialogues on the Budget and employee brown bag sessions were held between September and December 2008 to engage residents and employees in the discussion of what Fairfax County's priorities should be during difficult economic times. Nearly 1,000 residents and employees attended the 20 Community meetings and 5 employee sessions and provided excellent information and suggestions for the development of the fiscal year 2010 budget. These extensive dialogues on the County's budget were comprehensive and occurred at an earlier juncture than in any previous budget cycle.

In addition, employee surveys, online and telephone forums for public questions, suggestions, and comments were set up. Nearly 2,000 distinct comments via telephone and web submission were received and processed. The topic areas that have garnered the most comments include the Schools, compensation, taxes, community and recreation services, overall expenditures, and health. These comments are posted on the County's web site in addition to responses to the Board's budget questions and frequently asked resident questions and suggestions.

The County has also taken steps to make financial information more readily available to the public. A financial transparency web portal has been developed as the launch site to publish fiscal reports for public access. This is the first phase of the County's initiative to provide easy access to financial data and to inform Fairfax County residents how their tax dollars are managed. The information posted provides a comprehensive view of expenditures and revenues including: financial reports, budgets, annual audits, procurement contracts and the compensation of the County's workforce. This portal is available on the County's website at <http://www.fairfaxcounty.gov/finance/transparency/>.

Commitment to Fiscal Integrity and Financial Strength

Revenue declines associated with events in the real estate and financial markets, compounded by rising costs for fuel and other goods, have created a challenging environment. The County is taking steps to identify opportunities to provide the levels of service expected by the residents while contending with rising costs and declining revenues. The County has managed well through past periods of economic challenges, and through its commitment to fiscal integrity and financial strength, it will continue to be the economic growth engine for the Washington, D.C. metropolitan area.

In October 2008, Fairfax County was presented with a Certificate of Distinction by the International City/County Management Association (ICMA) at its annual conference in Pittsburgh, PA. Fairfax County is one of only 24 jurisdictions to achieve this level of recognition among more than 200 communities participating in ICMA's Center for Performance Measurement. According to the Center for Performance Management, communities receiving the Certificate of Distinction report performance data to the public through budgets, newsletters and information provided to elected officials, as well as perform staff training and data verification efforts to ensure the data's reliability. The recognized communities demonstrate a commitment to using performance data in strategic planning and management decision-making and share their performance measurement knowledge with other local governments. Communities participating in the Center for Performance Management use the data to identify management practices that contribute to high performance so that local governments can learn from each other and continuously improve.

For the 32nd consecutive year, the County was recognized by the Government Finance Officers Association (GFOA) for excellence in financial reporting. In addition, for the 23rd consecutive year the County received the GFOA's Distinguished Budget Presentation Award for its annual budget for fiscal year 2009. The County demonstrates its commitment to financial strength and fiscal integrity as evidenced by its strategically planned financing arrangements to accomplish strategic goals; its spirit of full disclosure in financial reporting; its expansive capital improvement program; and its participative budgetary process. Being committed to financial strength and fiscal integrity allows the County to continue its commitment to public safety, quality communities, affordable housing, environmental stewardship, transportation improvements, and technology initiatives.

The Creative Economy

Synonyms for creativity include originality, imagination, innovation, and inventiveness. The concept of the creative economy is one which is fueled by a creative community that attracts the best and brightest. The County is an example of such a community, with 57 percent of County residents employed in creative occupations, such as technology, professional services and education. In October 2007, the County hosted the first National Conference on the Creative Economy. This event was attended by almost 400, including many business, community, academic, governmental and cultural leaders.

As the sponsor, the Fairfax County Economic Development Authority (EDA) promoted Fairfax County, Virginia, as a world-class center of commerce and trade and the technology hub of the East Coast. The clear message EDA delivered is that Fairfax is a vibrant business community that offers all the elements it companies need 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.

In anticipation of future needs for public safety, the County broke ground in late 2005 for a new Public Safety and Transportation Operations Center (PSTOC). The 113,000 square-foot PSTOC consolidates regional

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

Homeland security and emergency preparedness are key priorities in the County. The County manages a Community Emergency Alert Network (CEAN) to deliver important emergency alerts, notifications, and updates to residents, businesses, and service organizations during a major crisis or County emergency. The County received the top honor in the Emergency Management, Large Government category for its CEAN by the Public Technology Institute in its Technology Solutions Award competition, a 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-based community leaders, who in turn educated their members about preparing a home emergency preparedness kit.

The Fairfax County Special Needs Registry has been recognized as a "Promising Practice" by the National Association of County and City Health Officials (NACCHO) Model Practice Initiative. As a "Promising Practice," the registry will be highlighted in NACCHO's Model Practice Database, an online collection of local public health departments' programs. The Special Needs Registry allows residents with medical needs, and organizations that are assisting those with social needs, an opportunity to provide information to the County government so that agencies can communicate emergency preparedness, and response and recovery resources to these vulnerable, at risk and hard-to-reach residents. The Registry may be used for any emergency requiring evacuation, such as flooding, hurricanes, hazardous material spills and natural gas leaks. This information will be available to emergency planners and will facilitate the County's preparedness, response and recovery efforts. In 2008, the Fairfax County All Hazards Special Needs Plan was the recipient of the Public Technology Institute's 2007-2008 Solutions Award, an annual competition rewarding those Public Technology Institute local governments that apply technology to improve service delivery, reduce operating costs, and create new revenue opportunities.

A multi-agency collaboration of the Fairfax County Juvenile and Domestic Relations District Court and the probation and parole sector of the Virginia Department of Corrections, and the Fairfax County Public Library; the Changing Lives Through Literature Program was launched as an alternative sentencing program, using the power of literature and reading to transform the lives of teens and adults. Weekly discussion groups of 6 to 12 offenders, a judge, a probation officer and a facilitator involve reading, reflecting, sharing and mutual engagement. While detention or incarceration isolates offenders from the community, this alternative program places the offender with community role models in an intense mutual examination of issues. This program has been recognized by the National Association of Counties (NACo) with a 2008 Achievement Award, as well as by the Alliance for Innovation with an Outstanding Achievement in Local Government Innovation award.

In 2009, the County Health Department partnered with Fairfax County Public Schools to monitor the progression of the H1N1 flu virus. The County follows the guidelines of the Centers for Disease Control (CDC) and Prevention and provides recommendations to the school system with the goal to promote good health and to manage communicable diseases. In the fall of 2009, the County Health Department initiated a series of town hall meetings to address public concerns regarding the H1N1 flu virus. County officials were on hand to answer questions and provide residents with valuable information in preparation for a potential outbreak.

Quality Communities

The County's offerings of cultural programs and attractions contribute greatly to the quality of the community. The Steven F. Udvar-Hazy Center, a component of the Smithsonian National Air and Space Museum, opened

its doors in Fairfax County on December 15, 2003, – the 100th anniversary of flight. The 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 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 fiscal year 2009, the museum had 1,199,655 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 Fairfax County Park Authority manages 24,149 acres of park land, including 289 athletic fields, 8 golf courses, several lakes and historic sites, thus offering diverse recreational options. In 2008, the Park Authority became the newest fully-accredited park agency in the nation following a hearing before the Commission for Accreditation of Park and Recreation Agencies (CAPRA). The Park Authority met all 155 performance criteria, a significant accomplishment considered extremely difficult to obtain. Accreditation is a rigorous process of assessment and peer review using national standards of best practice to better promote the quality of services and delivery systems, and serves as a benchmark for how an agency is doing compared to best practices and policies.

The County operates 8 regional libraries, 14 community libraries, and an access services center that provides unique services for residents with visual and physical disabilities. In fiscal year 2009, almost 14 million items were borrowed from the library’s collection of nearly three million books, CDs, DVDs, magazines, and other items. Also in fiscal year 2009, over 6 million visits were made to the branches and 4.2 million visits were made to the library’s Web site. The library offers a wide variety of services both in the branches and via the Web site. The library has computers for access to the Internet, the catalog, ebooks, downloadable audio books and databases. The library sponsors various programs: national and local author readings and book signings, music concerts, and a wide variety of other events for the diverse population of the County.

Shopping opportunities abound and continue to grow throughout the County. With more than 200 shopping centers and thousands of restaurants offering a variety of world cuisine, Fairfax County offers one of the best shopping and dining experiences on the East Coast. Tysons Corner, the “downtown” of Fairfax County, is home to several malls that feature such retailers as Macy’s, Neiman Marcus, Nordstrom, Saks Fifth Avenue, and Bloomingdale’s. 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 both non-profit and for-profit community partners; 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.

Since fiscal year 2006, the Board has sustained a fund to aid in the preservation of affordable housing. The Penny for Affordable Housing Fund represents the dedication of one cent on the real estate tax rate, or \$22.7 million in fiscal year 2008 and \$22.8 million in fiscal year 2009, to the preservation of affordable housing. The Board initially set a goal to preserve 1,000 units of affordable housing by the end of 2007. This goal was exceeded almost one year ahead of schedule, and as of the end of August 31, 2009, 2,376 units of affordable housing had been preserved. Of that number, 252 units are preserved as affordable housing for periods of five years or less, and 2,124 units are preserved for 20 years or longer.

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, businesses, financial institutions, health care and mental health providers, faith communities, employment services, nonprofit service providers and public agencies – the broad range of community partners who can prevent and end homelessness. The County currently has six emergency shelters operated by nonprofit organizations. In 2009, the Office to Prevent and End Homelessness was established to manage, coordinate and monitor day-to-day implementation of the Plan to Prevent and End Homelessness in the community.

In 2008, the Board authorized a new initiative to address foreclosures within the County. The initiative is a three-pronged approach designed to address the current foreclosure problem and help stabilize impacted neighborhoods while increasing the opportunities for additional workforce housing. The approaches include: Assistance to Homeowners in Distress, the Silver Lining Initiative and Neighborhood Preservation Efforts. Assistance to Homeowners in Distress utilizes counseling to connect homeowners with their lenders or other resources, with the ultimate goal of a loan-work out. Through the Silver Lining Initiative, Housing and Community Development assists first-time homebuyers in purchasing a foreclosed home by utilizing a federally funded Home Equity Loan Program, shared equity loans, as well as funds received from the U.S. Department of Housing and Urban Development as part of its Neighborhood Stabilization Program. Neighborhood Preservation Efforts uses a variety of tools to assist in maintaining home values in communities with foreclosed properties.

Fairfax County's Magnet Housing Pilot Program was recognized with the Thomas H. Muehlenbeck Award for Excellence in Local Government by the Alliance for Innovation. The program is described by the Alliance as an "innovative approach" to providing affordable housing for the County's expanding skilled workforce. Started in 2004, the program was developed to provide safe, attractive, affordable housing for individuals in training or entry-level positions. The housing is provided to individuals and their families while they are in training and for a pre-determined time after completing the program. Initially, the pilot program started as a partnership between the Fairfax County Fire and Rescue Department and Housing and Community Development to provide recruits and their families affordable rental units over a two-year period, providing the opportunity for recruits to be trained and become established in the Fire and Rescue Department. The program expanded to include police cadets, teachers, and other County employees, with future expansion planned through partnership with other key employers experiencing a need for well trained professionals.

Environmental Stewardship

The County recognizes the importance of sound environmental stewardship. This commitment to the environment is evidenced by the awards the County has received as well as its initiatives. In June 2004, the County adopted a 20-year environmental vision plan as a blueprint for environmental protections. 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 fiscal year 2009, the County's Norman 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 nine 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 11 consecutive years. The plant's achievement helps protect the water quality of the County's streams and watersheds, and the Chesapeake 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 local waterways. In 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 \$22.7 million in fiscal year 2008 and \$22.8 million in fiscal year 2009 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.

The County adopted a Green Building Policy in 2008 in support of its many environmental initiatives, including Cool Counties. The policy requires that County-owned buildings be constructed to meet or exceed minimum green building standards. In 2009, the County received an award presented by the Community Appearance Alliance of Northern Virginia for the construction of a green roof at one of its main facilities. The green roof project will help the County meet its air and water quality improvement goals. At lower rooftop temperatures, ground level ozone, which is a significant component of urban smog, is produced more slowly. Green roofs also retain and filter rainwater that would otherwise run off quickly into local streams causing erosion and carrying pollutants. Data suggests that green roofs can capture a significant percentage of the stormwater runoff that would otherwise flow from a structure, and the water that does flow from green rooftops is cooler, decreasing the thermal pollution in local water bodies.

For its Plug-In Hybrid Electric Vehicle (PHEV) Fleet Trial, Fairfax County received a Public Technology Institute 2007-2008 Solutions Award, which recognizes local governments for technology excellence. This program has the potential to vastly reduce consumption of oil and lower emissions of regulated pollutants and greenhouse gases than the current vehicles. Fairfax County's PHEV has performed well and reliably for more than a year, with overall fuel economy being the highest of any of the County's fleet vehicles. Because of its success with the PHEV, Fairfax County was invited by the Idaho National Laboratory of the U.S. Department of Energy to participate in a project they initiated to collect and analyze data on known fleet PHEVs. The PHEV was featured at the Green Car Pavilion at the 2008 Washington Auto Show.

Conservation and protection of land are tenets 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 2008 American Community Survey estimates the average travel time to work as 30.5 minutes for residents of the County. Approximately 72 percent of the County's household population drives alone to work, while eleven percent use carpools, nearly nine percent use public transportation and nearly three percent walk, ride a bicycle, or use 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. Fairfax Connector had approximately 10 million passengers utilize its fleet of over 200 buses in fiscal year 2009.

Bicycling is also becoming a more viable and popular option for commuting in the County. The Board has proposed a Comprehensive Bicycle Initiative that includes a full-time bicycle program coordinator, development of a countywide bicycle map, and the establishment of a pilot program for an interconnected bicycling network in a specific area of the County. Since the fall of 2007, the entire Fairfax Connector fleet of buses has been equipped with bike racks. In April 2006, the Washington Area Bicyclist Association recognized the County's Board for focusing attention on the need to improve facilities and procedures for bicycle transportation in the County. As an effective means to improve air quality, reduce traffic congestion, and conserve energy, the Board also celebrates the annual Bike to Work Day in May by encouraging residents to participate.

Another viable transportation option promoted in the County is teleworking, or telecommuting. The County began a telework program for its 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 to exceed the regional goal set by the Metropolitan Washington Council of Governments to have 20 percent of the eligible workforce 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 eight-year, seven-phase construction project that began in March 1999, was dedicated in a ceremony marking its completion on July 18, 2007. The project included nearly \$700 million in improvements and consisted 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 important transportation initiative is the Dulles Rail Project. This project involves the extension of the Metrorail system for rapid transit in the Dulles corridor. The planned 23-plus mile extension will originate between the East and West Falls Church Metro Stations and will pass through the Tysons Corner area to Dulles International Airport and beyond, to neighboring Loudoun County. 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. Phase 1 construction began in 2009, the target date for completion of Phase 1 is 2012, and the entire project is scheduled to be completed by 2015.

Technology Initiatives

Fairfax County's innovative use of technology and citizen centric strategies was ranked as one of the top five digital counties in the United States for jurisdictions with populations over 500,000 for the fifth consecutive year in 2009, based on a survey by the Center for Digital Government and the National Association of Counties. Fairfax County's Web site was also ranked first in 2009 by the Center for Digital Governments recognizing its advances in digital solutions and communication with residents, government communities and business, and, Fairfax County received the National Association of Counties 2009 Achievement Awards for the Courtroom Technology Management System. The County's Web site was redesigned in 2008 with improved functionality and accessibility features. The new clean, crisp design showcases the architecture of "One Fairfax" with a consistent navigation augmented with vivid graphics, superior search engine and Web 2.0 capabilities. This was achieved with various forms of outreach such as focus groups, online surveys and usability tests with constituents. The updated Web site design has streamlined the interaction between residents and the government by providing user-friendly, easy access to county-wide services and information, with the County's approach resulting in the Digital Communities recognition

The County's e-Government program is the centerpiece of its electronic services initiative. The e-Government program is a multi-channel solution that includes the County's award winning Web site, Interactive Voice Response (IVR) system, mobile access solutions, emergency alerts by text messaging, customer relationship management (CRM) initiatives, and broadcast cable television. The County has also embraced social media in its e-Government program, utilizing Podcasts, RSS Newsfeeds, moderated discussion sessions, and Fairfax County presence on YouTube, Facebook and MySpace as e-Government tools to reach extended audiences. To enhance capabilities used by the public for interaction and participation with County government and to improve communication and services, Fairfax County adopted use of Web 2.0 (social media tools for Citizen-to Government Networking) with its "Get Fairfax" branding. Fairfax County introduced "Mashups" for both business and data presentation to enable content aggregation. Mashups combine data or functionality from two or more external sources to create a new service. GIS ESRI and Goggle Maps are some of tools used to combine web-based data sources with interactive cartographic maps for consumer mashups. The Web 2.0 strategy enables an environment that harnesses new information, communication and social technologies in order to empower the public services of tomorrow. The My Neighborhood application is the centerpiece for additional Web-based enhancements and a broader range of publicly accessible information through new portals and enhanced search options, and continues to be enhanced as a portal for information anchored to neighborhoods. The county's Web security architecture facilitates access for users with differing needs regardless of their technology, and ensure maximum protection and to preserve privacy and security of user information. Fairfax County has PCI (Payment Card Industry) Compliance and Certification for e-commerce transactions.

Also in 2009, the county's cable television channel, Channel 16, has again been named the best government access cable television channel in the nation by the Alliance for Community Media. This is the sixth time the county has won the award in the Overall Excellence in Governmental Access category, with previous awards given in 1996, 1999, 2005, 2006, and 2008. Channel 16 also is the winner of 13 Cable ACE Awards and over 200 national awards for excellence in programming. Channel 16 reaches over 625,000 people in the County and boasts 200 hours of original programming (including call-in shows), 642 hours of live government meetings, 300 programs describing County services, and 240 hours of captioned meetings. Channel 16 programming is also available through live video streaming and video on demand.

The County continues to develop numerous public and private partnerships and collaborative efforts in its approach to information technology. The County's streamlined inspections and contractor licensing verification system, known as FIDO (Fairfax Inspections Database Online) is an enterprise-class solution, supporting nine county agencies' inspections, permits and issues tracking in a single technology 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.

In continuing the county's goal for enterprise and cross agency applications, in 2009, the County implemented a new integrated Public Safety Information System, with new applications and capabilities for improving 9-1-1 call dispatch operations, Police and Fire and Rescue Department case and incident management systems, and wireless EMS services. Fairfax County was the first government nationally that had undertaken this ground breaking approach for a true collaboration of all public safety functions on joint enterprise project, with contemporary system that dramatically improves response and coordination of emergency events. The technology capabilities include interoperability, wireless mobile, automatic vehicle location and tracking, geospatial mapping, and enhanced reporting. With this technology, Fairfax County has consolidated system operational costs and provided a best practices program that is now being sought after by other governments. Another ground breaking technology initiative implemented in 2008 and 2009 was the AV technologies implemented in County Courtrooms. These included, for example, remote testimony, visual evidence display, and secluded witness support that allows the judicial process efficiency, greater efficiency in court proceedings, and numerous cost savings for the county, and constituents of the judicial process.

In the area of technology infrastructure, the county has a centralized architecture that supports the needs of all agencies, which has realized optimal cost for these commodities, and amazing supportability with fewer resources than published industry benchmarks. This with a vigorous IT security infrastructure and policy enforcement, which also won NACO awards in 2008, has enabled 99.98 % performance and data integrity. To further environmental responsibility while also reducing energy consumption, Fairfax began implementation of automated power down for desk-top computers, and continued server and storage consolidation efforts. Further progress is anticipated through approved virtualization projects through the Stimulus package. Finally, Fairfax continues to promote and provide secure telework capacity for county workers, in addition to providing flexibility and improve worker productivity, also supporting county continuity of operations (COOP) needs.

The County's technology strategy is agile, enabling response to new challenges and economic conditions, continuing to build upon investments that provide government efficiencies and meet growth and associated service demands. The strategy includes workforce mobility, which enhances productivity, system interoperability, business intelligence, and green computing. All these support the County's overall goals and vision elements of maintaining safe and caring communities, building livable spaces, connecting people and places, maintaining healthy economies, practicing environmental stewardship, creating a culture of engagement, and exercising corporate stewardship.

FINANCIAL INFORMATION

Ten Principles of Sound Financial Management

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

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 Deputy County Executive, the Director of the Department of Finance, the Director of the Department of Tax Administration, the Director of the Department of Management and Budget, and certain employees within the Department of Finance. Guided by a formal investment policy, the committee monitors daily investment activity and evaluates investment strategies biweekly. The County's investment policies are thoroughly reviewed on a quarterly basis.

BUDGETARY AND ACCOUNTING CONTROLS

The Code of Virginia requires that the County adopt a balanced budget. The County maintains extensive budgetary controls at certain legal 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 strict parameters. The Revenue Stabilization Fund has a targeted balance of 3.0 percent of General Fund disbursements and is separate and distinct from the County's 2.0 percent Managed Reserve, which was established initially in fiscal year 1983. The aggregate of both reserves will not exceed 5.0 percent. As of June 30, 2009, the Revenue Stabilization Fund and Managed Reserve balances were \$105,352,966 and \$68,447,273, respectively.

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

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

As part of the County's single audit, tests are made of the County's internal control structure and of its compliance with applicable laws and regulations, including those related to major federal award programs. The testing of major federal award programs for the year ended June 30, 2009, disclosed no material internal control weaknesses or material violations of laws and regulations. The Single Audit Report is published under separate cover.

Debt Administration

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

Fairfax County an AAA rating in October 1978, and Fairfax County has maintained that rating. The Fitch Investor Service rating was first received in the spring of 1997 and has been maintained since then.

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

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

OTHER INFORMATION

Independent Audit

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

Awards

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR for the fiscal year ended June 30, 2008. 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 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 eleventh consecutive year, The Association of Public Treasurers of the United States and Canada has awarded the County certification for its investment policy, confirming that the County meets the high public investment standards set forth by the Association.

Annual National Association of Counties (NACo) Awards

The NACo Achievement Awards are national recognition of significant innovative programs and activities that improve the organization, management, or service of county governments. During the past six years the County has won awards in 20 of the 21 categories. The County received the following NACo Achievement Awards in 2009, three of which are “Best in Category”, the most received by any county nationwide:

Courtroom Technology Management System – Best in Category: This fully integrated state-of-the-art centralized courtroom audio and video management system provides enhanced evidence presentation capabilities and videoconferencing with simple-to-use controls. Through the system, the courts can meet the increasing demands of an evolving global and technology-enhanced, digitized society. The CTMS is being phased in and ultimately will support, centrally and remotely, 43 courtrooms and ancillary facilities for all three Fairfax courts.

Silver Lining Initiative – Best in Category: The three-pronged initiative responds to the dramatic rise in foreclosed homes and their potential damaging effect on neighborhoods. The initiative encompasses: counseling for those at risk for foreclosure; addressing the increasing number of vacant properties; and stabilizing neighborhoods hit hardest by foreclosures or abandoned homes.

Tree Conservation Ordinance – Best in Category: The Tree Conservation Ordinance is the first ordinance in Virginia to focus on tree preservation. The ordinance ensures that prescribed levels of tree canopy are provided on development sites within a 10-year time frame. Requiring tree preservation during land development helps to sustain existing environmental functionality and enhances the County’s ability to conserve and manage its vital air, water, soil and ecological resources.

Community Connections: To understand and manage the change that comes with a population that is increasingly diverse, Community Connections is designed for equal representation and inclusion of minority populations as customers, park users and park supporters. It is part philosophy, part policy, part listening and part marketing strategy.

EXCELS: Excellence Coalition for Education, Literacy and Library Services: This project supports the educational and social needs of the Fort Belvoir military community. Designed to encourage literacy, increase library facilities use and improve student achievement, it also boosts student participation in academic, social and cultural activities. Cooperation among the Kingstowne Public Library, the Fort Belvoir Elementary School Library and the Van Noy Library on base has expanded after-school programming, homework help, reading clubs, field trips and early literacy programs.

Herrity Parking Garage Green Roof: Constructed on the upper level of the five-story Herrity Building parking garage, the vegetated roof is an innovative stormwater retrofit project. Responding to federal and state stormwater management regulations pertaining to water quality and improving the Chesapeake Bay, the green roof reduces stormwater and polluted runoff. The Herrity green roof also serves as a working model of environmentally friendly construction for developers and residents.

Integrated Parcel Lifecycle System: The Integrated Parcel Lifecycle System (IPLS) facilitates and expands the capabilities of all Fairfax County departments to access, integrate and analyze demographic and land use information to make data-driven service delivery and planning decisions. The IPLS integrates data from across business and jurisdictional function areas into an accessible data warehouse. In addition, the IPLS provides tools for creating parcel level demographic estimates and forecasts and provides menu-driven tools that allow novice users to generate customized reports and maps. Planners, analysts and decision-makers now have access to geographically detailed information that previously was unavailable or very difficult to access.

Road DAWG (Don't Associate with Gangs) Camps: The camps, part of the County's gang prevention initiative, deter gang recruitment of middle-school youth by providing tools to strengthen their resilience, develop positive decision-making skills and encourage leadership characteristics to buffer against the potential lure of gangs. In a time of tight budget constraints, the Road DAWG camps and ongoing gang prevention programming during the school year, leverage and capitalize on existing resources of County agencies and schools; partner with community and business groups; and integrate with law enforcement efforts.

ACKNOWLEDGMENTS

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

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

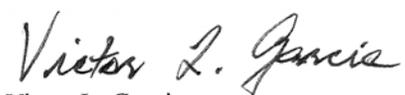
Respectfully,



Anthony H. Griffin
County Executive



Edward L. Long, Jr.
Deputy County Executive



Victor L. Garcia
Director of Finance



**COUNTY OF FAIRFAX,
VIRGINIA**

Urban County Executive Form of Government
As of June 30, 2009

BOARD OF SUPERVISORS

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

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

Victor L. Garcia, Director

DEPARTMENT OF TAX ADMINISTRATION

Kevin C. Greenlief, Director

DEPARTMENT OF PURCHASING AND SUPPLY MANAGEMENT

Cathy A. Muse, Director

OFFICE OF THE COUNTY ATTORNEY

David P. Bobzien, County Attorney

OFFICE OF PUBLIC AFFAIRS

Merni C. Fitzgerald, Director

OFFICE OF THE INTERNAL AUDITOR

Christopher J. Pietsch, Director

INDEPENDENT AUDITORS

KPMG LLP



This report was prepared by:

COUNTY OF FAIRFAX, VIRGINIA
DEPARTMENT OF FINANCE

12000 Government Center Parkway, Suite 214
Fairfax, Virginia 22035
(703) 324-3150, TTY 711
www.fairfaxcounty.gov

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Victor L. Garcia, CPA

DEPUTY DIRECTOR

John D. Higgins

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Wendy Zhi, CPA

A special thanks to Bill and Lorraine Yake for help designing the cover.

**GOVERNMENT
FINANCE
OFFICERS
ASSOCIATION
AWARD**

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

Presented to

**County of Fairfax
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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.



M. L. Post

President

Jeffrey R. Emen

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, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Fairfax County Redevelopment and Housing Authority (FCRHA), a discretely presented component unit of the County, which represents 7.60%, 5.00%, and 14.58%, respectively, of total assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the County's aggregate discretely presented component units financial statements, insofar as it relates to the amounts included for the FCRHA, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia (Specifications). Those standards and Specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Fairfax, Virginia, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2009 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our



testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis on pages 3 through 16 and the required supplementary information and the notes to the required supplemental information on pages 99 through 105 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

KPMG LLP

November 6, 2009

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, 2009. 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 \$1,372.9 million on a government-wide basis at June 30, 2009.
- For the fiscal year, taxes and other revenues of the County's governmental activities amounted to \$3,859.0 million. Expenses amounted to \$3,813.7 million.
- For the fiscal year, revenues of the County's business-type activities were \$131.4 million, and expenses were \$148.9 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 \$51.8 million for fiscal year 2009, as compared to a decrease of \$132.1 million for fiscal year 2008.
- The County's General Fund reported a fund balance of \$279.2 million, an increase of \$7.7 million, or 2.9 percent, from June 30, 2008.

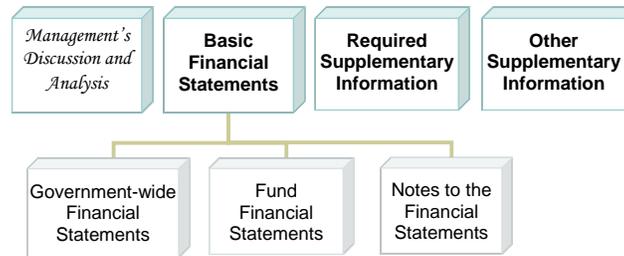
General Financial Highlights

- In October 2008, the Fairfax County Redevelopment and Housing Authority issued a \$104.1 million refunding bond anticipation note to refund the outstanding 2007 bond anticipation note maturing on October 9, 2008. The County is responsible, under the related documents and subject to appropriation, to pay the principal and interest on the note at maturity.
- In January 2009, the County issued \$199.5 million of general obligation public improvement bonds. Bond proceeds from this issue are being used to finance school, park, road, and other general County improvements.
- In January 2009, the County also issued \$58.4 million of general obligation refunding bonds to current refund \$59.8 million of outstanding Series 1999A refunding bonds in order to save \$4.9 million in future debt service payments, with a \$4.6 million net present value.
- In June 2009, the Sewer System issued \$152.3 million of Sewer Revenue Bonds to fund system upgrades, improvements, and the purchase of additional capacity at certain wastewater treatment facilities, for the benefit of the County.

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, an OPEB trust fund and agency funds. The pension trust funds are used to account for the assets held in trust by the County for the employees and beneficiaries of its defined benefit pension plans—the Employees' Retirement System, the Police Officers Retirement System, and the Uniformed Retirement System. The OPEB trust fund is used to account for the assets held in trust by the county for other post employment benefits. The agency funds are used to account for monies received, held, and disbursed on behalf of developers, welfare recipients, the Commonwealth of Virginia, the recipients of certain bond proceeds, and certain other local governments.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Statement of Net Assets

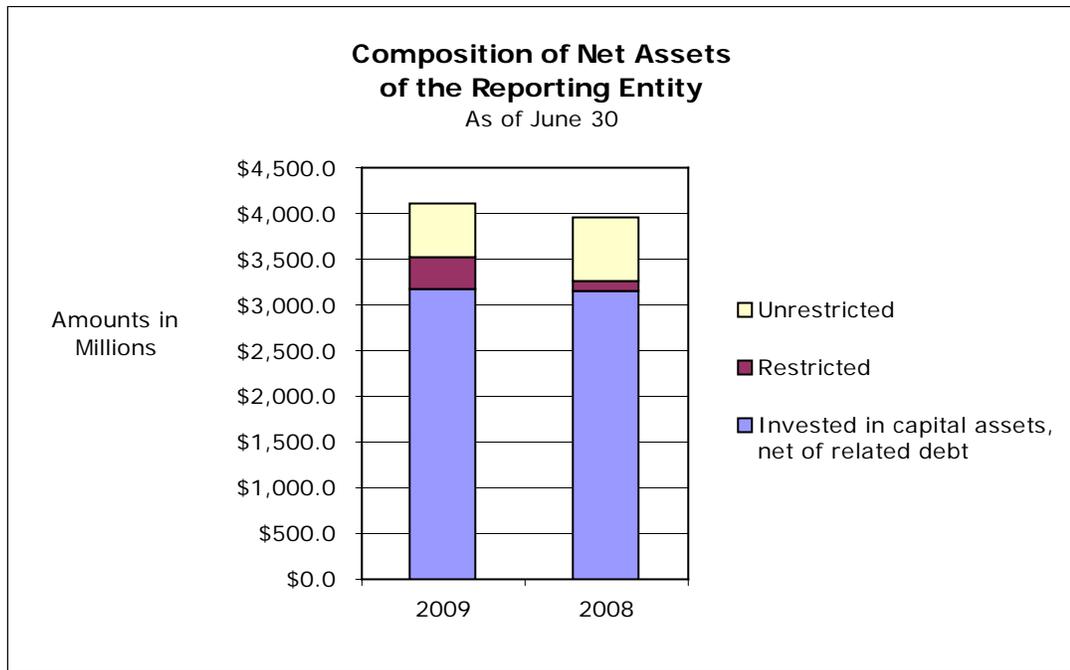
The following tables present a summary of the Statements of Net Assets for the reporting entity as of June 30, 2009 and 2008:

Summary of Net Assets As of June 30 (\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Assets:						
Current and other assets	\$ 4,087.6	4,116.6	\$ 270.7	165.6	\$ 4,358.3	4,282.2
Capital assets (net)	2,009.4	1,927.0	1,186.9	1,161.0	3,196.3	3,088.0
Total assets	6,097.0	6,043.6	1,457.6	1,326.6	7,554.6	7,370.2
Liabilities:						
Current liabilities	3,046.7	3,108.5	12.4	25.5	3,059.1	3,134.0
Long-term liabilities	2,555.5	2,485.5	567.1	405.5	3,122.6	2,891.0
Total liabilities	5,602.2	5,594.0	579.5	431.0	6,181.7	6,025.0
Net assets:						
Invested in capital assets, net of related debt	1,399.9	1,313.6	645.0	757.8	2,044.9	2,071.4
Restricted	188.4	55.4	142.4	28.3	330.8	83.7
Unrestricted (deficit)	(1,093.5)	(919.4)	90.7	109.5	(1,002.8)	(809.9)
Total net assets	\$ 494.8	449.6	\$ 878.1	895.6	\$ 1,372.9	1,345.2

Summary of Net Assets - continued As of June 30 (\$ in millions)								
	Total Primary Government		Component Units		Reclassifications		Total Reporting Entity	
	2009	2008	2009	2008	2009	2008	2009	2008
Assets:								
Current and other assets	\$ 4,358.3	4,282.2	\$ 632.8	589.5	\$ -	-	\$ 4,991.1	\$ 4,871.7
Capital assets (net)	3,196.3	3,088.0	2,604.9	2,536.0	-	-	5,801.2	5,624.0
Total assets	7,554.6	7,370.2	3,237.7	3,125.5	-	-	10,792.3	10,495.7
Liabilities:								
Current liabilities	3,059.1	3,134.0	224.3	223.2	-	-	3,283.4	3,357.2
Long-term liabilities	3,122.6	2,891.0	284.1	283.1	-	-	3,406.7	3,174.1
Total liabilities	6,181.7	6,025.0	508.4	506.3	-	-	6,690.1	6,531.3
Net assets:								
Invested in capital assets, net of related debt	2,044.9	2,071.4	2,432.9	2,356.6	(1,309.3)	(1,267.3)	3,168.5	3,160.7
Restricted	330.8	83.7	57.0	52.0	(33.6)	(30.1)	354.2	105.6
Unrestricted (deficit)	(1,002.8)	(809.9)	239.4	210.6	1,342.9	1,297.4	579.5	698.1
Total net assets	\$ 1,372.9	1,345.2	\$ 2,729.3	2,619.2	\$ -	-	\$ 4,102.2	3,964.4

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

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. For the reporting entity, assets exceeded liabilities by \$4,102.2 million at fiscal year end 2009, representing an *increase* of \$137.9 million from the net assets at June 30, 2008, 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 grant programs (\$45.6 million), community centers (\$19.6 million), sewer improvements (\$144.0 million), and housing (\$12.6 million). Unrestricted net assets represent the remaining amount of net assets that are neither related to capital assets nor restricted for specific uses.

**Composition of Net Assets
of the Reporting Entity**
As of June 30, 2009

Restricted Unrestricted
8.6% 14.1%



Invested in capital assets,
net of related debt
77.3%

Statement of Activities

The following table summarizes the changes in net assets for the primary government for the fiscal years ended June 30, 2009 and 2008:

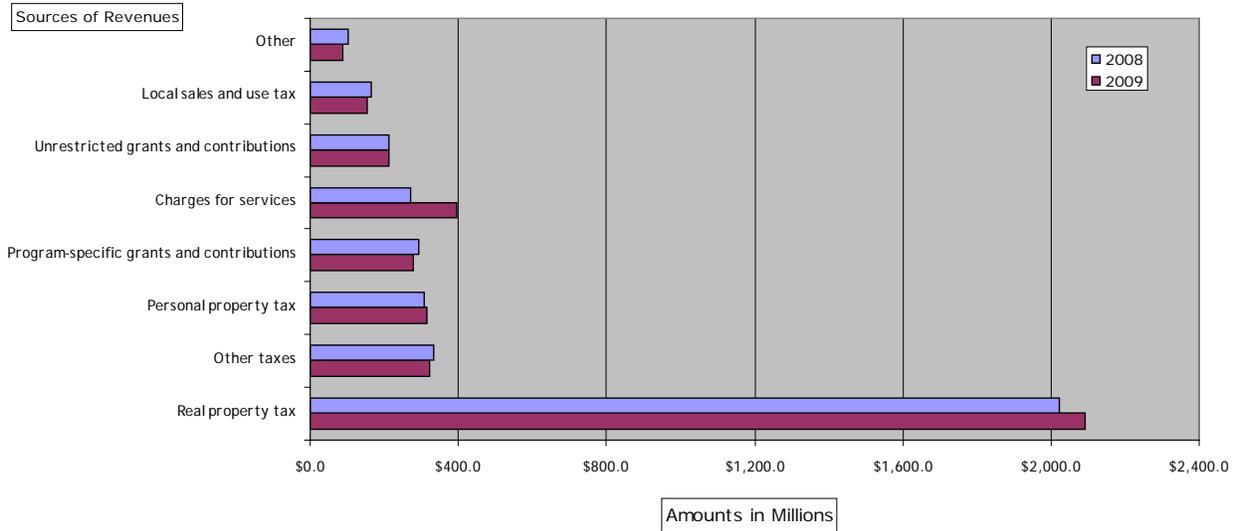
Summary of Changes in Net Assets For the Fiscal Years Ended June 30 (\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 394.1	270.4	\$ 120.2	114.2	\$ 514.3	384.6
Operating grants and contributions	248.0	260.4	-	-	248.0	260.4
Capital grants and contributions	30.5	32.5	9.0	10.1	39.5	42.6
General revenues:						
Real property tax	2,093.5	2,020.8	-	-	2,093.5	2,020.8
Personal property tax	316.7	307.6	-	-	316.7	307.6
Business licenses tax	143.0	139.0	-	-	143.0	139.0
Local sales and use tax	154.9	164.9	-	-	154.9	164.9
Consumers utility tax	113.6	122.3	-	-	113.6	122.3
Other taxes	65.2	70.8	-	-	65.2	70.8
Unrestricted grants and contributions	212.0	212.5	-	-	212.0	212.5
Revenue from the use of money	87.6	103.9	2.3	5.1	89.9	109.0
Total revenues	3,859.1	3,705.1	131.5	129.4	3,990.6	3,834.5
Expenses:						
General government administration	160.7	155.4	-	-	160.7	155.4
Judicial administration	44.9	45.4	-	-	44.9	45.4
Public safety	624.3	614.8	-	-	624.3	614.8
Public works	195.1	191.5	149.0	142.6	344.1	334.1
Health and welfare	494.5	491.5	-	-	494.5	491.5
Community development	273.6	206.2	-	-	273.6	206.2
Parks, recreation, and cultural	140.8	182.3	-	-	140.8	182.3
Education	1,784.7	1,733.9	-	-	1,784.7	1,733.9
Interest on long-term debt *	95.2	94.3	-	-	95.2	94.3
Total expenses	3,813.8	3,715.3	149.0	142.6	3,962.8	3,857.9
Increase (decrease) in net assets before special item	45.3	(10.2)	(17.5)	(13.2)	27.8	(23.4)
Special items:						
Gain from sale of purchased capacity	-	-	-	11.0	-	11.0
Increase (decrease) in net assets	45.3	(10.2)	(17.5)	(2.2)	27.8	(12.4)
Beginning net assets	449.6	459.8	895.5	897.7	1,345.1	1,357.5
Ending net assets	\$ 494.9	449.6	\$ 878.0	895.5	\$ 1,372.9	1,345.1

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

Governmental Activities

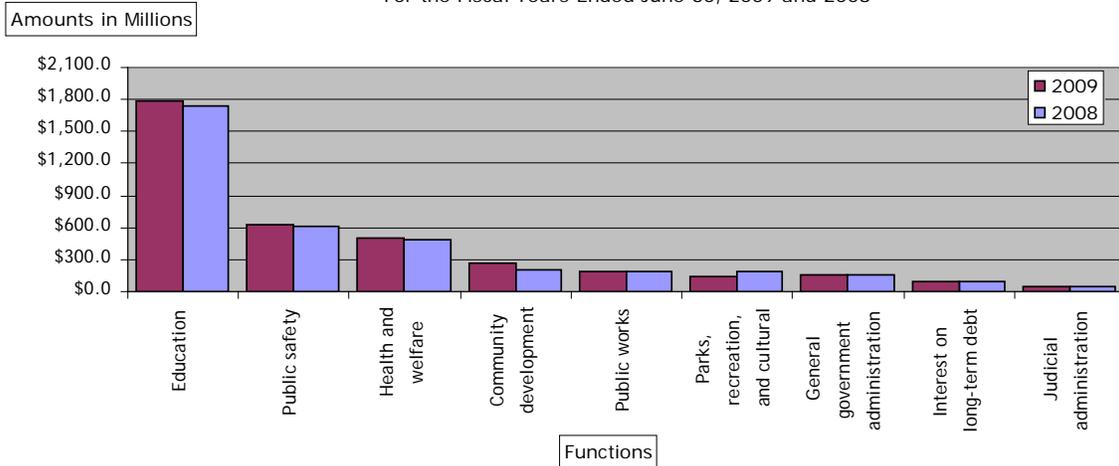
Revenues for the County's governmental activities were \$3,859.1 million for fiscal year 2009, representing an increase of \$154.0 million over fiscal year 2008. Sources of revenues for fiscal years 2009 and 2008 are comprised of the following items:

Governmental Activities - Revenues by Source
For the Fiscal Years Ended June 30, 2009 and 2008



Taxes constitute the largest source of County revenues, amounting to \$2,886.8 million for fiscal year 2009, an increase of \$61.4 million over fiscal year 2008, primarily due to real property taxes. Real property taxes (\$2,093.5 million) represent 72.5 percent of total taxes and over half of all revenues combined. Unrestricted grants and contributions include \$211.3 million in revenues from the Commonwealth of Virginia to reimburse Fairfax County as part of the Personal Property Tax Relief Act (see Note C to the financial statements).

Governmental Activities - Expenses by Function
For the Fiscal Years Ended June 30, 2009 and 2008



Total cost of all of the County's governmental activities for fiscal year 2009 was \$3,813.8 million, representing an increase of \$98.5 million over fiscal year 2008. As the chart below indicates, education continues to be the County's largest program. Education expenses totaled about \$1.78 billion in fiscal year 2009, to support school operations and service debt for bond-funded projects to build new schools and renew older facilities. Public safety expenses represent the second largest expense, totaling \$624.3 million in fiscal year 2009. Public safety expenses increased \$9.5 million over fiscal year 2008 primarily due to personnel costs in the Police, Sheriff, Public Safety Communications, Circuit Court and Juvenile and Domestic Relations Court departments.

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

Net Cost of County's Governmental Activities For the Fiscal Years Ended June 30 (\$ in millions)				
Functions/Programs	Total Cost of Services		Net Cost of Services	
	2009	2008	2009	2008
Education	\$ 1,784.7	1,733.9	\$ 1,784.7	1,733.9
Public safety	624.3	614.8	513.7	508.8
Health and welfare	494.5	491.5	295.7	295.1
Community development	273.6	206.2	68.8	151.6
Public works	195.1	191.5	104.0	54.1
General government administration	160.7	155.4	148.9	142.4
Other	280.9	322.0	225.3	266.0
Total	\$ 3,813.8	3,715.3	\$ 3,141.1	3,151.9

Some of the cost of governmental activities was paid by those who directly benefited from the programs (\$394.1 million) and other governments and organizations that subsidized certain programs with grants and contributions (\$278.4 million). Of the \$3,141.1 million net cost of services, the amount that taxpayers paid for these programs through County taxes was \$2,886.8 million.

Business-type Activities

The Sewer System recovers its costs primarily through user service charges and availability fees. For fiscal year 2009, the Sewer System reported a decrease in net assets of \$17.5 million. Total revenues of the Sewer System increased \$2.0 million over fiscal year 2008, excluding the special item gain recognized in 2008. This increase was primarily the result of increases in service charges which exceeded decreases in availability fees, investment interest, and contributions from Developers.

Total expenses of the Sewer System for fiscal year 2009 were \$149.0 million, increasing by \$6.4 million over fiscal year 2008. This increase resulted primarily from increases in the cost for contractual services, material and supplies, and personnel services.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

As of June 30, 2009, the County's governmental funds had a combined fund balance of \$786.7 million, as compared to \$734.8 million at June 30, 2008. Of the fiscal year 2009 fund balance, \$260.7 million is reserved, indicating that it is not available for new spending because it has already been committed for items such as existing purchase orders, construction contracts and loan repayments. Approximately 66.8 percent (\$525.9 million) of the total 2009 fund balance is unreserved, representing resources available for appropriation. Of the unreserved fund balance, by nature of the individual funds, 54.7 percent (\$288.1 million) has been designated to meet the program needs in the special revenue, capital projects, and debt

service funds. Additionally, \$155.0 million of the General Fund's unreserved fund balance of \$237.8 million is designated for emergency needs and revenue stabilization for periods of economic downturn.

For the fiscal year ended June 30, 2009, fund balances for all governmental funds increased by \$51.9 million, compared to the \$132.1 million decrease for fiscal year ended June 30, 2008. Total revenues and other financing sources were \$4,674.2 million, and total expenditures and other financing uses were \$4,622.3 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 \$82.8 million after considering the designated amount of \$155.0 million. This \$82.8 million represents approximately 2.9 percent of the General Fund's total expenditures. Revenues of \$3,335.1 million less expenditures of \$2,880.0 million and other financing uses (net) of \$447.4 million resulted in a positive net change in fund balance of \$7.7 million. Key factors for the increase of the fund balance include the following:

- Personal Property and Business license tax revenue exceeded expectations due to somewhat stronger economic activity than projected.
- Current expenditures declined or remained flat in most areas except Health and Welfare due to increased demand for those services.

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 \$69.8 million or 2.1 percent. This increase is due primarily to the carryover of prior year commitments. The final amended budget revenues and transfers reduced the original budget by \$14.3 million or 0.4 percent, primarily due to concerns of a greater than anticipated decline in the over-all economy.

Actual revenues exceeded final budget amounts by \$46.6 million, while actual expenditures were \$69.7 million less than final budget amounts. Highlights of the comparison of final budget to actual figures for the fiscal year ended June 30, 2009, include the following:

- Actual tax revenues exceeded budgeted amounts by \$23.7 million primarily impacted by Personal Property and BPOL taxes. The increase in personal property was a result of increased volume of vehicles and a higher than projected average vehicle levy. Receipts from delinquent personal property taxes were higher than anticipated resulting from significant tax collection activity and refunds for delinquent BPOL taxes were lower than estimated.
- Intergovernmental revenues were \$11.6 million more than budgeted amounts primarily due to revenue associated with additional funding provided by the Commonwealth of Virginia for certain public assistance programs, predominantly the Child Care Assistance and Referral program, administrative funding for social services positions and a Federal funding for holding illegal immigrants in County jails.
- Revenues from the use of money and property were \$9.9 million more than budgeted amounts due to an increase in Interest on Investment achieved through active investment management and the size of the County's portfolio.
- Actual general government administration expenditures were \$6.9 million, or 6.4 percent, less than budgeted amounts as a result of managing position vacancies.

- Actual public safety expenditures were \$20.0 million, or 4.6 percent, less than budgeted amounts mainly due to local cash match funding associated with the Community Oriented Policing Services (COPS) in Schools grant programs, savings associated with managing position vacancies, reduced overtime related expenses, postponement of specialty schools training for Fire & Rescue and the absence of weather-related emergencies during the fiscal year.
- Actual health and welfare expenditures were \$13.1 million, or 4.7 percent, less than budgeted amounts due to management of position vacancies, and a reduction in travel and trainings.
- Nondepartmental expenditures were \$10.0 million, or 4.7 percent, less than budgeted amounts primarily due to savings in group health insurance and lower than anticipated contributions to the retirement system, as well as additional savings associated with the management of vacant positions in other areas.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The County's investment in capital assets as of June 30, 2009, amounted to \$3.2 billion (net of accumulated depreciation and amortization), which represents an increase of \$108.3 million, or 3.5 percent, over last year. Capital assets as of June 30, 2009 and 2008, are summarized below:

	Capital Assets As of June 30 (\$ in millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Land	\$ 417.4	416.7	\$ 17.7	17.6	\$ 435.1	434.3
Buildings, improvements, and infrastructure	1,847.5	1,737.9	1,000.7	961.4	2,848.2	2,699.3
Equipment and library collections	425.5	382.2	11.4	11.0	436.9	393.2
Construction in progress	70.9	84.1	48.8	51.3	119.7	135.4
Equipment under construction	9.5	6.2	-	-	9.5	6.2
Purchased capacity	-	-	718.7	684.9	718.7	684.9
Total capital assets	2,770.8	2,627.1	1,797.3	1,726.2	4,568.1	4,353.3
Less: Accumulated depreciation and amortization	(761.3)	(700.0)	(610.4)	(565.2)	(1,371.7)	(1,265.2)
Total capital assets, net	\$ 2,009.5	1,927.1	\$ 1,186.9	1,161.0	\$ 3,196.4	3,088.1

The major capital asset events for fiscal year 2009 included the following:

- The completion costs for the *West Ox Operations Center* was \$36.1 million, funded with transportation improvement bond proceeds.
- Developers' conveyance of storm water facilities, public drainage systems, trails, and walkways totaled \$21.1 million.
- The ongoing costs associated with the expansion and renovation of *Jennings Judicial Center* and courtroom totaled \$11.6 million, funded through a public safety referenda and a state reimbursement.
- The completion costs associated with the *Forensics Facility* in Springfield totaled \$11.3 million, funded through general revenues.

- Developers' contributions of sewer lines and manholes totaled \$8.9 million.
- The ongoing construction costs associated with Human Services facilities, including Gregory Road Treatment facility expansion and renovation, Woodburn Mental Health Center, and Less Secure Shelter II, totaled \$7.9 million, funded through general revenues.
- The ongoing expansion and renovation costs associated with 4 County libraries: Thomas Jefferson, Richard Byrd, Dolley Madison, and Martha Washington, totaled \$5.1 million, funded with a public library bond referendum and general revenues and bonds.
- The purchase of library books and audio/video materials totaled \$4.1 million, funded through general operating revenues.
- The ongoing expansion and renovation costs associated with 3 County community centers, *Reston*, and *Mott*, plus the ongoing work at *Lorton* community center, totaled \$2.9 million, funded with special revenue and general revenue funds.
- The Sewer System's share of the ongoing expansion costs of the Arlington County's, Alexandria County's, and the District of Columbia's wastewater treatment facilities, which provide services to certain County residents, was \$9.6 million, \$15.4 million, and \$8.8 million, respectively, funded through Sewer Revenue bonds.
- Renovations at 5 County fire stations, fire & rescue training academy, and an animal shelter totaled \$2.4 million, funded through a public safety bond referendum.

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

Long-term Debt

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

- A limit of \$1.375 billion of general obligation bond sales over a five-year period, for an average of \$275 million annually, with a maximum of \$300 million in any given year, excluding refunding bonds;
- A limitation that total long-term debt (excluding capital leases for equipment and sewer revenue bonds) not exceed 3 percent of the total market value of taxable real and personal property in the County and that annual debt service payments not exceed 10 percent of annual General Fund expenditures and transfers out. For fiscal year 2009, these percentages were 0.9 percent and 8.2 percent, respectively.

In January 2009, the County issued \$199.5 million of Series 2009A General Obligation Public Improvement Bonds with a true interest cost of 3.568 percent and a premium of \$12.2 million. Proceeds are being used to fund new facilities and improvements, as follows (in millions):

County facilities:	
Transportation improvements	\$ 14.5
Other purposes	<u>14.0</u>
Total County facilities	28.5
Public Schools facilities.....	152.1
Park Authorities facilities	<u>18.9</u>
Total bonds issued for new projects.....	<u>\$199.5</u>

In January 2009, the County also issued \$58.4 million of general obligation refunding bonds to current refund certain outstanding Series 1999A refunding bonds, thereby taking advantage of lower interest rates to reduce the County's debt service payments by \$4.9 million over the next 5 years and obtaining an economic gain of \$4.6 million.

The following is a summary of the County's gross outstanding long-term debt as of June 30, 2009 and 2008:

	Outstanding Long-term Debt As of June 30 (\$ in millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
General obligation bonds issued for:						
County facilities	\$ 352.9	354.5	\$ -	-	\$ 352.9	354.5
Public Schools facilities	1,185.1	1,130.1	-	-	1,185.1	1,130.1
Park Authority facilities	169.1	167.3	-	-	169.1	167.3
Washington Metropolitan Area Transit Authority	87.2	93.9	-	-	87.2	93.9
Northern Virginia Regional Park Authority	15.8	13.1	-	-	15.8	13.1
Commonwealth of Virginia (roads)	85.7	102.0	-	-	85.7	102.0
Revenue bonds	209.7	222.6	-	-	209.7	222.6
Sewer revenue bonds	-	-	559.1	418.6	559.1	418.6
Capital leases and other	61.2	84.7	-	-	61.2	84.7
Total County outstanding debt	\$ 2,166.7	2,168.2	\$ 559.1	418.6	\$ 2,725.8	2,586.8

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following economic factors are reflected in the General Fund budget for fiscal year 2010:

- The assessed value of all real property decreased by \$22.86 billion, or 9.95 percent, over the fiscal year 2009 value. This decline is the result of a double-digit decline in residential values and a moderate decline in nonresidential values.

- Equalized Residential property assessments declined 12.55 percent in fiscal year 2010. This represents the third consecutive decline in assessment values. This trend is inline with historic performance when the National Economy is in recession.
- Non-residential equalization declined 4.51 percent in fiscal year 2010, down from 7.00 percent growth in fiscal year 2009. The reduction reflected the rise in office vacancy rates over the year.
- Personal property tax revenue is projected to drop 4.7 percent in fiscal year 2010. The vehicle component, is the main cause of this decrease as vehicle volume is forecast to drop 1.8 percent and average volume is projected to fall 4.2% in fiscal year 2010. Current economic conditions are impacting consumer vehicle purchases. Some improvement may result from Federal Government efforts to stimulate car sales.
- Revenue from investments is expected to decline due to continued low interest rates.

The Fiscal Year 2010 Adopted Budget includes revenues of \$3.31 billion, or a 0.8 percent increase over the fiscal year 2009 *Revised Budget Plan*. Real and personal property taxes represent the majority of budgeted revenues, comprising approximately 78.7 percent of the fiscal year 2010 General Fund revenues. Revenue from real property taxes alone makes up 63.8 percent of total revenues, as compared to approximately 61.6 percent in the Fiscal Year 2009 Adopted Budget.

Budgeted disbursements, which include expenditures and transfers out, are \$3.33 billion, a 2.69 percent decrease from the fiscal year 2009 level. For fiscal year 2010, the County has maintained the fiscal year 2009 level of funding for Public Schools, with a \$9.1 million increase for School Debt Service representing a 5.9 percent increase over fiscal year 2009. County funding for Public Schools is \$1.79 billion – which approximates 53.8 percent of the County's total General Fund budget. This funding supports operating costs, school construction, and debt service. Total direct expenditures funding decreased by \$69.7 million, or 5.45 percent, from fiscal year 2009. These reductions are being accomplished through various innovative approaches such as program eliminations, consolidations, and staff reductions to reduce cost while maintaining core County services.

In fiscal year 2010, the following tax rate and fee adjustments were approved:

- Real estate tax rate was increased from \$0.92 to \$1.04 per \$100 of assessed value.
- Commercial real estate tax rate for County transportation remains \$0.11 per \$100 of assessed value on commercial and industrial properties.
- Special real estate tax rate collected on all properties within Small District 1, Dranesville for the McLean Community Center is reduced from \$0.026 to \$0.024 per \$100 of assessed value.
- The sewer availability charge for new single-family homes increases by \$414, or 6 percent, from \$6,896 to \$7,310.
- Sewer service rate increases from \$4.10 to \$4.50 per 1,000 gallons of water consumption.
- Refuse collection rate for County collection sanitation districts remains at \$345 per household, and the refuse disposal rate increases from \$57 to \$60 per ton.

The County has added no new major initiatives for fiscal year 2010. The Board has approved the dedication of one-half penny of the real estate tax rate for the preservation of Affordable Housing. The Board has created a Countywide Service District replacing the one-penny for Stormwater Management at a rate of \$0.01

per \$100 of assessed value. Utilizing an unprecedented level of community input, Major funding adjustments and strategies have been incorporated in the Fiscal Year 2010 Adopted Budget Plan to continue to address the County's commitment to achieving the strategic priorities of a strong investment in education; public safety and gang prevention; affordable housing; environmental protection; transportation improvements; and revenue diversification to reduce the burden on the homeowner.

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, 2009

	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
ASSETS			
Equity in pooled cash and temporary investments	\$ 1,162,025,076	67,470,553	1,229,495,629
Cash in banks	-	-	-
Investments	-	244,600	244,600
Receivables (net of allowances):			
Accounts	20,460,392	2,072,600	22,532,992
Accrued interest	6,124,614	199,020	6,323,634
Property taxes:			
Delinquent	21,165,719	-	21,165,719
Not yet due	2,395,922,267	-	2,395,922,267
Business license taxes - delinquent	3,384,252	-	3,384,252
Loans	60,476,075	-	60,476,075
Notes	-	-	-
Other	36,822	-	36,822
Due from intergovernmental units (net of allowances):			
Property tax relief:			
Property tax relief - not yet due	211,313,944	-	211,313,944
Other	83,745,301	27,456,788	111,202,089
Due from primary government	-	-	-
Due from component units	911,909	-	911,909
Loan to component unit	15,275,000	-	15,275,000
Lease to component unit	56,620,000	-	56,620,000
Interfund receivables	356,087	(356,087)	-
Inventories of supplies	3,085,115	467,348	3,552,463
Prepaid and other assets	46,886	-	46,886
Restricted assets:			
Equity in pooled cash and temporary investments	11,953,188	150,663,667	162,616,855
Cash with fiscal agents	841,578	-	841,578
Certificates of deposit - performance bonds	60,562	-	60,562
Investments	-	21,281,829	21,281,829
Land held for sale	-	-	-
Capital assets:			
Non-depreciable:			
Land	417,380,727	17,659,783	435,040,510
Construction in progress	70,877,847	48,839,141	119,716,988
Equipment under construction	9,517,057	-	9,517,057
Depreciable/amortizable:			
Equipment	351,458,400	11,376,730	362,835,130
Library collections	74,095,472	-	74,095,472
Purchased capacity	-	718,700,236	718,700,236
Buildings and improvements	1,282,898,389	1,000,720,738	2,283,619,127
Infrastructure	564,578,829	-	564,578,829
Accumulated depreciation	(761,322,491)	(443,641,505)	(1,204,963,996)
Accumulated amortization	-	(166,722,052)	(166,722,052)
Net OPEB Asset	23,825,610	-	23,825,610
Deferred bond issuance costs (net of amortization)	9,978,847	1,174,195	11,153,042
Total assets	\$ 6,097,093,474	1,457,607,584	7,554,701,058

See accompanying notes to the financial statements.

EXHIBIT A

Total Component Units	Reclassifications (See Note A-12)	Total Reporting Entity	
ASSETS			
461,540,841	-	1,691,036,470	Equity in pooled cash and temporary investments
18,806,859	-	18,806,859	Cash in banks
3,590,000	-	3,834,600	Investments
			Receivables (net of allowances):
2,527,822	-	25,060,814	Accounts
350,246	-	6,673,880	Accrued interest
			Property taxes:
-	-	21,165,719	Delinquent
-	-	2,395,922,267	Not yet due
-	-	3,384,252	Business license taxes - delinquent
		60,476,075	Loans
32,541,841	-	32,541,841	Notes
-	-	36,822	Other
			Due from intergovernmental units (net of allowances):
			Property tax relief:
-	-	211,313,944	Property tax relief - not yet due
32,417,744	-	143,619,833	Other
4,528,419	-	4,528,419	Due from primary government
-	-	911,909	Due from component units
-	-	15,275,000	Loan to component unit
-	-	56,620,000	Lease to component unit
-	-	-	Interfund receivables
2,967,758	-	6,520,221	Inventories of supplies
22,252,254	-	22,299,140	Prepaid and other assets
			Restricted assets:
34,313,488	-	196,930,343	Equity in pooled cash and temporary investments
8,436,574	-	9,278,152	Cash with fiscal agents
2,082,955	-	2,143,517	Certificates of deposit - performance bonds
3,303,369	-	24,585,198	Investments
1,787,884	-	1,787,884	Land held for sale
			Capital assets:
			Non-depreciable:
422,194,976	-	857,235,486	Land
221,852,957	-	341,569,945	Construction in progress
		9,517,057	Equipment under construction
			Depreciable/amortizable:
214,525,111	-	577,360,241	Equipment
28,870,704	-	102,966,176	Library collections
-	-	718,700,236	Purchased capacity
3,022,724,656	-	5,306,343,783	Buildings and improvements
-	-	564,578,829	Infrastructure
(1,305,225,262)	-	(2,510,189,258)	Accumulated depreciation
-	-	(166,722,052)	Accumulated amortization
-	-	23,825,610	Net OPEB Asset
1,313,375	-	12,466,417	Deferred bond issuance costs (net of amortization)
3,237,704,571	-	10,792,405,629	Total assets

continued

COUNTY OF FAIRFAX, VIRGINIA
Statement of Net Assets
June 30, 2009

	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
LIABILITIES			
Accounts payable and accrued liabilities	\$ 92,484,443	4,089,242	96,573,685
Accrued salaries and benefits	53,122,164	1,170,694	54,292,858
Contract retainages	3,486,436	3,990,063	7,476,499
Accrued interest payable	27,886,498	3,124,268	31,010,766
Due to primary government	-	-	-
Due to component units	4,528,419	-	4,528,419
Short-term notes payable	104,105,000	-	104,105,000
Matured bond principal and interest payable	76,638	-	76,638
Deferred revenue:			
Property taxes not yet due	2,628,873,450	-	2,628,873,450
Other	58,815,755	-	58,815,755
Performance and other deposits	73,385,269	-	73,385,269
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds payable, net	174,021,826	-	174,021,826
Revenue bonds payable, net	14,042,965	12,515,598	26,558,563
Notes payable	3,383,212	-	3,383,212
Compensated absences payable	48,018,192	890,819	48,909,011
Obligations under capital leases and installment purchases	2,073,883	-	2,073,883
Insurance and benefit claims payable	21,727,691	-	21,727,691
Loan from primary government	-	-	-
Other	2,621,414	-	2,621,414
Portion due or payable after one year:			
General obligation bonds payable, net	1,785,536,656	-	1,785,536,656
Revenue bonds payable, net	199,890,160	552,558,392	752,448,552
Notes payable	43,354,486	-	43,354,486
Compensated absences payable	57,107,244	1,186,050	58,293,294
Landfill closure and postclosure obligation	61,198,601	-	61,198,601
Obligations under capital leases and installment purchases	29,271,573	-	29,271,573
Insurance and benefit claims payable	22,777,126	-	22,777,126
Net pension obligation	61,697,162	-	61,697,162
Loan from primary government	-	-	-
Other	28,776,935	-	28,776,935
Total liabilities	5,602,263,198	579,525,126	6,181,788,324
NET ASSETS			
Invested in capital assets, net of related debt	1,399,874,484	645,044,053	2,044,918,537
Restricted for:			
Grant programs	37,416,402	-	37,416,402
Sewer improvements	-	144,026,595	144,026,595
Repair and replacement	-	-	-
Community centers	19,663,030	-	19,663,030
Housing	-	-	-
Transportation	131,352,605	-	131,352,605
Capital projects	-	-	-
Debt service	-	4,733,929	4,733,929
Unrestricted (deficit)	(1,093,476,245)	84,277,881	(1,009,198,364)
Total net assets	\$ 494,830,276	878,082,458	1,372,912,734

See accompanying notes to the financial statements.

EXHIBIT A
concluded

Total Component Units	Reclassifications (See Note A-12)	Total Reporting Entity	
LIABILITIES			
61,310,435	-	157,884,120	Accounts payable and accrued liabilities
111,498,751	-	165,791,609	Accrued salaries and benefits
8,101,735	-	15,578,234	Contract retainages
3,870,249	-	34,881,015	Accrued interest payable
911,908	-	911,908	Due to primary government
-	-	4,528,419	Due to component units
-	-	104,105,000	Short-term notes payable
-	-	76,638	Matured bond principal and interest payable
-	-	2,628,873,450	Deferred revenue:
-	-		Property taxes not yet due
35,984,635	-	94,800,390	Other
2,635,090	-	76,020,359	Performance and other deposits
Long-term liabilities:			
Portion due or payable within one year:			
-	-	174,021,826	General obligation bonds payable, net
1,131,690	-	27,690,253	Revenue bonds payable, net
2,732,611	-	6,115,823	Notes payable
25,391,711	-	74,300,722	Compensated absences payable
12,070,279	-	14,144,162	Obligations under capital leases and installment purchases
19,764,203	-	41,491,894	Insurance and benefit claims payable
125,000	-	125,000	Loan from primary government
115,814	-	2,737,228	Other
Portion due or payable after one year:			
-	-	1,785,536,656	General obligation bonds payable, net
43,711,889	-	796,160,441	Revenue bonds payable, net
56,276,052	-	99,630,538	Notes payable
13,180,852	-	71,474,146	Compensated absences payable
-	-	61,198,601	Landfill closure and postclosure obligation
76,670,914	-	105,942,487	Obligations under capital leases and installment purchases
17,092,968	-	39,870,094	Insurance and benefit claims payable
48,538	-	61,745,700	Net pension obligation
15,150,000	-	15,150,000	Loan from primary government
634,358	-	29,411,293	Other
508,409,682	-	6,690,198,006	Total liabilities
NET ASSETS			
2,432,864,007	(1,309,326,444)	3,168,456,100	Invested in capital assets, net of related debt
Restricted for:			
8,224,098	-	45,640,500	Grant programs
-	-	144,026,595	Sewer improvements
700,000	-	700,000	Repair and replacement
-	-	19,663,030	Community centers
12,595,638	-	12,595,638	Housing
-	-	131,352,605	Transportation
33,613,488	(33,613,488)	-	Capital projects
1,937,368	-	6,671,297	Debt service
239,360,290	1,342,939,932	573,101,858	Unrestricted (deficit)
2,729,294,889	-	4,102,207,623	Total net assets

COUNTY OF FAIRFAX, VIRGINIA
Statement of Activities
For the fiscal year ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government administration	\$ 160,696,700	6,530,939	5,167,984	59,365
Judicial administration	44,885,189	16,988,241	17,147,008	1,070,424
Public safety	624,257,988	62,631,798	45,937,755	2,022,300
Public works	195,125,647	88,943,909	2,184,208	-
Health and welfare	494,493,208	60,789,511	138,004,990	-
Community development	273,649,566	139,423,026	38,004,908	27,385,035
Parks, recreation, and cultural	140,802,569	18,817,690	1,549,901	-
Education - for Public Schools	1,784,670,681	-	-	-
Interest on long-term debt	95,151,292	-	-	-
Total governmental activities	<u>3,813,732,840</u>	<u>394,125,114</u>	<u>247,996,754</u>	<u>30,537,124</u>
Business-type activities:				
Public works - Sewer	148,934,682	120,184,626	-	8,950,919
Total business-type activities	<u>148,934,682</u>	<u>120,184,626</u>	<u>-</u>	<u>8,950,919</u>
Total primary government	<u>3,962,667,522</u>	<u>514,309,740</u>	<u>247,996,754</u>	<u>39,488,043</u>
Component units:				
Public Schools	2,371,015,755	104,439,372	179,396,138	170,736,181
Redevelopment and Housing Authority	84,029,039	37,328,222	46,050,607	4,448,387
Park Authority	87,139,001	40,038,412	-	19,790,204
Economic Development Authority	7,245,828	-	-	-
Total component units	<u>\$ 2,549,429,623</u>	<u>181,806,006</u>	<u>225,446,745</u>	<u>194,974,772</u>

General revenues:

Taxes:
Real property
Personal property
Business licenses
Local sales and use
Consumers utility
Recordation
Occupancy, tobacco, and other
Grants and contributions not restricted to specific programs
Revenue from the use of money
Revenue from primary government
Other
Total general revenues
Change in net assets
Net assets, July 1, 2008
<u>Net assets, June 30, 2009</u>

See accompanying notes to the financial statements.

EXHIBIT A-1

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Total	Functions/Programs
Governmental Activities	Business-type Activities	Total Primary Government	Component Units	
(148,938,412)	-	(148,938,412)	-	Primary government:
(9,679,516)	-	(9,679,516)	-	Governmental activities:
(513,666,135)	-	(513,666,135)	-	General government administration
(103,997,530)	-	(103,997,530)	-	Judicial administration
(295,698,707)	-	(295,698,707)	-	Public safety
(68,836,597)	-	(68,836,597)	-	Public works
(120,434,978)	-	(120,434,978)	-	Health and welfare
(1,784,670,681)	-	(1,784,670,681)	-	Community development
(95,151,292)	-	(95,151,292)	-	Parks, recreation, and cultural
(3,141,073,848)	-	(3,141,073,848)	-	Education - for Public Schools
				Interest on long-term debt
				Total governmental activities
-	(19,799,137)	(19,799,137)	-	Business-type activities:
-	(19,799,137)	(19,799,137)	-	Public works - Sewer
(3,141,073,848)	(19,799,137)	(3,160,872,985)	-	Total business-type activities
				Total primary government
				Component units:
-	-	-	(1,916,444,064)	Public Schools
-	-	-	3,798,177	Redevelopment and Housing Authority
-	-	-	(27,310,385)	Park Authority
-	-	-	(7,245,828)	Economic Development Authority
-	-	-	(1,947,202,100)	Total component units
				General revenues:
				Taxes:
2,093,518,885	-	2,093,518,885	-	Real property
316,717,991	-	316,717,991	-	Personal property
142,922,838	-	142,922,838	-	Business licenses
154,902,699	-	154,902,699	-	Local sales and use
113,556,023	-	113,556,023	-	Consumers utility
25,063,223	-	25,063,223	-	Recordation
40,122,826	-	40,122,826	-	Occupancy, tobacco, and other
211,981,020	-	211,981,020	376,490,205	Grants and contributions not restricted to specific programs
87,529,721	2,301,005	89,830,726	3,227,576	Revenue from the use of money
-	-	-	1,670,456,894	Revenue from primary government
-	-	-	7,144,234	Other
3,186,315,226	2,301,005	3,188,616,231	2,057,318,909	Total general revenues
45,241,378	(17,498,132)	27,743,246	110,116,809	Change in net assets
449,588,898	895,580,590	1,345,169,488	2,619,178,080	Net assets, July 1, 2008
\$ 494,830,276	878,082,458	1,372,912,734	2,729,294,889	Net assets, June 30, 2009

COUNTY OF FAIRFAX, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2009

EXHIBIT A-2

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Equity in pooled cash and temporary investments	\$ 379,267,303	632,148,215	1,011,415,518
Receivables (net of allowances):			
Accounts	8,018,147	12,389,370	20,407,517
Accrued interest	3,766,754	2,176,044	5,942,798
Property taxes:			
Delinquent	21,165,719	-	21,165,719
Not yet due	2,395,922,267	-	2,395,922,267
Business license taxes - delinquent	3,384,252	-	3,384,252
Loans	-	60,476,075	60,476,075
Due from intergovernmental units (net of allowances):			
Property tax relief - not yet due	211,313,944	-	211,313,944
Other	51,388,747	32,356,554	83,745,301
Due from component units	460,461	451,448	911,909
Loan to component unit	-	15,275,000	15,275,000
Lease to component unit	-	56,620,000	56,620,000
Interfund receivables	38,604,435	2,500,027	41,104,462
Inventories of supplies	1,455,349	-	1,455,349
Prepaid and other assets	4,311	42,575	46,886
Restricted assets:			
Equity in pooled cash and temporary investments	-	11,953,188	11,953,188
Cash with fiscal agents	633,080	21,498	654,578
Certificates of deposit - performance bonds	60,562	-	60,562
Total assets	\$ 3,115,445,331	826,409,994	3,941,855,325
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 49,029,152	36,553,008	85,582,160
Accrued salaries and benefits	43,012,529	8,727,195	51,739,724
Contract retainages	-	3,446,849	3,446,849
Accrued interest payable	-	3,860,493	3,860,493
Due to component units	2,839,636	1,688,783	4,528,419
Interfund payables	-	41,372,302	41,372,302
Short-term notes payable	-	104,105,000	104,105,000
Matured bond principal and interest payable	-	76,638	76,638
Deferred revenue:			
Property taxes not yet due	2,628,873,450	-	2,628,873,450
Other	43,542,748	114,681,736	158,224,484
Performance and other deposits	68,964,439	4,420,830	73,385,269
Total liabilities	2,836,261,954	318,932,834	3,155,194,788
Fund balances:			
Reserved for:			
Encumbrances	39,901,218	131,695,928	171,597,146
Inventories of supplies	1,455,349	-	1,455,349
Long-term loans	-	75,701,074	75,701,074
Certain capital projects	-	11,940,767	11,940,767
Unreserved, reported in:			
General fund	237,826,810	-	237,826,810
Special revenue funds	-	342,552,944	342,552,944
Debt service funds	-	10,487,202	10,487,202
Capital projects funds	-	(64,900,755)	(64,900,755)
Total fund balances	279,183,377	507,477,160	786,660,537
Total liabilities and fund balances	\$ 3,115,445,331	826,409,994	3,941,855,325

See accompanying notes to the financial statements.

continued

COUNTY OF FAIRFAX, VIRGINIA
Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
June 30, 2009

EXHIBIT A-2
concluded

Fund balances - Total governmental funds \$ 786,660,537

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	\$	415,442,039	
Construction in progress		69,626,444	
Equipment under construction		8,909,328	
Depreciable assets:			
Equipment		242,229,871	
Library collections		74,095,472	
Buildings and improvements		1,264,496,137	
Infrastructure		<u>564,578,829</u>	
Total capital assets		2,639,378,120	
Less accumulated depreciation		<u>(682,614,500)</u>	1,956,763,620

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	\$	17,386,811	
Business license		3,384,252	
Sales and use and other taxes		17,538,551	
EMS transport and other charges for services		5,452,447	
Lease to component unit		<u>56,620,000</u>	100,382,061

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. 9,978,847

OPEB costs are recognized as expenditures in the fund statements, but are deferred in the government-wide statements. 23,825,610

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

Assets:			
Current assets	\$	153,733,133	
Capital assets		131,428,601	
Less accumulated depreciation		(78,707,991)	
Liabilities		<u>(57,554,330)</u>	148,899,413

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	\$	(1,959,558,482)	
Revenue bonds payable, net		(213,933,125)	
Notes payable		(46,737,698)	
Compensated absences payable		(102,000,992)	
Landfill closure and postclosure obligation		(61,198,601)	
Obligations under capital leases and installment purchases		(31,129,398)	
Net pension obligation		(61,697,162)	
Other long-term liabilities		(31,398,349)	
Accrued interest on long-term debt		<u>(24,026,005)</u>	<u>(2,531,679,812)</u>

Net assets of governmental activities \$ 494,830,276

COUNTY OF FAIRFAX, VIRGINIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2009

EXHIBIT A-3

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 2,824,677,012	64,290,993	2,888,968,005
Permits, privilege fees, and regulatory licenses	24,494,049	16,654,744	41,148,793
Intergovernmental	355,798,659	120,988,377	476,787,036
Charges for services	62,034,686	310,000,168	372,034,854
Fines and forfeitures	16,476,756	31,000	16,507,756
Developers' contributions	-	5,081,972	5,081,972
Revenue from the use of money and property	42,553,775	13,668,231	56,222,006
Recovered costs	8,202,721	9,951,217	18,153,938
Gifts, donations, and contributions	825,529	731,795	1,557,324
Total revenues	3,335,063,187	541,398,497	3,876,461,684
EXPENDITURES			
Current:			
General government administration	131,085,454	18,189,436	149,274,890
Judicial administration	42,342,091	888,139	43,230,230
Public safety	527,325,189	56,200,059	583,525,248
Public works	76,684,971	139,016,099	215,701,070
Health and welfare	308,706,760	179,622,011	488,328,771
Community development	59,393,191	89,001,561	148,394,752
Parks, recreation, and cultural	60,145,046	11,391,744	71,536,790
Intergovernmental:			
Community development	8,730,298	102,815,864	111,546,162
Parks, recreation, and cultural	32,724,540	25,029,267	57,753,807
Education - for Public Schools	1,626,742,922	157,927,759	1,784,670,681
Capital outlay:			
General government administration	370,399	10,147,520	10,517,919
Judicial administration	17,816	3,431,131	3,448,947
Public safety	571,694	30,275,430	30,847,124
Public works	-	11,762,073	11,762,073
Health and welfare	201,013	382,363	583,376
Community development	-	33,733,571	33,733,571
Parks, recreation, and cultural	4,133,787	8,604,345	12,738,132
Debt service:			
Principal retirement	682,951	180,565,533	181,248,484
Interest and other charges	157,027	107,508,204	107,665,231
Total expenditures	2,880,015,149	1,166,492,109	4,046,507,258
Excess (deficiency) of revenues over (under) expenditures	455,048,038	(625,093,612)	(170,045,574)
OTHER FINANCING SOURCES (USES)			
Transfers in	26,241,895	493,330,193	519,572,088
Transfers out	(473,622,944)	(41,113,247)	(514,736,191)
General obligation bonds issued	-	199,510,000	199,510,000
Premium on general obligation bonds issued	-	12,189,021	12,189,021
General obligation refunding bonds issued	-	58,370,000	58,370,000
Premium on general obligation refunding bonds issued	-	2,854,951	2,854,951
Payments to refunded bonds escrow agent	-	(61,085,125)	(61,085,125)
Long Term Loans	-	5,040,000	5,040,000
Capital leases and installment purchases	-	157,257	157,257
Total other financing sources (uses)	(447,381,049)	669,253,050	221,872,001
Net change in fund balances	7,666,989	44,159,438	51,826,427
Fund balances, July 1, 2008	271,448,725	463,317,722	734,766,447
Increase in reserve for inventories of supplies	67,663	-	67,663
Fund balances, June 30, 2009	\$ 279,183,377	507,477,160	786,660,537

See accompanying notes to the financial statements.

continued

COUNTY OF FAIRFAX, VIRGINIA
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, 2009

EXHIBIT A-3
concluded

Net change in fund balances - Total governmental funds	\$	51,826,427
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	\$ 103,631,142	
Less depreciation expense	<u>(64,871,563)</u>	38,759,579
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.		
		(4,235,800)
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.		
		23,460,463
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	\$ 376,573	
Delinquent business license taxes	375,393	
Sales and use and other taxes	(4,479,164)	
EMS transport and other charges for services	<u>(1,116,984)</u>	(4,844,182)
The receipt of principal payments for the lease to the component unit does not result in a revenue in the statement of activities.		
		(1,185,000)
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 2009A General Obligation Bonds	\$ (211,699,021)	
Series 2009B Refunding Bonds	(61,224,951)	
HUD Section 108 Loan	(5,040,000)	
Obligations under capital leases and installment purchases	<u>(157,257)</u>	(278,121,229)
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.		
		1,000,312
OPEB costs are recognized as expenditures in the fund statements, but are deferred and amortized in the government-wide statements, resulting in a net difference.		
		(3,207,000)
Certain other long-term liabilities are recognized only in the government-wide statements, resulting in a net difference.		
		(1,367,104)
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	\$ 179,235,068	
Payment to escrow agent to refund bonds	61,085,125	
Principal payments of capital leases and installment purchases	<u>2,013,415</u>	242,333,608
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	\$ (454,869)	
Amortization of bond premiums	15,769,467	
Amortization of deferred losses on bond refundings	<u>(3,779,494)</u>	11,535,104
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	\$ (2,369,505)	
Compensated absences	(3,146,058)	
Net pension obligation	(10,020,296)	
Other	<u>(1,282,337)</u>	(16,818,196)
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.		
		<u>(13,895,604)</u>
Change in net assets of governmental activities	\$	<u>45,241,378</u>

COUNTY OF FAIRFAX, VIRGINIA
Statement of Net Assets
Proprietary Funds
June 30, 2009

	Business-type Activities - <u>Enterprise Fund</u> Integrated Sewer System	Governmental Activities - Internal Service Funds
ASSETS		
Current assets:		
Equity in pooled cash and temporary investments	\$ 67,470,553	150,609,558
Investments	244,600	-
Restricted investments	4,733,929	-
Accounts receivable	2,072,600	52,875
Accrued interest receivable	199,020	181,816
Due from intergovernmental units (net of allowance)	27,456,788	-
Interfund receivables	-	1,072,118
Inventories of supplies	467,348	1,629,766
Total current assets	<u>102,644,838</u>	<u>153,546,133</u>
Long-term assets:		
Restricted assets:		
Equity in pooled cash and temporary investments	150,663,667	-
Cash with fiscal agents	-	187,000
Investments	16,547,900	-
Total restricted assets	<u>167,211,567</u>	<u>187,000</u>
Capital assets:		
Non-depreciable:		
Land	17,659,783	1,938,688
Construction in progress	48,839,141	1,251,403
Equipment under construction	-	607,729
Depreciable/amortizable:		
Equipment	11,376,730	109,228,529
Purchased capacity	718,700,236	-
Buildings and improvements	1,000,720,738	18,402,252
Accumulated depreciation	(443,641,505)	(78,707,991)
Accumulated amortization	(166,722,052)	-
Total capital assets, net	<u>1,186,933,071</u>	<u>52,720,610</u>
Other long-term asset - Deferred bond issuance costs (net of amortization)	<u>1,174,195</u>	-
Total other long-term assets	<u>1,174,195</u>	-
Total long-term assets	<u>1,355,318,833</u>	<u>52,907,610</u>
Total assets	<u>\$ 1,457,963,671</u>	<u>206,453,743</u>

See accompanying notes to the financial statements.

EXHIBIT A-4

	Business-type Activities - <u>Enterprise Fund</u> Integrated Sewer System	Governmental Activities - Internal Service Funds
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 4,089,242	6,902,283
Accrued salaries and benefits	1,170,694	1,382,440
Contract retainages	3,990,063	39,587
Interfund payables	356,087	411,369
Accrued interest payable	3,124,268	-
Deferred revenue	-	973,332
Revenue bonds payable, net	12,515,598	-
Compensated absences payable	890,819	1,260,896
Obligations under capital leases	-	82,565
Insurance and benefit claims payable	-	21,727,691
Total current liabilities	26,136,771	32,780,163
Long-term liabilities:		
Revenue bonds payable, net	552,558,392	-
Compensated absences payable	1,186,050	1,863,548
Obligations under capital leases	-	133,493
Insurance and benefit claims payable	-	22,777,126
Total long-term liabilities	553,744,442	24,774,167
Total liabilities	579,881,213	57,554,330
NET ASSETS		
Invested in capital assets, net of related debt	645,044,053	52,112,881
Restricted for:		
Sewer improvements	144,026,595	-
Debt service	4,733,929	-
Unrestricted	84,277,881	96,786,532
Total net assets	\$ 878,082,458	148,899,413

COUNTY OF FAIRFAX, VIRGINIA
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the fiscal year ended June 30, 2009

EXHIBIT A-5

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
OPERATING REVENUES:		
Charges for services	\$ 108,723,096	232,858,862
Other	-	279,313
Total operating revenues	108,723,096	233,138,175
OPERATING EXPENSES:		
Personnel services	22,907,919	27,040,524
Materials and supplies	13,774,422	2,156,964
Equipment operation and maintenance	-	53,127,855
Risk financing and benefit payments	-	122,792,934
Depreciation and amortization	45,575,080	11,699,531
Professional consultant and contractual services	48,624,547	5,856,277
Other	-	21,779,355
Total operating expenses	130,881,968	244,453,440
Operating (loss)	(22,158,872)	(11,315,265)
NONOPERATING REVENUES (EXPENSES):		
Availability fees	11,461,530	-
Interest revenue	2,301,005	1,767,426
Interest expense	(18,309,964)	(21,477)
Amortization expense for bond issuance costs	(18,729)	-
Amortization of deferred gain on bond refunding	229,931	-
Gain (loss) on disposal of capital assets	46,048	450,244
Total nonoperating revenues (expenses)	(4,290,179)	2,196,193
(Loss) before contributions and transfers	(26,449,051)	(9,119,072)
Capital contributions	8,950,919	59,365
Transfers in	-	8,714,103
Transfers out	-	(13,550,000)
Change in net assets	(17,498,132)	(13,895,604)
Total net assets, July 1, 2008	895,580,590	162,795,017
Total net assets, June 30, 2009	\$ 878,082,458	148,899,413

See accompanying notes to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended June 30, 2009

EXHIBIT A-6

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 105,861,140	-
Receipts from interfund services provided	-	233,188,483
Payments to suppliers and contractors	(64,550,705)	(66,805,829)
Payments to employees	(22,790,605)	(26,854,387)
Claims and benefits paid	-	(125,812,617)
Payments for interfund services used	-	(6,472,474)
Net cash provided (used) by operating activities	18,519,830	7,243,176
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	-	(13,550,000)
Transfers from other funds	-	8,714,103
Net cash provided by noncapital financing activities	-	(4,835,897)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Availability fees received	11,461,530	-
Principal payments on sewer revenue bonds	(11,778,398)	-
Interest payments on sewer revenue bonds	(17,888,217)	-
Revenue bonds issued, including premium	160,536,294	-
Payment of bond issuance costs	(877,909)	-
Deposit with fiscal agent for legal reserve	(9,654,775)	-
Proceeds from sale of capital assets	48,613	652,986
Purchase of capital assets, other than purchased capacity	(28,730,167)	(14,281,930)
Acquisition of purchased capacity	(33,792,190)	-
Principal payments on obligations under capital leases	-	(992,747)
Interest payments on obligations under capital leases	-	(21,477)
Net cash provided (used) by capital and related financing activities	69,324,781	(14,643,168)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of restricted investments	1,484,186	-
Purchases of investments	(1,385,760)	-
Interest received	2,160,818	1,632,189
Net cash provided by investing activities	2,259,244	1,632,189
Net increase (decrease) in cash and cash equivalents	90,103,855	(10,603,700)
Cash and cash equivalents, July 1, 2008	128,030,365	161,400,258
Cash and cash equivalents, June 30, 2009	\$ 218,134,220	150,796,558
Reconciliation of operating (loss) to net cash provided by operating activities:		
Operating (loss)	\$ (22,158,872)	(11,315,265)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:		
Depreciation and amortization	45,575,080	11,699,531
Change in assets and liabilities:		
Decrease in accounts receivable	-	(50,898)
(Increase) decrease in intergovernmental receivables	(2,861,956)	-
(Increase) in interfund receivables	-	(43,081)
Decrease in inventories of supplies	2,436	148,379
(Increase) decrease in other assets	(1,979,259)	144,288
Increase (decrease) in accounts payable and accrued liabilities	(92,167)	6,433,711
Increase in accrued salaries and benefits	9,703	164,903
Increase (decrease) in contract retainage	-	39,587
Increase (decrease) in interfund payables	24,865	22,021
Total adjustments to operating (loss)	40,678,702	18,558,441
Net cash provided (used) by operating activities	\$ 18,519,830	7,243,176
Noncash investing, capital, and financing activities:		
Capital contributions - sewer lines, manholes, and equipment	\$ 8,950,919	-
Increase in fair value of investments not classified as cash and cash equivalents	13,403	-

See accompanying notes to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA
Statement of Fiduciary Net Assets
June 30, 2009

EXHIBIT A-7

	Pension Trust Funds	OPEB Trust Fund	Agency Funds
ASSETS			
Equity in pooled cash and temporary investments	\$ 3,903,866	1,412,510	2,547,087
Cash collateral for securities lending	388,816,957	-	161,805
Accounts receivable	-	-	4,584
Contributions receivable	10,842,394	-	-
Accrued interest and dividends receivable	14,030,893	12,748	-
Receivable from sale of investments	130,776,048	-	-
Due from intergovernmental units	1,098,801	142,373	-
Investments, at fair value:			
U.S. Government and agency securities	90,046,614	-	1,465,585
Asset-backed securities	376,685,473	-	19,590,886
Corporate and other bonds	396,931,160	-	-
Common and preferred stock	1,044,464,397	-	-
Money market funds	-	-	13,608,467
Short-term investments	164,071,283	-	-
Investment in pooled funds	1,580,422,719	50,232,630	-
Total assets	<u>4,202,090,605</u>	<u>51,800,261</u>	<u>\$ 37,378,414</u>
LIABILITIES			
Accounts payable and accrued liabilities	6,942,730	977	-
Accrued salaries and benefits	126,848	5,022	-
Interfund payable	35,335	1,487	-
Payable for purchase of pension investments	193,307,834	-	-
Liabilities for collateral received under securities lending agreements	388,816,957	-	-
Liabilities under reimbursement agreements	-	-	37,378,414
Total liabilities	<u>589,229,704</u>	<u>7,486</u>	<u>\$ 37,378,414</u>
NET ASSETS			
Held in trust for pension/OPEB benefits	\$ <u>3,612,860,901</u>	<u>51,792,775</u>	

(A schedule of funding progress is presented on page 100.)
 See accompanying notes to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA
Statement of Changes in Plan Net Assets
Trust Funds
For the fiscal year ended June 30, 2009

EXHIBIT A-8

	Pension Trust Funds	OPEB Trust Fund
ADDITIONS		
Contributions:		
Employer	\$ 129,474,336	21,557,000
Plan members	56,924,986	-
Other	-	1,070,682
Total contributions	<u>186,399,322</u>	<u>22,627,682</u>
Investment income:		
From investment activities:		
Net appreciation in fair value of investments	(1,085,322,915)	(6,832,071)
Interest	44,288,735	60,622
Dividends	37,681,996	-
Total income from investment activities	<u>(1,003,352,184)</u>	<u>(6,771,449)</u>
Less investment activities expenses:		
Management fees	15,204,495	50,061
Other	1,709,418	500
Total investment activities expenses	<u>16,913,913</u>	<u>50,561</u>
Net income from investment activities	<u>(1,020,266,097)</u>	<u>(6,822,010)</u>
From securities lending activities:		
Securities lending income	11,226,178	-
Less securities lending expenses:		
Borrower rebates	5,930,818	-
Management fees	1,918,634	-
Total securities lending activities expenses	<u>7,849,452</u>	<u>-</u>
Net income from securities lending activities	<u>3,376,726</u>	<u>-</u>
Net investment income	<u>(1,016,889,371)</u>	<u>(6,822,010)</u>
Total additions	<u>(830,490,049)</u>	<u>15,805,672</u>
DEDUCTIONS		
Benefits	263,119,412	12,467,805
Refunds of contributions	4,674,639	-
Administrative expenses	2,182,649	168,612
Total deductions	<u>269,976,700</u>	<u>12,636,417</u>
Net increase (decrease)	(1,100,466,749)	3,169,255
Net assets, July 1, 2008	<u>4,713,327,650</u>	<u>48,623,520</u>
Net assets, June 30, 2009	<u>\$ 3,612,860,901</u>	<u>51,792,775</u>

See accompanying notes to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Net Assets
Component Units
June 30, 2009

	Public Schools	Redevelopment and Housing Authority
ASSETS		
Equity in pooled cash and temporary investments	\$ 400,298,461	27,337,157
Cash in banks	-	18,806,859
Investments	-	3,590,000
Receivables (net of allowances):		
Accounts	764,100	1,748,378
Accrued interest	133,143	180,252
Notes	-	32,541,841
Due from intergovernmental units	31,956,347	-
Due from primary government	268,264	-
Inventories of supplies	2,967,758	-
Prepaid and other assets	18,925,094	3,327,160
Restricted assets:		
Equity in pooled cash and temporary investments	20,295,905	-
Cash with fiscal agents	-	8,436,574
Certificates of deposit - performance bonds	-	2,082,955
Investments	-	1,366,000
Land held for sale	-	1,787,884
Capital assets:		
Non-depreciable:		
Land	45,864,156	39,828,719
Construction in progress	205,186,161	5,479,028
Depreciable:		
Equipment	199,252,491	1,484,020
Library collections	28,870,704	-
Buildings and improvements	2,521,345,654	193,043,223
Accumulated depreciation	(1,066,471,394)	(95,849,663)
Deferred bond issuance costs (net of amortization)	-	1,003,887
Total assets	<u>\$ 2,409,656,844</u>	<u>246,194,274</u>

See accompanying notes to the financial statements.

EXHIBIT A-9

Park Authority	Economic Development Authority	Total Component Units	
ASSETS			
33,905,223	-	461,540,841	Equity in pooled cash and temporary investments
-	-	18,806,859	Cash in banks
-	-	3,590,000	Investments
			Receivables (net of allowances):
15,344	-	2,527,822	Accounts
36,851	-	350,246	Accrued interest
-	-	32,541,841	Notes
461,397	-	32,417,744	Due from intergovernmental units
2,950,365	1,309,790	4,528,419	Due from primary government
-	-	2,967,758	Inventories of supplies
-	-	22,252,254	Prepaid and other assets
			Restricted assets:
14,017,583	-	34,313,488	Equity in pooled cash and temporary investments
-	-	8,436,574	Cash with fiscal agents
-	-	2,082,955	Certificates of deposit - performance bonds
1,937,369	-	3,303,369	Investments
-	-	1,787,884	Land held for sale
			Capital assets:
			Non-depreciable:
336,502,101	-	422,194,976	Land
11,187,768	-	221,852,957	Construction in progress
			Depreciable:
13,715,249	73,351	214,525,111	Equipment
-	-	28,870,704	Library collections
308,335,779	-	3,022,724,656	Buildings and improvements
(142,849,560)	(54,645)	(1,305,225,262)	Accumulated depreciation
309,488	-	1,313,375	Deferred bond issuance costs (net of amortization)
580,524,957	1,328,496	3,237,704,571	Total assets

continued

COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Net Assets
Component Units
June 30, 2009

	Public Schools	Redevelopment and Housing Authority
LIABILITIES		
Accounts payable and accrued liabilities	\$ 53,101,162	5,663,226
Accrued salaries and benefits	107,037,281	631,722
Contract retainages	7,556,840	-
Accrued interest payable	1,035,692	2,638,316
Due to primary government	-	629,738
Deferred revenue	29,855,523	1,466,373
Performance and other deposits	282,311	2,040,746
Long-term liabilities:		
Portion due or payable within one year:		
Revenue bonds payable, net	-	536,650
Notes payable	-	2,732,611
Compensated absences payable	22,710,703	521,391
Obligations under capital leases and installment purchases	12,070,279	-
Insurance and benefit claims payable	19,764,203	-
Loan from primary government	-	-
Other	-	115,814
Portion due or payable after one year:		
Revenue bonds payable, net	-	35,151,494
Notes payable	-	56,276,052
Compensated absences payable	9,733,158	607,802
Obligations under capital leases and installment purchases	76,670,914	-
Insurance and benefit claims payable	17,092,968	-
Net OPEB obligation	48,538	-
Loan from primary government	-	-
Other	-	634,358
Total liabilities	<u>356,959,572</u>	<u>109,646,293</u>
NET ASSETS		
Invested in capital assets, net of related debt	1,851,435,933	78,948,465
Restricted for:		
Grant and education programs	8,224,098	-
Repair and replacement	-	-
Housing	-	12,595,638
Capital projects	20,295,905	-
Debt service	-	-
Unrestricted (deficit)	<u>172,741,336</u>	<u>45,003,878</u>
Total net assets	<u>\$ 2,052,697,272</u>	<u>136,547,981</u>

See accompanying notes to the financial statements.

EXHIBIT A-9
concluded

Park Authority	Economic Development Authority	Total Component Units	
LIABILITIES			
2,459,312	86,735	61,310,435	Accounts payable and accrued liabilities
3,606,693	223,055	111,498,751	Accrued salaries and benefits
544,895	-	8,101,735	Contract retainages
196,241	-	3,870,249	Accrued interest payable
282,170	-	911,908	Due to primary government
4,662,739	-	35,984,635	Deferred revenue
312,033	-	2,635,090	Performance and other deposits
Long-term liabilities:			
Portion due or payable within one year:			
595,040	-	1,131,690	Revenue bonds payable, net
-	-	2,732,611	Notes payable
2,029,176	130,441	25,391,711	Compensated absences payable
-	-	12,070,279	Obligations under capital leases and installment purchases
-	-	19,764,203	Insurance and benefit claims payable
125,000	-	125,000	Loan from primary government
-	-	115,814	Other
Portion due or payable after one year:			
8,560,395	-	43,711,889	Revenue bonds payable, net
-	-	56,276,052	Notes payable
2,764,646	75,246	13,180,852	Compensated absences payable
-	-	76,670,914	Obligations under capital leases and installment purchases
-	-	17,092,968	Insurance and benefit claims payable
-	-	48,538	Net OPEB obligation
15,150,000	-	15,150,000	Loan from primary government
-	-	634,358	Other
<u>41,288,340</u>	<u>515,477</u>	<u>508,409,682</u>	Total liabilities
NET ASSETS			
502,460,903	18,706	2,432,864,007	Invested in capital assets, net of related debt
Restricted for:			
-	-	8,224,098	Grant and education programs
700,000	-	700,000	Repair and replacement
-	-	12,595,638	Housing
13,317,583	-	33,613,488	Capital projects
1,937,368	-	1,937,368	Debt service
<u>20,820,763</u>	<u>794,313</u>	<u>239,360,290</u>	Unrestricted (deficit)
<u>539,236,617</u>	<u>813,019</u>	<u>2,729,294,889</u>	Total net assets

COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Activities
Component Units
For the fiscal year ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Public Schools:				
Education	\$2,371,015,755	104,439,372	179,396,138	170,736,181
Redevelopment and Housing Authority:				
Community development	84,029,039	37,328,222	46,050,607	4,448,387
Park Authority:				
Parks, recreation, and cultural	87,139,001	40,038,412	-	19,790,204
Economic Development Authority:				
Community development	<u>7,245,828</u>	-	-	-
Total component units	\$2,549,429,623	181,806,006	225,446,745	194,974,772

General revenues:

- Grants and contributions not restricted to specific programs
- Revenue from the use of money
- Revenue from primary government
- Other

Total general revenues

Change in net assets

Net assets, July 1, 2008

Net assets, June 30, 2009

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
(1,916,444,064)	-	-	-	(1,916,444,064)
-	3,798,177	-	-	3,798,177
-	-	(27,310,385)	-	(27,310,385)
-	-	-	(7,245,828)	(7,245,828)
(1,916,444,064)	3,798,177	(27,310,385)	(7,245,828)	(1,947,202,100)
374,760,531	-	1,729,674	-	376,490,205
1,838,638	835,731	553,207	-	3,227,576
1,626,600,722	-	36,617,597	7,238,575	1,670,456,894
6,144,234	-	-	1,000,000	7,144,234
2,009,344,125	835,731	38,900,478	8,238,575	2,057,318,909
92,900,061	4,633,908	11,590,093	992,747	110,116,809
1,959,797,211	131,914,073	527,646,524	(179,728)	2,619,178,080
\$ 2,052,697,272	136,547,981	539,236,617	813,019	2,729,294,889



COUNTY OF FAIRFAX, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Reporting Entity

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

Blended Component Units

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

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

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

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

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

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

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

Discretely Presented Component Units

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

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

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

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

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

Related Organizations

The Board of Supervisors is also responsible for appointing the members of the boards of Fairfax Water and the Industrial Development Authority of Fairfax County (IDAFIC), but the County's accountability does not extend beyond making the appointments. The IDAFIC 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 2009, Fairfax Water collected approximately \$84.9 million on behalf of the County, and as of June 30, 2009, the County has receivables of approximately \$21.1 million due from Fairfax Water.

Joint Ventures

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

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

Jointly Governed Organization

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

2. Basis of Presentation

Government-wide Statements

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

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

Fund Financial Statements

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

The County reports the following major fund types:

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

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

The County reports the following nonmajor governmental fund types:

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

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

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

The County reports the following additional fund types:

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

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

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

3. Measurement Focus and Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Statements

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

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

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

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

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

Governmental Fund Financial Statements

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

4. Pooled Cash and Temporary Investments

The County maintains cash and temporary investments for all funds and component units in a single pooled account, except for certain cash and investments required to be maintained with fiscal agents or in separate pools or accounts in order to comply with the provisions of bond indentures. As of June 30, 2009, 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, 2009, interest earned by these funds and assigned directly to the County's General Fund is as shown on the right.

<u>Primary Government</u>	
Nonmajor Governmental Funds	\$ 6,474,367
Internal Service Funds	1,041,496
Total primary government	7,515,863
<u>Component Units</u>	
Public Schools	5,088,716
FCRHA	92,549
Park Authority	276,089
Total component units	5,457,354
Total reporting entity	\$ 12,973,217

5. Cash and Cash Equivalents

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

6. Investments

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

7. Investments in Derivatives

The County Retirement Systems (the Systems), which include the Employees' (ERS), Police Officers (PORS), and Uniformed (URS) Retirement Systems, as well as the Educational Retirement System (ERFC) of the Public Schools component unit, invest in derivatives as permitted by the Code of Virginia and in accordance with policies set by their respective Board of Trustees. The Systems may invest in various derivative instruments on a limited basis in order to increase potential earnings and to hedge against potential losses. During fiscal year 2009, the Systems invested directly in various derivatives including asset-backed securities, collateralized mortgage obligations, exchange-traded futures contracts, forward currency contracts, options, swaps, and floating rate securities.

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

As permitted by the Board's policies, ERS holds off-financial statement derivatives in the form of exchange-traded financial futures and options. The futures and options with fair values of approximately \$517,443,271 were held for investment purposes and included within the financial statements at June 30, 2009. Gains and losses on futures and options are determined based upon fair values and recorded in the Statements of Changes in Plan Net Assets.

Interest rate swaps, foreign currency exchange swaps, and forward foreign currency exchange contracts are held for investment purposes. At June 30, 2009, ERS had approximately \$1,242,822 negative net exposure in foreign currency exchange and interest rate swaps and \$33,090,155 net exposure in currency forwards contracts.

As of June 30, 2009, PORS was not a party to derivative financial instruments that were not reported at fair value on the financial statements. The System had indirect exposure to market and credit risk through its ownership interests in certain mutual and commingled funds which may use, hold or write derivative financial instruments.

As permitted by the Board's policies, URS holds off-financial statement derivatives in the form of exchange-traded financial futures and options. The futures and options with fair values of approximately \$54,127,116 were held for investment purposes and included within the financial statements at June 30, 2009. Gains and losses on futures and options are determined based upon fair values and recorded in the Statements of Changes in Plan Net Assets.

Interest rate swaps, foreign currency exchange contracts, and currency forwards contracts are held for investment purposes. At June 30, 2009, URS had approximately \$64,080 net exposure in interest rate swaps and \$435,565 negative net exposure in currency forwards contracts.

During the fiscal year, ERFC invested in stock index futures derivatives that were not reported on the financial statements as of June 30, 2009. These index futures are used to equalize temporary and transactional cash balances. The risk associated with these securities is equivalent to equity risk. At June 30, 2009, the market value of these stock index futures was \$369,991. However, throughout the fiscal year, exposure from these derivatives ranged from 0.03 percent to 0.67 percent of the total portfolio.

In addition, ERFC had indirect investments in derivatives through its ownership interest in the Better Beta portfolio, plus with one of the private real estate managers. These portfolios are commingled funds in which ERFC has a percentage ownership. Derivatives in these portfolios consisted of interest rate swaps and caps, which reduce the effect of interest rate fluctuations of certain real estate investments. Other derivative instruments included futures and forward currency contracts and margin cash balances. These derivatives are used to hedge away foreign currency risks and to equalize risk in other areas. They are also a cost effective means of managing the portfolios since they tend to be liquid and have lower transaction costs. At June 30, 2009, the exposure to interest rate swaps and futures was \$449,607 while the exposure to forward currency contracts and margin cash balances was (\$812,381).

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, 2009, the Sewer System has cash and investments that are restricted for the following uses:

Restricted Assets of the Sewer System	
Extensions and improvements	\$ 144,026,595
Long-term debt service requirements	23,184,972
Current debt service requirements	4,733,929
Total restricted assets	<u>\$ 171,945,496</u>

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

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

10. Capital Assets

Capital assets, including land, 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.

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

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

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, 2009, the primary government had \$330.8 million in restricted net assets, of which \$151.0 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 \$1,342.9 million is reclassified as shown below to present the total reporting entity column of Exhibit A.

Net Assets (summarized)	Primary Government	Component Units	Reclassification of Debt Issued for:		Total Reporting Entity
			Public Schools Facilities	Park Authority Facilities	
Invested in capital assets, net of related debt	\$ 2,044,918,537	2,432,864,007	(1,153,541,231)	(155,785,213)	3,168,456,100
Restricted	337,192,561	57,070,592	(20,295,905)	(13,317,583)	360,649,665
Unrestricted	(1,009,198,364)	239,360,290	1,173,837,136	169,102,796	573,101,858
Total net assets	\$ 1,372,912,734	2,729,294,889	-	-	4,102,207,623

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, 2009, have the following significant designations:

Designation	Amount
Primary Government	
General Fund:	
Revenue stabilization during periods of economic downturn	\$ 86,610,226
Emergency needs and loss of revenue sources through actions of other governments	68,447,273
Nonmajor Governmental Funds:	
Landfill closure and postclosure costs	61,198,601
Total primary government	\$ 216,256,100
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 L). The payments made to reimburse operating costs and debt service requirements are recorded as expenses in the year due. Payments made to fund the Sewer System’s portion of facility expansion and upgrade costs are capitalized as purchased capacity (see Note F). The Sewer System amortizes these costs over the period in which benefits are expected to be derived, which is generally 30 years.

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

as revenue in the General Fund. The City of Falls Church makes payments to the County for the full cost of the local portion of public assistance payments (including allocated administrative costs) and for the use of special County health facilities by Falls Church residents. These payments are recorded as revenue in the General Fund.

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

17. Use of Estimates

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

18. Deficit Fund Balances

During the fiscal year, the activities in several nonmajor funds resulted in deficit fund balances as of June 30, 2009. The following is a summary of each fund with a deficit fund balance and the government's action to address the deficit. Detailed information regarding each fund may be found in Exhibits F and F-1.

The Metro Operations and Construction Fund had a deficit fund balance at June 30, 2009, of \$32.3 million. This fund's construction activity is funded by proceeds from general obligation bonds. It currently has \$63.3 million in authorized but unissued bonds from a 2004 referendum. The deficit fund balance will be addressed through the sale of bonds in fiscal year 2010.

The County Bond Construction Fund had a deficit fund balance at June 30, 2009, of \$15.1 million. This fund is primarily funded by proceeds from general obligation bonds. It currently has \$66.4 million in authorized but unissued bonds from both 2004 and 2007 referendums. The deficit fund balance will be addressed through the sale of bonds in fiscal year 2010.

The Housing Assistance Program Fund had a deficit fund balance at June 30, 2009, of \$3.2 million. This fund is funded by both federal government assistance and general obligation bonds. It currently has \$4.4 million in authorized but unissued bonds from a 1988 referendum. The deficit fund balance will be addressed through a borrowing from the federal Department of Housing and Urban Development in fiscal year 2010.

The Penny for Affordable Housing Fund had a deficit fund balance at June 30, 2009, of \$57.3 million due to the issuance of a short-term bond anticipation note in October 2008 for \$104.1 million (see Note J). The 2008 note matured in October 2009, at which time a long-term revenue bond for \$95.0 million was issued to partially fund the pay off of the 2008 note.

B. DEPOSITS AND INVESTMENTS

1. Deposit and Investment Policies

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

the responsibility of the Investment Committee, which is comprised of the chief financial officer and certain key management and investment staff.

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

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

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

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

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

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

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

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

2. Interest Rate Risk

The reporting entity's policy is to minimize the risk that the market value of securities in its portfolio will fall due to changes in market interest rates. To achieve this minimization of risk, the reporting entity structures the pooled investment portfolio so that sufficient securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Pooled investments that are purchased to meet liquidity needs shall have a target weighted average maturity of 90 days. All other pooled funds are invested primarily in shorter-term securities, with a maximum maturity of one year. The reporting entity's pooled investments as of June 30, 2009, are summarized at fair value as shown below:

Investment Type	Fair Value	Weighted Average Maturity (Days)
<u>Primary Government - Pooled Investments:</u>		
Commercial paper	\$ 295,682,400	74.17
Money market funds	113,430,189	1.00
Negotiable certificates of deposit	507,936,000	207.39
FHLB\Freddie discount notes	<u>77,258,220</u>	27.57
Total fair value	<u>\$ 994,306,809</u>	
Portfolio weighted average maturity		130.26
<u>Component Units - Pooled Investments:</u>		
Commercial paper	\$ 83,397,600	74.17
Money market funds	31,993,130	1.00
Negotiable certificates of deposit	143,264,000	207.39
FHLB\Freddie discount notes	<u>21,790,780</u>	27.57
Total fair value	<u>\$ 280,445,510</u>	
Portfolio weighted average maturity		130.26

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, 2009, are summarized at fair value as shown on the following page:

Investment Type	Fair Value	Duration (Years)
Primary Government - Pension Trust Funds:		
U.S. Government securities	\$77,389,983	4.9
	6,020,250	4.4
	6,636,381	13.1
Corporate and other bonds	239,691,366	3.7
	88,881,609	4.4
	68,358,185	6.3
Asset-backed securities *	146,850,007	4.6
	115,229,456	3.6
	114,606,010	2.4
Short-term investments	122,684,084	0.1
	14,032,715	0.1
	<u>27,354,484</u>	0.1
Total fair value	<u>\$1,027,734,530</u>	
Component Unit - Pension Trust Fund:		
U.S. Treasuries	\$ 51,946,358	8.0
Agencies	39,636,405	3.1
Mortgages	96,127,556	3.1
Cash and Cash equivalents	9,024,838	0.1
Corporate bonds	142,641,453	7.7
Municipal bonds	6,182,902	13.4
Foreign bonds	52,478,874	4.0
Convertible and preferred bonds	836,450	7.4
Other	15,229	0.1
Total fair value	<u>\$ 398,890,065</u>	

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

3. Credit Risk

The reporting entity's policy is to minimize the risk of loss due to the failure of an issuer or other counterparty to an investment to fulfill its obligations. The reporting entity pre-qualifies financial institutions, broker-dealers, intermediaries, and advisers with which the County does business. In addition, the reporting entity limits its pooled investments to the safest types of securities and diversifies its pooled investment portfolio so that potential losses on individual securities will be minimized. Also, new investments shall not be made in securities that are listed on Moody's Investors Service, Inc. (Moody's) Watchlist or Standard & Poor's, Inc. (S&P) Credit Watch with a negative 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, 2009, the reporting entity had investments in the following issuers with credit quality ratings as a percent of total investments in debt securities as shown below:

Investment Type	Credit Quality Rating *							
	AAA	AA	A	BBB	BB	B	Below B	Unrated
Primary Government								
Pooled Investments:								
Commercial paper	-	11.9	7.8	-	-	-	-	-
Money market funds	-	-	-	-	-	-	-	7.6 **
Negotiable certificates of deposit	-	5.5	28.4	-	-	-	-	-
Collateralized certificates of deposit	-	17.3	16.5	-	-	-	-	-
FHLB discount note	5.0	-	-	-	-	-	-	-
Pension Trust Funds:								
U.S. Government securities	8.8	-	-	-	-	-	-	-
Corporate and other bonds	4.2	2.8	6.2	6.5	6.4	7.5	3.3	1.7
Asset-backed securities	27.6	0.8	0.4	0.4	0.6	1.8	1.6	3.5
Short-term investments	0.6	-	-	-	-	-	-	15.3
Component Units								
Pooled Investments:								
Commercial paper	-	11.9	7.8	-	-	-	-	-
Money market funds	-	-	-	-	-	-	-	7.6 **
Negotiable certificates of deposit	-	5.5	28.4	-	-	-	-	-
Collateralized certificates of deposit	-	17.3	16.5	-	-	-	-	-
FHLB discount note	5.0	-	-	-	-	-	-	-
Pension Trust Fund:								
Government securities/agencies	12.8	-	-	-	-	-	-	-
Mortgage	31.8	0.7	-	0.2	-	-	-	0.4
Municipals	-	1.6	-	-	-	-	-	-
Corporate bonds	0.8	0.7	13.1	11.3	4.2	3.0	1.2	1.5
Foreign bonds	6.1	0.1	0.1	3.5	1.1	0.3	0.1	2.8
Other bonds	-	-	-	-	-	-	-	0.2
Other	-	1.0	-	-	-	-	0.1	1.3

* Credit quality ratings are determined using S&P's long-term rating schema, which approximates the greatest degree of risk as of June 30, 2009.

** Though not rated on S&P long-term, the 7.6% held in pooled investments is rated Aaa on Moody's short-term schema.

4. Concentration of Credit Risk

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

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

In addition, not more than 5 percent of the total pooled funds available for investment at the time of purchase may be invested in any one issuing or guaranteeing corporation for commercial paper, banker’s acceptances, corporate notes, and bank notes. The County shall seek to maintain a minimum of \$75 million in a combination of mutual funds or open repurchase agreements to meet liquidity requirements.

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

5. Custodial Credit Risk

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

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

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

The Boards of Trustees of the pension trust funds permit the funds to participate in a securities lending program, which is administered by a custodian. Under this program, certain securities are loaned to approved broker/dealers who borrow the securities and provide collateral in the form of cash, U.S. Treasury or government agency securities, letters of credit, and other securities as specified in the securities lending agreement. The value of the collateral for domestic securities must equal 102 percent of the market value of the security and 105 percent of the market value of the foreign security. The custodian monitors the market value of the collateral on a daily basis. Cash collateral is invested in a fund which is maintained by the custodian or its affiliate. The pension trust funds did not impose any restrictions during the period on the amounts of loans security lending agents made on their behalf, and the agents have agreed to indemnify the pension trust funds by purchasing replacement securities, or returning the cash collateral thereof, in the event a borrower fails to return loaned securities or pay distributions thereon. There were no such failures by any borrower during the fiscal year, nor were there any losses during the period resulting from the default of a borrower or lending agent. At year end, the pension trust funds had no custodial credit risk exposure to borrowers because the amounts the pension trust funds owed the borrower exceeded the amounts the borrowers owed the pension trust funds. Information pertaining to the securities lending transactions as of June 30, 2009, 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	\$ 54,401,557	55,367,840	-
Corporate and other bonds	31,807,159	33,361,662	-
Common and preferred stock	290,138,508	300,087,455	-
Lent for securities collateral:			
Corporate and other bonds	9,195,258	-	9,495,501
Common and preferred stock	21,840,299	-	34,657,757
Total securities lent	<u>\$ 407,382,781</u>	<u>388,816,957</u>	<u>44,153,258</u>
Component Unit - Pension Trust Fund:			
Lent for cash or securities collateral:			
U.S. Government and agency securities	\$ 687,723	700,050	-
Corporate and other bonds	4,255,366	4,439,878	-
Common and preferred stock	52,556,143	54,366,006	142,780
Total securities lent	<u>\$ 57,499,232</u>	<u>59,505,934</u>	<u>142,780</u>

6. Foreign Currency Risk

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

The pension trust funds are allowed to invest in foreign currency denominated instruments. The component unit's pension trust fund's policy allows investment managers to invest up to 25 percent of the portfolio in securities issued by non-U.S. guarantors with up to 10 percent in emerging markets. As of June 30, 2009, the fair value in U.S. dollars of the pension trust funds' foreign currency investments are as follows on the opposite page:

International Securities	Cash and Cash Equivalents	Equity	Convertible and Fixed Income	Total U.S. Dollars
Primary Government - Pension Trust Funds:				
Australian dollar	\$ 458,329	19,312,391	16,606,747	36,377,467
Brazil real	10,886	3,519,742	6,931,334	10,461,962
British pound sterling	(362,634)	58,504,604	8,641,074	66,783,044
Canadian dollar	(42,773)	8,323,909	2,600,269	10,881,405
Danish krone	5,313	5,771,091	-	5,776,404
Euro currency unit	470,398	82,870,389	2,060,906	85,401,693
Hong Kong dollar	52,100	28,089,659	-	28,141,759
Indonesian rupiah	-	944,985	3,846,174	4,791,159
Japanese yen	38,410	78,849,278	2,278,559	81,166,247
Malaysian ringgit	407	1,159,989	7,028,286	8,188,682
Mexican new peso	5,496	62,901	6,394,347	6,462,744
New Zealand dollar	2,478	81,754	6,736,371	6,820,603
Norwegian krone	88,753	1,909,907	-	1,998,660
Philippines peso	4,418	1,372,926	-	1,377,344
Polish zloty	-	35,505	6,080,532	6,116,037
Singapore dollar	9,566	9,441,400	-	9,450,966
South African comm rand	2	2,534,517	4,178,952	6,713,471
South Korean won	-	2,873,235	-	2,873,235
Swedish krona	129,691	5,955,182	1,300,627	7,385,500
Swiss franc	258,565	19,738,707	-	19,997,272
Thailand baht	4,050	1,109,879	-	1,113,929
Other currencies	66,071	2,474,160	-	2,540,231
Total fair value	\$ 1,199,526	334,936,110	74,684,178	410,819,814
Component Unit - Pension Trust Fund:				
Australian dollar	\$ 10,458,359	7,364,614	2,933,031	20,756,004
Brazil real	14,251	1,653,050	735,157	2,402,458
British pound sterling	(10,749,765)	31,583,482	-	20,833,717
Canadian dollar	(1,506,836)	6,204,888	3,632,271	8,330,323
Czechoslovakia koruna	5,253	716,067	-	721,320
Danish krone	8,988	2,322,966	-	2,331,954
Euro currency unit	2,334,581	56,521,625	-	58,856,206
Hong Kong dollar	151,066	6,156,208	-	6,307,274
Hungarian forint	101	273,153	-	273,254
Indonesian rupiah	6,290	12,188	-	18,478
Israeli Shekel	8,825	44,889	-	53,714
Japanese yen	(3,454,836)	25,242,197	-	21,787,361
Malaysian ringgit	68,727	1,053,982	-	1,122,709
Mexican new peso	119,069	1,206,680	2,213,427	3,539,176
New Turkish Lira	21,310	2,987,147	-	3,008,457
New Zealand dollar	3,652,606	117,077	5,185,900	8,955,583
Norwegian krone	2,814,454	1,246,662	2,024,226	6,085,342
Philippine peso	794	-	-	794
Polish zloty	67	1,346,293	-	1,346,360
Pakistan rupee	-	1,420,052	-	1,420,052
Singapore dollar	13	4,793,090	3,807,278	8,600,381
South Korean Won	2,028	4,942,672	-	4,944,700
Swedish krona	(1,397,464)	4,784,134	-	3,386,670
Swiss franc	(1,091,618)	8,535,732	-	7,444,114
Thailand baht	7,387	797,920	1,105,418	1,910,725
Total fair value	\$ 1,492,198	171,326,768	21,636,708	194,455,674

C. PROPERTY TAXES

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

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

Real estate and personal property taxes not paid by the due dates are assessed a ten percent late payment penalty on the tax amount. Furthermore, interest accrues from the first day following the due date at an annual rate of ten percent for the first year and thereafter at the rate set by the Internal Revenue Service. The net delinquent taxes receivable, including interest and penalties, as of June 30, 2009, after allowances for uncollectible amounts, is \$21,165,719, of which \$3,778,908 has been included in tax revenue for fiscal year 2009 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 2009 as receivables (net of payments totaling \$21,637,239 received in advance of the due date) and deferred revenue because the County has an enforceable legal claim to these resources at June 30, 2009; however, these resources, which amount to \$2,628,873,450, will not be available to the County until fiscal year 2010.

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, 2009, consist of the following:

	General Fund	Nonmajor Governmental Funds	Enterprise Fund	Internal Service Funds	Total Primary Government (Exhibit A)
Receivables:					
Accounts	\$ 15,604,855	12,673,115	2,072,600	52,875	30,403,445
Accrued interest	3,766,754	2,176,044	199,020	181,816	6,323,634
Property taxes:					
Delinquent	37,785,903	-	-	-	37,785,903
Not yet due	2,400,219,618	-	-	-	2,400,219,618
Business license taxes - delinquent	5,832,182	-	-	-	5,832,182
Loans	-	61,602,240	-	-	61,602,240
Other*	-	-	-	-	26,474
Total receivables	2,463,209,312	76,451,399	2,271,620	234,691	2,542,193,496
Allowances for uncollectibles:					
Accounts receivable	(7,586,708)	(283,745)	-	-	(7,870,453)
Property taxes:					
Delinquent	(16,620,184)	-	-	-	(16,620,184)
Not yet due	(4,297,351)	-	-	-	(4,297,351)
Business license taxes - delinquent	(2,447,930)	-	-	-	(2,447,930)
Loans	-	(1,126,165)	-	-	(1,126,165)
Total allowances for uncollectibles	(30,952,173)	(1,409,910)	-	-	(32,362,083)
Total net receivables	\$ 2,432,257,139	75,041,489	2,271,620	234,691	2,509,831,413

* 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, 2009, consist of the following:

	Public Schools	FCRHA	Park Authority	Total Component Units
Receivables:				
Accounts	\$ 764,100	1,817,741	15,344	2,597,185
Accrued interest	133,143	180,252	36,851	350,246
Notes	-	32,541,841	-	32,541,841
Total receivables	897,243	34,539,834	52,195	35,489,272
Allowances for uncollectibles	-	(69,363)	-	(69,363)
Total net receivables	\$ 897,243	34,470,471	52,195	35,419,909

Delinquent property taxes receivable from taxpayers in the General Fund as of June 30, 2009, consist of the following:

Year of Levy	Real Estate	Personal Property	Total
2008	\$10,169,070	6,127,450	16,296,520
2007	1,645,690	3,575,099	5,220,789
2006	598,374	2,014,696	2,613,070
Prior years	1,386,423	7,634,751	9,021,174
Total delinquent taxes	13,799,557	19,351,996	33,151,553
Penalty and interest			4,634,350
Total delinquent taxes, penalty and interest			37,785,903
Allowances for uncollectibles			(16,620,184)
Net delinquent tax receivables			\$ 21,165,719

Amounts due to the primary government and component units from other governmental units at June 30, 2009, include the following:

	Primary Government				Component Unit - Public Schools
	General Fund	Nonmajor Governmental Funds	Enterprise Fund	Total (Exhibit A)	
Federal government	6,521,973	13,470,844	628,331	20,621,148	15,393,266
State government:					
Property tax relief - not yet due	211,313,944	-	-	211,313,944	-
Other	43,064,325	14,065,339	-	57,129,664	16,370,161
Local governments	1,802,449	4,820,371	26,828,457	33,451,277	192,920
Total intergovernmental units	\$ 262,702,691	32,356,554	27,456,788	322,516,033	31,956,347

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, 2009, is as shown on the right.

	Interfund Receivables	Interfund Payables
Primary Government		
General Fund	\$ 38,604,435	-
Nonmajor Governmental Funds	2,500,027	41,372,302
Enterprise Fund	-	356,087
Internal Service Funds	1,072,118	411,369
Fiduciary Funds	-	36,822
Total primary government	\$ 42,176,580	42,176,580
Component Unit		
Public Schools:		
General Fund	\$ 1,000,000	794,170
Internal Service Funds	794,170	1,000,000
Total component units	\$ 1,794,170	1,794,170

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, 2009, are as follows:

Receivable Entity	Payable Entity	Amount
<u>Component Units</u>	<u>Primary Government</u>	
Public Schools	General Fund	\$ 268,264
Park Authority	General Fund	2,261,582
Park Authority	Nonmajor Governmental Fund	688,783
EDA	General Fund	309,790
EDA	Nonmajor Governmental Fund	1,000,000
Total		\$ 4,528,419
<u>Primary Government</u>	<u>Component Unit</u>	
General Fund	FCRHA	\$ 178,291
Nonmajor Governmental Funds	FCRHA	451,448
General Fund	Park Authority	282,170
Total		\$ 911,909

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, 2009, are as follows:

	Transfers In	Transfers Out
<u>Primary Government</u>		
General Fund	\$ 26,241,895	473,622,944
Nonmajor Governmental Funds	493,330,193	41,113,247
Internal Service Funds	8,714,103	13,550,000
Total primary government	\$ 528,286,191	528,286,191
<u>Component Unit</u>		
Public Schools:		
General Fund	\$ 10,700,000	34,526,863
Capital Projects Fund	10,985,226	-
Nonmajor Governmental Funds	23,541,637	-
Internal Service Funds	-	10,700,000
Total component units	\$ 45,226,863	45,226,863

F. CAPITAL ASSETS

Capital assets activity for the primary government for the year ended June 30, 2009, is as follows:

	Balances July 1, 2008	Increases	Decreases	Balances June 30, 2009
Primary Government				
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 416,738,664	4,381,638	(3,739,575)	417,380,727
Construction in progress	84,121,863	57,706,330	(70,950,346)	70,877,847
Equipment under construction	6,130,621	9,517,057	(6,130,621)	9,517,057
Total capital assets, not being depreciated	506,991,148	71,605,025	(80,820,542)	497,775,631
Capital assets, being depreciated:				
Equipment	312,131,811	53,036,336	(13,709,747)	351,458,400
Library collections	70,034,685	4,060,787	-	74,095,472
Buildings	1,094,238,728	84,393,677	(712,609)	1,177,919,796
Improvements	100,262,111	6,231,908	(1,515,426)	104,978,593
Infrastructure	543,396,449	21,182,380	-	564,578,829
Total capital assets, being depreciated	2,120,063,784	168,905,088	(15,937,782)	2,273,031,090
Less accumulated depreciation for:				
Equipment	(199,236,748)	(29,961,396)	13,066,971	(216,131,173)
Library collections	(50,843,723)	(6,116,688)	-	(56,960,411)
Buildings	(261,131,286)	(24,003,834)	663,305	(284,471,815)
Improvements	(39,082,501)	(3,487,537)	1,508,539	(41,061,499)
Infrastructure	(149,695,955)	(13,001,638)	-	(162,697,593)
Total accumulated depreciation	(699,990,213)	(76,571,093)	15,238,815	(761,322,491)
Total capital assets, being depreciated, net	1,420,073,571	92,333,995	(698,967)	1,511,708,599
Total capital assets, net - Governmental activities	1,927,064,719	163,939,020	(81,519,509)	2,009,484,230
Business-type activities:				
Capital assets, not being depreciated/amortized:				
Land	17,630,088	29,695	-	17,659,783
Construction in progress	51,343,979	27,864,693	(30,369,531)	48,839,141
Total capital assets, not being depreciated/amortized	68,974,067	27,894,388	(30,369,531)	66,498,924
Capital assets, being depreciated/amortized:				
Equipment	11,002,819	835,779	(461,868)	11,376,730
Purchased capacity	684,908,046	33,792,190	-	718,700,236
Buildings	58,235,773	-	-	58,235,773
Improvements	903,164,516	39,320,449	-	942,484,965
Total capital assets, being depreciated/amortized	1,657,311,154	73,948,418	(461,868)	1,730,797,704
Less accumulated depreciation/amortization for:				
Equipment	(7,994,228)	(735,409)	459,301	(8,270,336)
Purchased capacity	(144,180,755)	(22,541,297)	-	(166,722,052)
Buildings	(31,322,565)	(1,204,347)	-	(32,526,912)
Improvements	(381,750,230)	(21,094,027)	-	(402,844,257)
Total accumulated depreciation/amortization	(565,247,778)	(45,575,080)	459,301	(610,363,557)
Total capital assets, being depreciated/amortized, net	1,092,063,376	28,373,338	(2,567)	1,120,434,147
Total capital assets, net - Business-type activities	1,161,037,443	56,267,726	(30,372,098)	1,186,933,071
Total capital assets, net - Primary government	\$ 3,088,102,162	220,206,746	(111,891,607)	3,196,417,301

Capital assets activity for the component units for the year ended June 30, 2009, is as follows:

	Balances July 1, 2008	Increases	Decreases	Balances June 30, 2009
Component Units				
Public Schools				
Capital assets, not being depreciated:				
Land	\$ 45,864,156	-	-	45,864,156
Construction in progress	172,236,780	109,832,040	(76,882,659)	205,186,161
Total capital assets, not being depreciated	218,100,936	109,832,040	(76,882,659)	251,050,317
Capital assets, being depreciated:				
Equipment	194,151,228	11,440,350	(6,339,087)	199,252,491
Library collections	27,141,668	3,802,280	(2,073,244)	28,870,704
Buildings	1,059,779,063	17,484,649	-	1,077,263,712
Improvements	1,358,179,203	85,902,739	-	1,444,081,942
Total capital assets, being depreciated	2,639,251,162	118,630,018	(8,412,331)	2,749,468,849
Less accumulated depreciation for:				
Equipment	(119,027,873)	(15,538,684)	5,853,296	(128,713,261)
Library collections	(13,103,669)	(4,686,977)	2,073,244	(15,717,402)
Buildings	(390,818,932)	(21,537,979)	-	(412,356,911)
Improvements	(454,056,564)	(55,627,256)	-	(509,683,820)
Total accumulated depreciation	(977,007,038)	(97,390,896)	7,926,540	(1,066,471,394)
Total capital assets, being depreciated, net	1,662,244,124	21,239,122	(485,791)	1,682,997,455
Total capital assets, net - Public Schools	1,880,345,060	131,071,162	(77,368,450)	1,934,047,772
FCRHA				
Capital assets, not being depreciated:				
Land	38,694,601	1,134,118	-	39,828,719
Construction in progress	2,850,773	2,628,255	-	5,479,028
Total capital assets, not being depreciated	41,545,374	3,762,373	-	45,307,747
Capital assets, being depreciated:				
Equipment	1,320,028	163,992	-	1,484,020
Buildings and improvements	189,127,628	3,930,095	(14,500)	193,043,223
Total capital assets, being depreciated	190,447,656	4,094,087	(14,500)	194,527,243
Less accumulated depreciation for:				
Equipment	(4,963,633)	(32,950)	-	(4,996,583)
Buildings and improvements	(84,735,427)	(6,117,839)	186	(90,853,080)
Total accumulated depreciation	(89,699,060)	(6,150,789)	186	(95,849,663)
Total capital assets, being depreciated, net	100,748,596	(2,056,702)	(14,314)	98,677,580
Total capital assets, net - FCRHA	142,293,970	1,705,671	(14,314)	143,985,327
Park Authority				
Capital assets, not being depreciated:				
Land	329,639,515	6,862,586	-	336,502,101
Construction in progress	18,940,922	5,897,564	(13,650,718)	11,187,768
Total capital assets, not being depreciated	348,580,437	12,760,150	(13,650,718)	347,689,869
Capital assets, being depreciated:				
Equipment	13,493,903	574,729	(353,383)	13,715,249
Buildings and improvements	285,218,751	23,117,028	-	308,335,779
Total capital assets, being depreciated	298,712,654	23,691,757	(353,383)	322,051,028
Less accumulated depreciation for:				
Equipment	(10,980,875)	(659,044)	352,295	(11,287,624)
Buildings and improvements	(122,931,044)	(8,630,892)	-	(131,561,936)
Total accumulated depreciation	(133,911,919)	(9,289,936)	352,295	(142,849,560)
Total capital assets, being depreciated, net	164,800,735	14,401,821	(1,088)	179,201,468
Total capital assets, net - Park Authority	513,381,172	27,161,971	(13,651,806)	526,891,337
EDA				
Capital assets, being depreciated - Equipment	88,995	-	(15,644)	73,351
Less accumulated depreciation - Equipment	(61,068)	(9,221)	15,644	(54,645)
Total capital assets, net - EDA	27,927	(9,221)	-	18,706
Total capital assets, net - Component units	\$ 2,536,048,129	159,929,583	(91,034,570)	2,604,943,142

Depreciation and amortization expense for the year ended June 30, 2009, 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	\$ 7,500,511	-	-
Judicial administration	1,081,398	-	-
Public safety	20,309,380	-	-
Public works	12,344,452	45,575,080	-
Health and welfare	2,011,354	-	-
Community development	8,511,177	-	-
Parks, recreation, and cultural	13,113,290	-	-
In addition, depreciation on capital assets held by the County's internal service funds is charged to the various functions based on asset usage.	11,699,531	-	-
Component Units			
Public Schools	-	-	97,390,896
FCRHA	-	-	5,981,509
Park Authority	-	-	9,289,936
EDA	-	-	9,221
Total depreciation and amortization expense	\$ 76,571,093	45,575,080	112,671,562

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 2009, the reporting entity contributed a contractually fixed rate of 9.62 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, 2009, 2008, and 2007, 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		
	2009	2008	2007
County	\$ 46,013,342	\$ 44,959,868	41,109,684
Public Schools	19,097,489	17,676,253	16,343,027
Total	\$ 65,110,831	\$ 62,636,121	57,452,711

For the years ended June 30, 2009, 2008, and 2007, the County's and Public Schools' annual required contributions (ARC) were as follows:

	ARC for Years Ended June 30		
	2009	2008	2007
County	\$ 67,172,762	64,228,383	58,353,530
Public Schools	27,879,546	25,251,790	23,198,264
Total	95,052,308	89,480,173	81,551,794

The ARC for the year ended June 30, 2009 was determined as part of the July 1, 2008, actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include:

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

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

For fiscal years ended June 30, 2004 through June 30, 2009, the County’s Employees’ Retirement System funding progress was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (000) (a)	Actuarial Accrued Liability (AAL) - Entry Age (000) (b)	Unfunded AAL (UAAL) (Funding Excess) (000) (b-a)	Funded Ratio (a/b)	Covered Payroll (000) (c)	UAAL (Funding Excess) as a Percentage of Covered Payroll ((b-a) / c)
7/1/2003	\$ 1,903,970	\$ 2,251,187	\$ 347,217	84.58 %	\$ 530,216	65.49 %
7/1/2004	2,030,539	2,411,135	380,596	84.22	552,738	68.86
7/1/2005	2,202,515	2,676,418	473,903	82.29	565,063	83.87
7/1/2006	2,363,844	2,881,780	517,936	82.03	574,294	90.19
7/1/2007	2,596,658	3,139,187	542,529	82.72	579,075	93.69
7/1/2008	2,752,874	3,328,901	576,027	82.70	610,877	94.30

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 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, the employee must have 20 years of creditable service (does not apply if hired before July 1, 1981). The benefit for early retirement is actuarially reduced and payable at early termination.

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

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

Funding Policy

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

The County contributes at a fixed rate as determined by an annual actuarial valuation, unless the PORS's funding ratio falls outside of a pre-determined range. Once outside the range, the rate is either increased or decreased to accelerate or decelerate the funding until the ratio falls back within the range. The range for the PORS is a minimum funding ratio of 90 percent and a maximum funding ratio of 120 percent. The fiscal year 2009 employer contribution rate is 22.3 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 2009, 2008, and 2007 are as follows:

	2009	2008	2007
ARC, for the year ended June 30	\$ 27,625,460	\$28,198,891	26,518,550
Interest on NPO from prior year	2,245,280	1,755,571	1,219,931
Actuarial adjustment	(2,528,597)	(1,977,095)	(1,373,866)
Annual pension cost	27,342,143	27,977,367	26,364,615
Actual contributions	(23,508,402)	(21,447,907)	(19,222,753)
Increase in the NPO, for the year ended June 30	3,833,741	6,529,460	7,141,862
NPO, beginning of year	29,937,073	23,407,613	16,265,751
NPO, end of year	\$ 33,770,814	\$29,937,073	23,407,613
Percentage of annual pension cost contributed	85.98%	76.66%	72.91%

The ARC for the year ended June 30, 2009, was determined as part of the July 1, 2008, actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include:

- a. A rate of return on the investment of present and future assets of 7.5 percent per year compounded annually, including an inflation component of 4.0 percent.
- b. Projected annual salary increases of 4.5 to 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.

For fiscal years ended June 30, 2004 through June 30, 2009, the County's Police Officers Retirement System funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (000) (a)	Actuarial Liability (AAL) - Entry Age (000) (b)	Unfunded AAL (UAAL) (Funding Excess) (000) (b-a)	Funded Ratio (a/b)	Covered Payroll (000) (c)	UAAL (Funding Excess) as a Percentage of Covered Payroll ((b-a) / c)
7/1/2003	\$ 644,405	\$ 703,977	\$ 59,572	91.54 %	\$ 71,401	83.43 %
7/1/2004	685,495	749,344	63,849	91.48	78,080	81.77
7/1/2005	732,582	828,702	96,120	88.40	83,939	114.51
7/1/2006	788,766	897,478	108,712	87.89	89,062	122.06
7/1/2007	870,975	968,735	97,760	89.91	95,904	101.94
7/1/2008	908,077	1,031,333	123,256	88.05	99,714	123.61

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 2009 employer contribution rate is 26.46 percent of annual covered payroll.

Annual Pension Cost

Information related to the County's annual pension cost, ARC, actual contributions, and NPO for fiscal years 2009, 2008, and 2007 is presented on the following page:

	2009	2008	2007
ARC, for the year ended June 30	\$ 47,247,396	\$46,849,354	43,009,853
Interest on NPO from prior year	1,630,484	1,058,222	574,432
Actuarial adjustment	(1,836,224)	(1,191,752)	(646,916)
Annual pension cost	47,041,656	46,715,824	42,937,369
Actual contributions	(40,855,101)	(39,085,662)	(36,486,832)
Increase in the NPO, for the year ended June 30	6,186,555	7,630,162	6,450,537
NPO, beginning of year	21,739,792	14,109,630	7,659,093
NPO, end of year	\$27,926,347	\$21,739,792	14,109,630
Percentage of annual pension cost contributed	86.85%	83.67%	84.98%

The ARC for the year ended June 30, 2009, was determined as part of the July 1, 2008, actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include:

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

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

For fiscal years ended June 30, 2004 through June 30, 2009, the County’s Uniformed Retirement System funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (000) (a)	Actuarial Liability - Entry Age (AAL) (000) (b)	Unfunded AAL (UAAL) (Funding Excess) (000) (b-a)	Funded Ratio (a/b)	Covered Payroll (000) (c)	UAAL (Funding Excess) as a Percentage of Covered Payroll ((b-a) / c)
7/1/2003	715,797	795,342	79,545	90.00	100,749	78.95
7/1/2004	767,357	881,015	113,658	87.10	102,960	110.39
7/1/2005	830,702	974,106	143,404	85.28	109,067	131.48
7/1/2006	921,414	1,102,667	181,253	83.56	127,469	142.19
7/1/2007	1,028,385	1,206,624	178,239	85.23	136,487	130.59
7/1/2008	1,097,994	1,285,694	187,700	85.40	142,724	131.51

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 2009, Public Schools is required to contribute 3.37 percent of annual covered payroll for educational employees and civil service employees.

Annual Pension Cost

For each of the years ended June 30, 2009, 2008, and 2007, the Public Schools' annual pension cost of \$40,012,408, \$38,334,140, and \$36,644,001, respectively, was equal to its ARC and actual contributions.

The ARC for the year ended June 30, 2009, was determined as part of the December 31, 2008, actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include:

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

The actuarial value of the ERFC's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. Any excess of assets over the actuarial accrued liability is amortized as a level percentage of projected payroll over a period of future years, which has never exceeded 30 years. The remaining amortization period, which is closed at December 31, 2008, was 27 years.

For the years ended June 30, 2004 through June 30, 2009, the County's Educational Employees' Supplementary Retirement System funding progress was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (000) (a)	Actuarial Accrued Liability (AAL) - Entry Age (000) (b)	Unfunded AAL (UAAL) (Funding Excess) (000) (b-a)	Funded Ratio (a/b)	Covered Payroll (000) (c)	UAAL (Funding Excess) as a Percentage of Covered Payroll ((b-a) / c)
6/30/2003	1,597,459	1,772,418	174,959	90.13	866,502	20.19
12/31/2004	1,643,020	1,935,582	292,562	84.89	977,817	29.92
12/31/2005	1,718,399	2,022,962	304,563	84.94	1,050,217	29.00
12/31/2006	1,818,930	2,105,552	286,622	86.39	1,111,828	25.78
12/31/2007	1,924,886	2,186,801	261,915	88.02	1,161,432	22.55
12/31/2008	1,733,946	2,255,298	521,352	76.88	1,211,140	43.05

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 2009 was 8.8 percent of annual creditable compensation. State statute may be amended only by the Commonwealth of Virginia Legislature. Public Schools’ contributions to the VRS for the years ended June 30, 2009, 2008, and 2007, were \$179,716,060, \$191,134,553, and \$164,213,343, respectively, equal to the required contributions for each year.

6. Current Plan Membership

At July 1, 2008 (December 31, 2008, 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	5,585	757	932	8,595
Terminated employees entitled to, but not yet receiving, benefits	1,241	24	32	2,560
DROP participants	366	47	91	n/a
Active employees	14,705	1,357	1,885	19,731
Total number of plan members	21,897	2,185	2,940	30,886

7. Required Supplementary Information

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

H. OTHER POST-EMPLOYMENT BENEFITS

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

1. Fairfax County OPEB Plan

Plan Description

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

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

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

Funding Policy

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

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

Annual OPEB Cost

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

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

	2009	2008
ARC, for the year ended June 30	\$ 25,393,000	\$ 31,648,000
Interest on net OPEB asset from prior year	(2,027,000)	-
Actuarial adjustment	1,398,000	-
Annual OPEB cost	24,764,000	31,648,000
Actual contributions	(21,557,000)	(58,680,610)
(Increase) decrease in net OPEB asset, for the year ended June 30	3,207,000	(27,032,610)
Net OPEB asset, beginning of year	(27,032,610)	-
Net OPEB asset, end of year	<u>\$ (23,825,610)</u>	<u>\$ (27,032,610)</u>
Percentage of annual OPEB cost contributed	87.05%	185.42%

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

For the year ended June 30, 2009, the County’s OPEB funding progress is as follows:

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

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

The ARC for fiscal year 2009 was determined as part of the July 1, 2008, actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include:

- a. A rate of return on the investment of present and future assets of 7.5 percent per year compounded annually, including an inflation component of 4.0 percent.
- b. An annual healthcare cost trend rate of 8.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after four years (7.0%, 6.0%, 5.5%, 5.0%), including an inflation component of 4.0 percent.

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

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

Concentrations

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

2. Public Schools OPEB Plan

Plan Description

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

Funding Policy

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

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

Annual OPEB Cost

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

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

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

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

For the year ended June 30, 2009, Public Schools' OPEB funding progress was as follows:

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

See accompanying notes to required supplementary information.

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

The ARC for fiscal year 2009 was determined as part of the July 1, 2008, actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include:

- A rate of return on the investment of present and future assets of 7.5 percent per year compounded annually, including an inflation component of 4.0 percent.
- An annual healthcare cost trend rate of 9.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after four years (8.0%, 7.0%, 6.0%, 5.0%), including an inflation component of 4.0 percent.

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

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

Concentrations

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

3. Current Plan Membership

At July 1, 2008, the date of the latest actuarial valuations, membership in the reporting entity’s plans consisted of the following:

	Primary Government	Component Unit - Public Schools
	OPEB	OPEB
Retirees and beneficiaries receiving benefits	3,606	7,745
Active employees	12,766	18,528
Total number of plan members	<u>16,372</u>	<u>26,273</u>

I. 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 1.82 percent and 3.78 percent at June 30, 2009 and 2008, respectively, to reflect anticipated investment income. Changes in the balances of claims liabilities during fiscal years 2009 and 2008 are as follows:

	Internal Service Funds			
	Primary Government		Component Unit - Public Schools	
	Self-Insurance	Health Benefits	Insurance	Health Benefits Trust
	Liability balances, June 30, 2007	\$ 25,665,382	7,486,315	17,546,655
Claims and changes in estimates	16,005,437	88,269,771	9,013,466	216,910,666
Claims payments	(13,429,633)	(86,362,945)	(7,389,041)	(216,760,666)
Liability balances, June 30, 2008	28,241,186	9,393,141	19,171,080	15,771,000
Claims and changes in estimates	17,739,326	97,372,347	8,576,589	236,865,276
Claims payments	(12,895,886)	(95,345,297)	(6,920,498)	(236,606,276)
Liability balances, June 30, 2009	\$ 33,084,626	\$11,420,191	20,827,171	16,030,000

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

J. SHORT-TERM OBLIGATIONS

On November 28, 2007, the FCRHA issued a \$105,485,000 bond anticipation note to finance a portion of the purchase price of a multi-family rental housing property as part of the County's affordable housing initiative. The note matured on October 9, 2008, and was repaid through the issuance of another note and funding available in the County's Penny for Affordable Housing capital projects fund. On October 6, 2008, the FCRHA issued the \$104,105,000 refunding bond anticipation note. The note bears interest at 2.44 percent and matures on October 1, 2009. 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, 2009 (in thousands):

	Balance July 1, 2008	Additions	Reductions	Balance June 30, 2009
Primary Government				
Nonmajor Governmental Funds:				
Short-term notes payable	\$ 105,485	104,105	(105,485)	104,105

K. LONG-TERM OBLIGATIONS

The following is a summary of changes in the government-wide long-term obligations of the primary government and component units for the year ended June 30, 2009 (in thousands):

	Balance July 1, 2008	Additions	Reductions	Balance June 30, 2009	Due Within One Year
Primary Government					
Governmental activities:					
General obligation bonds payable:					
Principal amount of bonds payable	\$ 1,860,900	257,880	(223,015)	1,895,765	163,265
Premium on bonds payable	93,243	15,044	(14,287)	94,000	14,129
Deferred amount on refundings	(32,303)	(1,275)	3,371	(30,207)	(3,372)
Revenue bonds payable:					
Principal amount of bonds payable	222,623	-	(12,970)	209,653	13,304
Premium on bonds payable	9,573	-	(1,220)	8,353	1,147
Deferred amount on refundings	(4,480)	-	407	(4,073)	(408)
Notes payable	11,288	-	(645)	10,643	645
Bond anticipation note:					
Principal amount of bonds anticipation note	37,615	-	(2,300)	35,315	2,500
Premium on bond anticipation note	1,041	-	(261)	780	238
Compensated absences payable	101,926	65,227	(62,028)	105,125	48,018
Landfill closure and postclosure obligation	58,829	3,517	(1,147)	61,199	-
Obligations under capital leases and installment purchases	34,194	-	(2,849)	31,345	2,074
Insurance and benefit claims payable	37,634	115,111	(108,240)	44,505	21,728
Net pension obligation	51,676	74,384	(64,363)	61,697	-
Other:					
HUD Section 108 loans	1,610	5,040	(115)	6,535	299
Obligations for claims and judgments	150	1,500	(150)	1,500	1,500
Library Exchange	-	25,451	(2,088)	23,363	822
Total governmental activities	<u>2,485,519</u>	<u>536,428</u>	<u>(489,812)</u>	<u>2,532,135</u>	<u>265,889</u>
Business-type activities:					
Sewer revenue bonds payable:					
Principal amount of bonds payable	418,593	152,255	(11,779)	559,069	12,287
Premium (discount) on bonds payable	2,314	8,281	(131)	10,464	395
Deferred amount on refundings	(4,626)	-	167	(4,459)	(166)
Compensated absences payable	2,160	843	(926)	2,077	891
Total business-type activities	<u>418,441</u>	<u>161,379</u>	<u>(12,669)</u>	<u>567,151</u>	<u>13,407</u>
Total long-term liabilities - Primary government	\$ 2,903,960	697,807	(502,481)	3,099,286	279,296
Component Units					
Public Schools					
Compensated absences payable	\$ 31,546	22,981	(22,083)	32,444	22,711
Obligations under capital leases and installment purchases	102,231	1,997	(15,487)	88,741	12,070
Insurance and benefit claims payable	34,943	21,565	(19,651)	36,857	19,764
Total Public Schools	<u>168,720</u>	<u>46,543</u>	<u>(57,221)</u>	<u>158,042</u>	<u>54,545</u>
FCRHA					
Mortgage revenue bonds payable	23,949	12,220	(481)	35,688	537
Mortgage notes payable	58,431	2,618	(2,040)	59,009	2,733
Public housing loans payable	923	-	(173)	750	116
Loan from primary government	-	-	-	-	-
Compensated absences payable	1,008	581	(460)	1,129	521
Total FCRHA	<u>84,311</u>	<u>15,419</u>	<u>(3,154)</u>	<u>96,576</u>	<u>3,907</u>
Park Authority					
Revenue bonds payable:					
Principal amount of bonds payable	10,385	-	(625)	9,760	650
Discount on bonds payable	(63)	-	5	(58)	(5)
Deferred amount on refundings	(597)	-	50	(547)	(50)
Loan from primary government	15,375	-	(100)	15,275	125
Compensated absences payable	4,745	2,057	(2,008)	4,794	2,029
Total Park Authority	<u>29,845</u>	<u>2,057</u>	<u>(2,678)</u>	<u>29,224</u>	<u>2,749</u>
EDA					
Compensated absences payable	208	-	(2)	206	130
Total long-term liabilities - Component units	\$ 283,084	64,019	(63,055)	284,048	61,331

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, 2009, the amount of general obligation bonds authorized and unissued is summarized to the right (in thousands).

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

Bond Purpose	Amount
School improvements	\$ 528,455
Transportation improvements	185,840
Parks and park facilities	74,735
Commercial and redevelopment area improvements	6,630
Human services facilities	18,000
Public safety facilities	116,180
Public library facilities	21,580
Total authorized but unissued bonds	<u>\$ 951,420</u>

personal property in the County. In addition, the annual debt service may not exceed ten percent of the annual General Fund disbursements. As a financial guideline, the Board of Supervisors also follows a self-imposed limitation in total general obligation bond sales of \$1.375 billion over a five-year period or an average of \$275 million annually, with a maximum of \$300 million in any given year. All self-imposed bond limits have been complied with at June 30, 2009.

In January 2009, the County issued \$199,510,000 of Series 2009A General Obligation Public Improvement Bonds and \$58,370,000 Series 2009B General Obligation Refunding Bonds with average interest rates of 4.24 percent and 3.13 percent, respectively. The Refunding Bonds were issued to current refund \$59,810,000 of outstanding Series 1999A Refunding Bonds. Proceeds of \$61,224,951 were used to purchase U.S. Government securities which were deposited in an irrevocable escrow account to provide for the resources to redeem the Series 1999A Refunding Bonds on March 2, 2009. The reacquisition prices exceeded the net carrying amounts of the refunded bonds by \$1,275,125, and this amount is being amortized over the remaining life of the refunded bonds. The County refunded these bonds to reduce its total debt service payments over the next five years by approximately \$4.9 million and to obtain an economic gain (the difference between present values of the debt service payments on the old and new debt) of approximately \$4.6 million.

Detailed information regarding the general obligation bonds outstanding as of June 30, 2009, is contained in Section 5 of this note.

2. Revenue Bonds

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

From 1996 through 2005, the FCRHA issued a total of \$34,395,000 of lease revenue bonds for the purpose of financing the construction, renovation, and expansion of four community center buildings, the construction of an adult day care center, the construction of a senior center, and the creation of facilities for child care and ancillary training programs. In 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, 2009, is contained in Section 5 of this note.

3. Sewer Revenue Bonds

In July 1996, the Sewer System issued \$104,000,000 of Series 1996 Sewer Revenue Bonds with an average interest rate of 5.8 percent to fund the plant expansion of the wastewater treatment facilities at the County's Noman M. Cole, Jr. Pollution Control Plant and other system improvements. In October 2004, the Sewer System issued \$94,005,000 of Series 2004 Sewer Revenue Refunding Bonds with an average interest rate of 4.61 percent to advance refund \$91,430,000 of the outstanding Series 1996 Sewer Revenue Bonds with an average interest rate of 5.82 percent. Net proceeds of the Refunding Bond were used mostly to redeem the Series 1996 Bonds on July 15, 2006. The lower interest rate of the Refunding Bond would reduce total debt service payment over future years by approximately \$16.8 million. In June 2009, the Sewer System issued \$152,255,000 of Series 2009 Sewer Revenue Bonds with an average interest rate of 4.88 percent to fund the System's portion of upgrade costs at certain wastewater treatment facilities that are owned by, or that provide service to, the County, the purchase of additional capacity, and the costs for other system improvements. As of June 30, 2009, the outstanding bonds consist of \$152,255,000 of Series 2009 Revenue Bonds and \$87,790,000 of Series 2004 Refunding Bonds.

The aforementioned sewer revenue bonds were issued in accordance with the General Bond Resolution adopted by the Board of Supervisors on July 29, 1985, and are payable from and secured by the net revenue generated through the Sewer System's operations. Accordingly, the Master Bond Resolution includes a rate covenant under which the Sewer System agreed that it will charge reasonable rates for the use of and services rendered by the Sewer System. Furthermore, the Sewer

System will adjust the rates from time to time to generate net revenues sufficient to provide an amount equal to 100 percent of its annual principal and interest requirements and the Sewer System's annual commitments to fund its proportionate share of other jurisdictions' debt service requirements. In addition, payment of the principal and interest on all bonds is insured by municipal bond insurance policies.

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

The Sewer System's share of UOSA's total outstanding debt at June 30, 2009, is \$253,660,622, 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, 2009, the outstanding principal for the 2001 and 2002 subordinated revenue bonds is \$28,204,116 and \$37,159,917, respectively.

Detailed information regarding the sewer revenue bonds outstanding as of June 30, 2009, is contained in Section 5 of this note.

4. Bond Anticipation Notes

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

Detailed information regarding the bond anticipation note outstanding as of June 30, 2009, is contained in Section 5 of this note.

5. County Debt and Related Interest to Maturity

The County's outstanding general obligation bonds, revenue bonds, notes payable, HUD Section 108 loans, Sewer System revenue bonds, and the related interest to maturity as of June 30, 2009, are comprised of the issues presented below:

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 2001A	Public Improvement	4.25	06-01-01	06-01-10	78-2,120	42,400	78	3	81
Series 2001A	Refunding	4.25	06-01-01	06-01-10	3,281-8,992	82,238	3,281	139	3,420
Series 2002A	Public Improvement	5.00	06-01-02	06-01-10	3400	68,000	3,400	170	3,570
Series 2002A	Refunding	4.00-5.00	06-01-02	06-01-15	1,800-1,904	26,149	11,151	1,645	12,796
Series 2003A	Refunding	5.00	02-01-03	06-01-12	3,650-7,527	82,407	18,446	1,655	20,101
Series 2003B	Public Improvement	4.00-5.00	05-15-03	06-01-23	3,315-3,330	66,490	46,510	15,392	61,902
Series 2004A	Public Improvement	4.00-5.25	04-14-04	04-01-24	3,170-3,180	63,530	47,650	17,026	64,676
Series 2004A	Refunding	4.50-5.25	04-14-04	04-01-17	2,955-5,650	67,200	42,100	9,072	51,172
Series 2004B	Public Improvement	4.00-5.00	10-19-04	10-01-24	3,455-3,460	69,120	55,300	19,962	75,262
Series 2004B	Refunding	4.50-5.00	10-19-04	10-01-19	825-2,585	30,375	24,625	5,889	30,514
Series 2005A	Public Improvement	4.00-5.00	08-16-05	10-01-25	4,155-4,315	85,655	72,715	27,572	100,287
Series 2005A	Refunding	4.25-5.00	08-16-05	10-01-21	3,045-10,185	117,505	113,340	32,817	146,157
Series 2007A	Public Improvement	4.00-5.00	02-07-07	04-01-27	5,389	107,780	97,002	40,033	137,035
Series 2008A	Public Improvement	4.00-5.00	01-30-08	04-01-28	4,955-4,960	99,155	94,195	42,986	137,181
Series 2009A	Public Improvement	3.50-5.00	01-28-09	04-01-29	2450	49,000	49,000	22,157	71,157
Series 2009B	Refunding	3.00-4.50	01-28-09	04-01-14	3,840-7,186	31,884	31,884	2,766	34,650
Total general obligation bonds - General County						1,088,888	710,677	239,284	949,961
Schools:									
Series 2001A	Public Improvement	4.25	06-01-01	06-01-10	147-4,000	80,000	147	6	153
Series 2001A	Refunding	4.25	06-01-01	06-01-10	2,284-6,258	57,227	2,284	97	2,381
Series 2002A	Public Improvement	5.00	06-01-02	06-01-10	6,500	130,000	6,500	325	6,825
Series 2002A	Refunding	4.00-5.00	06-01-02	06-01-15	3,069-3,246	34,786	19,008	2,804	21,812
Series 2003A	Refunding	5.00	02-01-03	06-01-12	3,935-8,108	88,758	19,874	1,783	21,657
Series 2003B	Public Improvement	4.00-5.00	05-15-03	06-01-23	6,430-6,435	128,680	90,070	29,831	119,901
Series 2004A	Public Improvement	4.00-5.25	04-14-04	04-01-24	6,005-6,015	120,215	90,145	32,209	122,354
Series 2004A	Refunding	4.50-5.25	04-14-04	04-01-17	3,155-6,580	78,165	48,670	10,447	59,117
Series 2004B	Public Improvement	4.00-5.00	10-19-04	10-01-24	5,810-5,815	116,280	93,020	33,566	126,586
Series 2004B	Refunding	4.50-5.00	10-19-04	10-01-19	2,600-8,170	96,035	77,850	18,613	96,463
Series 2005A	Public Improvement	4.00-5.00	08-16-05	10-01-25	5,085-5,275	104,685	88,870	33,707	122,577
Series 2005A	Refunding	4.25-5.00	08-16-05	10-01-21	5,820-20,385	235,740	228,965	66,550	295,515
Series 2007A	Public Improvement	4.00-5.00	02-07-07	04-01-27	6,341	126,820	114,138	47,106	161,244
Series 2008A	Public Improvement	4.00-5.00	01-30-08	04-01-28	6,765-6,770	135,320	128,550	58,671	187,221
Series 2009A	Public Improvement	3.50-5.00	01-28-09	04-01-29	7,525	150,510	150,510	68,054	218,564
Series 2009B	Refunding	3.00-4.50	01-28-09	04-01-14	3,190-5,969	26,487	26,487	2,298	28,785
Total general obligation bonds - Schools						1,709,708	1,185,088	406,067	1,591,155
Total general obligation bonds						2,798,596	1,895,765	645,351	2,541,116

(Continued)

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)
Revenue bonds:								
EDA revenue bonds:								
Series 2003	3.00-5.00	06-01-03	06-01-33	790-4,240	70,830	64,505	29,059	93,564
Series 2003 Refunding	5.00	10-01-03	11-15-18	4,720-7,885	85,650	62,545	18,295	80,840
Series 2005	3.00-5.00	01-27-05	04-01-35	1,185-3,615	60,690	56,620	41,543	98,163
FCRHA lease revenue bonds:								
Series 1996	5.50	09-15-96	06-01-17	330-505	6,390	3,365	885	4,250
Series 1998	4.25-4.85	12-01-98	06-01-18	265-390	5,500	2,960	746	3,706
Series 1999	5.25-5.38	05-27-99	05-01-29	25-65	1,000	835	545	1,380
Series 2003	3.5	07-22-03	08-01-23	44-176	2,530	1,973	541	2,514
Series 2004	3.25-5.25	08-26-04	06-01-19	720-725	10,870	7,245	1,895	9,140
Series 2005	3.25-3.60	06-16-05	06-01-15	810	8,105	4,860	594	5,454
Series 2006	4.00-5.00	08-22-06	06-30-13	1,185-1,190	8,065	4,745	528	5,273
Total revenue bonds					259,630	209,653	94,631	304,284
Notes payable	3.38-4.29	12-27-05	12-31-25	323-645	12,900	10,643	3,691	14,334
HUD Section 108 loan #8	4.97-6.67	07-01-01	08-01-21	115	2,300	1,495	623	2,118
HUD Section 108 loan #11	Variable	06-29-09	06-29-29	184-334	5,040	5,040	3,024	8,064
Total HUD Section 108 loans					7,340	6,535	3,647	10,182
Bond Anticipation Note Series 2008A	3.50-4.00	09-01-08	03-01-13	2,300-27,515	37,615	35,315	4,955	40,270
Total governmental activities					3,116,081	2,157,911	752,275	2,910,186
Business-type activities:								
Sewer revenue bonds:								
UOSA Bonds Subordinated	2.00-6.00	01-12-94	07-01-41	3,504-15,528	277,621	253,661	185,417	439,078
Series 2001 Subordinated	4.10	06-01-01	02-01-21	1,787-2,910	40,000	28,204	7,787	35,991
Series 2002 Subordinated	3.75	09-01-02	03-01-22	2,183-3,538	50,000	37,160	10,131	47,291
Series 2004 Refunding	3.00-5.00	10-14-04	07-15-28	2,560-6,725	94,005	87,790	47,663	135,453
Series 2009 Revenue	2.50-5.00	06-17-09	07-15-40	3,380-9,415	152,255	152,255	141,536	293,791
Total business-type activities					613,881	559,070	392,534	951,604
Total County bond, note, and loan indebtedness					\$ 3,729,962	2,716,981	1,144,809	3,861,790

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, 2009, are as follows:

Fiscal Year	Governmental Activities						Business-Type			
	General Obligation Bonds		Revenue Bonds		Notes and Loans		Sewer System Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 163,265	88,024	13,304	9,769	3,444	2,172	12,287	22,891	192,300	122,856
2011	157,665	78,320	13,637	9,242	3,550	2,040	15,797	25,437	190,649	115,039
2012	149,690	70,909	14,017	8,684	3,656	1,905	16,445	24,800	183,808	106,298
2013	141,785	63,923	14,416	8,069	28,478	1,765	17,147	24,114	201,826	97,871
2014	136,260	57,190	13,645	7,386	968	618	17,878	23,365	168,751	88,559
2015-2019	589,010	193,344	70,825	26,632	4,946	2,382	103,843	103,070	768,624	325,428
2020-2024	398,385	78,281	28,384	13,146	4,913	1,180	113,774	76,734	545,456	169,341
2025-2029	159,705	15,360	17,510	7,962	2,538	231	126,299	49,809	306,052	73,362
2030-2034	-	-	20,300	3,578	-	-	51,013	27,631	71,313	31,209
2035-2039	-	-	3,615	163	-	-	64,940	13,703	68,555	13,866
2040-2044	-	-	-	-	-	-	19,647	980	19,647	980
Totals	\$ 1,895,765	\$ 645,351	\$ 209,653	\$ 94,631	\$ 52,493	\$ 12,293	559,070	392,534	2,716,981	1,144,809

6. FCRHA Bonds, Notes, and Loans Payable

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

The following table details all FCRHA bonds, notes (including a loan from the County), and loans payable as of June 30, 2009, 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	\$ 150-190	\$ 6,340	4,985
Tax-exempt revenue bonds	Herndon Harbor I - rental property	6.10	08-01-97	07-01-27	24-30	2,875	822
Multi-family revenue bonds	Castellani Meadows	6.15	04-01-98	03-01-28	20-26	1,700	737
Lease revenue refunding bonds	FCRHA revenues	4.71	06-15-98	06-15-18	180-220	3,630	2,055
Multi-family revenue bonds	Herndon Harbor II - rental property	4.875-5.50	05-01-99	05-01-29	44-56	2,000	1,731
Multi-family revenue bonds	Cedar Ridge Apartments	5.984	03-29-07	10-01-48	62-115	13,200	13,138
Multi-family revenue bonds	Olley Glen - senior rental property	3.15-5.75	08-26-08	08-01-51	30-355	12,220	12,220
Total mortgage bonds payable - FCRHA						<u>41,965</u>	<u>35,688</u>
Mortgage Notes Payable and Loan from County:							
United Bank	One University Plaza office building	5.00	02-01-04	02-01-14	\$ 26-32	363	141
	Faircrest North, Laurel Hill, Westcott Ridge, Holly Acres, Legato Corner, and Willow Oaks rental properties	6.21	01-01-07	12-01-21	54-65	2,998	2,868
	East Market, Fair oaks, Bryson	6.14	12-06-07	12-01-22	15-22	856	833
Sun Trust Bank	United Community Ministries	4.71	08-25-98	04-01-13	30-36	400	133
	Creighton Square	7.10	06-25-99	07-01-12	50-62	550	180
	Leland Road Group Home property	5.55	10-06-99	04-01-17	34-43	615	349
	Hopkins Glen rental property	4.33	12-02-02	10-01-16	10-62	475	416
Bank of America	McLean Hills and Springfield Green rental properties	4.54	04-01-95	04-01-15	53-68	1,072	448
	Credit Line	.82	12-11-08	12-31-09	445	445	445
U.S. Dept. of Housing and Urban Development	Various FCRHA rental properties	6.45-9.15	02-01-92	varies	285	5,690	845
	Various FCRHA rental properties	3.73-7.90	02-01-93	varies	110-115	3,100	575
	Various FCRHA rental properties	4.75-7.18	08-01-94	varies	195-205	3,775	1,070
	Various FCRHA rental properties	5.36-7.66	08-01-96	varies	5-50	1,080	190
	Hopkins Glen rental property	3.00	07-12-98	04-01-10	35-49	1,112	40
	Various FCRHA rental properties	1.21-5.29	08-07-03	varies	35	500	324
	Olley Glen property	1.29-3.44	01-29-09	08-01-23	100-125	2,050	2,050
Virginia Housing Development Authority	Minerva Fisher-Hall Group Home property	8.07	07-01-79	06-01-19	2-16	437	251
	Penderbrook rental property	7.17	09-01-88	10-01-18	16-25	770	479
	West Ox Group Home property	8.00	01-01-92	10-01-22	15-20	842	607
	First Stop Group Home property	8.00	01-01-93	04-01-22	5-15	246	355
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	287
Total mortgage notes payable - FCRHA						<u>28,584</u>	<u>12,933</u>
Public Housing Loans Payable:							
Public housing notes - Federal Financing Bank	The projects' land, buildings, and equipment	6.60	02-05-82	11-01-15	108-140	2,348	750
Public housing bonds	Declaration of Trust	5.00	04-01-68	04-01-09	65	1,260	-
Total public housing loans payable - FCRHA						<u>3,608</u>	<u>750</u>
Total public housing bonds, notes, and loans payable - FCRHA primary government						<u>\$ 74,156</u>	<u>49,371</u>

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, 2009, are as follows:

Fiscal Year	Component Unit - FCRHA (Primary Government)							
	Housing Bonds Payable		Mortgage Notes Payable and Loan from County		Public Housing Loans Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 536,650	1,727,194	1,760,253	649,654	115,814	49,511	2,412,717	2,426,359
2011	568,442	1,697,865	1,348,939	565,089	123,457	41,868	2,040,838	2,304,822
2012	7,905,508	1,552,104	1,373,070	469,188	131,606	33,719	9,410,184	2,055,011
2013	668,298	1,403,669	1,081,029	448,696	140,223	25,102	1,889,550	1,877,467
2014	696,854	1,367,852	780,252	397,926	87,624	15,779	1,564,730	1,781,557
2015-2019	3,856,848	6,228,645	2,330,618	1,515,871	151,448	13,828	6,338,914	7,758,344
2020-2024	3,802,940	5,193,829	3,534,069	632,612	-	-	7,337,009	5,826,441
2025-2029	3,889,689	3,978,342	599,113	76,922	-	-	4,488,802	4,055,264
2030-2034	2,086,081	3,255,788	125,390	4,012	-	-	2,211,471	3,259,800
2035-2039	2,776,151	2,658,348	-	-	-	-	2,776,151	2,658,348
2040-2044	3,677,408	1,859,026	-	-	-	-	3,677,408	1,859,026
2045-2049	4,283,275	803,149	-	-	-	-	4,283,275	803,149
2050-2054	940,000	93,581	-	-	-	-	940,000	93,581
Totals	\$ 35,688,144	31,819,392	12,932,733	4,759,970	750,172	179,807	49,371,049	36,759,169

7. Park Authority Bonds, Loans, and Notes Payable

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

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

The debt service requirements to maturity for the outstanding bonds and loan at June 30, 2009, are as follows:

Fiscal Year	Revenue Bonds			Loan from Primary Government			Total	
	Int. Rate	Principal	Interest	Int. Rate	Principal	Interest	Principal	Interest
	2010	3.75	650,000	415,976	3.00	125,000	681,562	775,000
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	4.10	725,000	335,665	5.00	210,000	666,112	935,000	1,001,777
2014	4.20	750,000	305,052	5.00	245,000	655,613	995,000	960,665
2015-2019	4.10-4.50	4,275,000	987,417	5.00	1,890,000	3,051,562	6,165,000	4,038,979
2020-2024	4.75	1,995,000	95,831	5.00-4.25	3,280,000	2,448,813	5,275,000	2,544,644
2025-2029	-	-	-	4.25	4,680,000	1,572,712	4,680,000	1,572,712
2030-2033	-	-	-	4.25	4,515,000	489,600	4,515,000	489,600
Totals		\$ 9,760,000	2,895,426		\$ 15,275,000	10,917,100	25,035,000	13,812,526

8. Conduit Debt Obligations

The FCRHA is empowered by the Commonwealth of Virginia to issue tax-exempt bonds on behalf of qualified businesses to develop or rehabilitate low income housing within the County. Principal and interest on the tax-exempt bonds are paid entirely by the owners of the properties, who have entered into binding contracts to develop or rehabilitate the subject properties. The terms of the tax-exempt bonds stipulate that neither the FCRHA nor the County guarantees the repayment of principal and interest to the bondholders. A bondholder's sole recourse in the event of default on the tax-exempt bonds is to the subject property and third-party beneficiaries. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2009, approximately \$90.1 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, 2009, the cumulative amount of all IRBs outstanding was \$1,110.2 million.

In October 2003, August 2004, March 2007, and July 2008, the EDA issued \$33,375,000, \$57,410,000, \$41,505,000 and \$51,505,000, respectively, of transportation contract revenue bonds on behalf of the State Route 28 Transportation Improvement District for the purpose of financing a portion of the costs of the construction of certain improvements to State Route 28 in the County. The bonds are payable from the collection of special improvements assessments levied by the County and by Loudoun County, Virginia, on property owners in the District. As the County and EDA are not responsible to make payments to pay principal and interest on the bonds, the related transactions, including the liability for the bonds, are not recorded in the County's or EDA's financial statements. As of June 30, 2009, the principal amount of transportation contract revenue bonds outstanding was \$180.7 million.

In December 2005, the Park Authority issued two notes totaling \$12,900,000 to finance the acquisition of a permanent conservation easement. As the County is responsible, under the related documents and subject to appropriation, to pay the principal and interest on the notes, the related transactions, including the liability for the notes, have been recorded in the County's financial statements and not in those of the Park Authority. The notes are not general obligation debt of the County, and the full faith and credit of the County is not pledged to the notes. As of June 30, 2009, \$10.6 million of these notes are outstanding.

9. Defeasance of Debt

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, 2009, the amount of general obligation bonds that are outstanding but considered defeased is approximately \$178.6 million.

10. Sanitary Landfill Closure and Postclosure Obligation

State and federal laws require the County to place a final cover on its I-95 Sanitary Landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The existing raw waste units are filled to capacity. The ash disposal units continue to be operated, with approximately 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 \$61.2 million reported as the landfill closure and post closure obligation at June 30, 2009, represents the total estimated cost remaining to be incurred based on landfill capacity used to date. The actual cost may vary due to inflation, changes in technology, or changes in regulations. It is expected that the landfill closure and post closure care costs will be funded from existing resources in the I-95 Refuse Disposal Fund.

11. Obligations Under Capital Leases and Installment Purchases

The reporting entity has financed the acquisition of certain capital assets, including a satellite government center, buses, computer equipment, copier machines, and trailers, by entering into capital lease and installment purchase agreements. The balance of capital assets, net, and the minimum obligations under these capital lease and installment purchase agreements as of June 30, 2009, 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	6,017,636	-
Equipment	36,008,636	31,812,794
Total assets, at cost	71,155,935	94,722,979
Accumulated depreciation	(39,641,028)	(12,400,658)
Total assets, net	\$ 31,514,907	82,322,321
Fiscal Year	Minimum Obligations	Minimum Obligations
2010	\$ 3,822,987	16,328,225
2011	3,811,335	12,704,671
2012	2,709,861	9,894,225
2013	2,558,194	6,268,542
2014	2,553,921	6,183,118
2015-2019	11,329,077	21,765,677
2020-2024	10,693,410	18,880,175
2025-2029	10,357,996	18,875,400
2030-2034	6,212,745	18,873,200
2035-2039	-	3,777,675
Total minimum obligations	54,049,526	133,550,908
Portion representing interest	(22,704,070)	(44,809,715)
Present value of minimum obligations	\$ 31,345,456	88,741,193

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

Minimum lease payments for each of the five succeeding fiscal years are \$1,220,000, \$1,255,000, \$1,305,000, \$1,360,000 and \$1,415,000 respectively.

L. LONG-TERM COMMITMENTS

1. Washington Metropolitan Area Transit Authority (WMATA)

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

Capital Contributions – Transit Equipment and Facilities

Each fiscal year, the County and other local jurisdictions make contributions for WMATA's acquisition, replacement, and rehabilitation of transit equipment and facilities and for the debt service on federally guaranteed transit revenue bonds issued by WMATA. The County's obligation of approximately \$65.5 million for fiscal year 2009 was funded with \$61 million of County general obligation bond proceeds, \$4.5 million of state aid provided through the NVTC. It is anticipated that the County's obligation for fiscal year 2010 will amount to \$26.2 million and be funded with \$4.6 million of state aid provided through the NVTC, and \$21.7 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 2009, the County's obligation of approximately \$71.9 million for operating subsidies was funded with \$7.2 million from the County's Metro Operations and Construction Fund, \$64.7 million from state aid and regional gasoline tax receipts provided through the NVTC. It is anticipated that the County's obligation for fiscal year 2010 will amount to \$72 million and be funded with \$64.1 million of state aid and regional gasoline tax receipts provided through the NVTC and \$7.8 million of County funds.

2. Virginia Railway Express (VRE)

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

In October 1989, the Board of Supervisors of Fairfax County approved the Commuter Rail Master Agreement and financial plans. These have subsequently been amended to reflect voting criteria for member jurisdictions, new member requirements, and fairness in the subsidy allocation formula which took effect for fiscal year 2008. The Board approved this Amended Master Agreement on September 10, 2007. The Amended Master Agreement requires the County to contribute to capital, operating, and debt service costs of the VRE on a pro rata basis according to its share of ridership. The County's fiscal year 2009 contribution to the VRE was \$5.5 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 2009, the County's, Public Schools', and EDA's total expenditures for these operating leases were \$11.7 million, \$7.7 million, and \$0.8 million, respectively. At June 30, 2009, the minimum long-term lease commitments accounted for as operating leases were as shown below:

Fiscal Year	Primary Government	Component Units	
	Governmental Activities	Public Schools	EDA
2010	16,771,933	4,973,552	206,267
2011	12,560,533	1,950,406	658,580
2012	7,862,845	749,385	676,702
2013	5,993,634	34,754	695,266
2014	3,756,747	16,807	714,493
2015-2019	4,872,407	14,546	3,942,912
2020-2024	2,131,982	-	284,563
2025-2029	2,118,845	-	-
2030-2034	1,865,706	-	-
2035-2039	1,540,194	-	-
Total	\$ 59,474,826	7,739,450	7,178,783

4. Intermunicipal Agreements

City of Alexandria, Virginia, Sanitation Authority

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

The ASA facility is currently undergoing major improvements to meet new water quality standards. The Sewer System paid ASA \$15,438,711 in fiscal year 2009, to fund its share of construction costs, and it estimates its share of the remaining construction costs to be \$80,000,000 of which \$9,500,000 is expected to be incurred in fiscal year 2010 and the balance over fiscal years 2011 to 2015. In addition, the Sewer System made payments of \$14,170,985 to the ASA during fiscal year 2009 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 \$8,783,339 during fiscal year 2009 to fund its share of construction costs, and it estimates its share of the remaining construction costs to be \$150,000,000, of which \$13,500,000 is expected to be incurred in fiscal year 2010 and the balance over fiscal years 2011 to 2015. In addition, the Sewer System made payments of \$12,516,382 to WASA during fiscal year 2009 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 2009 of \$13,171,944 to pay its share of UOSA’s operating costs.

Summarized UOSA financial information as of and for the years ended June 30, 2008, and 2007 (the most recent audited financial information available), is shown below.

	2008	2007
Total assets	\$ 571,653,519	466,853,515
Total liabilities	(464,752,975)	(349,380,335)
Total net assets	\$ 106,900,544	117,473,180
Operating revenues	\$ 24,774,140	23,815,408
Operating expenses	(47,749,375)	(45,981,365)
Nonoperating revenues, net	3,941,553	7,067,666
Capital contributions	8,461,046	8,105,152
Increase in net assets	\$ (10,572,636)	(6,993,139)

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 \$9,570,140 in fiscal year 2009 to fund its share of the construction costs, and it estimates its share of the remaining construction costs to be \$25,000,000, of which \$9,000,000 is expected to be incurred in fiscal year 2010 and the balance over fiscal years 2011 to 2015. In addition, the Sewer System made payments of \$1,595,998 to Arlington County during fiscal year 2009 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, 2009, \$59,235,000 of the Series 1998A refunding bonds are outstanding. Unspent bond proceeds in the amount of \$30,248,672, 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, 2009, the primary government had contractual commitments of \$79,313,325 in the capital projects funds and \$53,700,000 in the Sewer System for construction of various sewer projects. At June 30, 2009, the component units had contractual commitments of \$112,192,335 and \$7,346,193 in the capital projects funds of the Public Schools and the Park Authority, respectively, for construction of various projects.

M. CONTINGENT LIABILITIES

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

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

N. SUBSEQUENT EVENTS

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

In October 2009, the County issued \$202,200,000 of Series 2009E General Obligation Taxable Build America Bonds with an average interest rate of 4.69 percent. The bonds were issued to finance projects related to

school improvements, public safety, park facilities, transportation facilities, and other purposes. The bonds were issued under the provisions of Section 1531 of the American Recovery and Reinvestment Act of 2009, which amended Section 54AA and Section 6431 of the Internal Revenue Code to provide for a cash subsidy payment from the United States Treasury equal to 35 percent of the interest payable by the County on the bonds. Such subsidy payment is not pledged as security for the bonds.

O. IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENT

In Fiscal Year 2009, the County implemented GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations. The implementation of this new standard did not have a material impact on the County's financial statements for Fiscal Year 2009.

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, 2009

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,847,403,486	2,801,008,984	2,824,677,012	23,668,028
Permits, privilege fees, and regulatory licenses	27,907,777	24,435,569	24,494,049	58,480
Intergovernmental	324,837,600	344,147,641	355,746,513	11,598,872
Charges for services	62,607,168	62,107,484	62,034,686	(72,798)
Fines and forfeitures	18,301,540	16,038,769	16,476,756	437,987
Revenue from the use of money and property	32,295,954	34,181,287	44,137,491	9,956,204
Recovered costs	7,272,776	7,243,616	8,202,721	959,105
Total revenues	3,320,626,301	3,289,163,350	3,335,769,228	46,605,878
EXPENDITURES				
General government administration	105,392,589	108,840,173	101,903,294	6,936,879
Judicial administration	36,925,022	38,172,867	33,472,299	4,700,568
Public safety	430,896,265	432,132,758	412,175,529	19,957,229
Public works	65,856,118	69,382,171	66,283,443	3,098,728
Health and welfare	253,239,347	275,119,362	262,057,446	13,061,916
Community development	51,835,174	55,975,102	49,112,947	6,862,155
Parks, recreation, and cultural	82,800,640	83,891,346	78,846,151	5,045,195
Nondepartmental	209,318,168	215,178,623	205,138,704	10,039,919
Total expenditures	1,236,263,323	1,278,692,402	1,208,989,813	69,702,589
Excess of revenues over expenditures	2,084,362,978	2,010,470,948	2,126,779,415	116,308,467
OTHER FINANCING SOURCES (USES)				
Transfers in from other primary government funds	9,054,492	26,241,895	26,241,895	-
Transfers out to other primary government funds	(488,195,427)	(515,578,790)	(515,578,790)	-
Transfers out to component units	(1,628,133,947)	(1,628,092,445)	(1,628,092,445)	-
Total other financing sources (uses)	(2,107,274,882)	(2,117,429,340)	(2,117,429,340)	-
Net change in fund balance	\$ (22,911,904)	(106,958,392)	9,350,075	116,308,467

See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Funding Progress
For the fiscal year ended June 30, 2009

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:						
7/1/2003	\$ 1,903,970	\$ 2,251,187	\$ 347,217	84.58 %	\$ 530,216	65.49 %
7/1/2004	2,030,539	2,411,135	380,596	84.22	552,738	68.86
7/1/2005	2,202,515	2,676,418	473,903	82.29	565,063	83.87
7/1/2006	2,363,844	2,881,780	517,936	82.03	574,294	90.19
7/1/2007	2,596,658	3,139,187	542,529	82.72	579,075	93.69
7/1/2008	2,752,874	3,328,901	576,027	82.70	610,877	94.30
Police Officers Retirement System:						
7/1/2003	644,405	703,977	59,572	91.54	71,401	83.43
7/1/2004	685,495	749,344	63,849	91.48	78,080	81.77
7/1/2005	732,582	828,702	96,120	88.40	83,939	114.51
7/1/2006	788,766	897,478	108,712	87.89	89,062	122.06
7/1/2007	870,975	968,735	97,760	89.91	95,904	101.94
7/1/2008	908,077	1,031,333	123,256	88.05	99,714	123.61
Uniformed Retirement System:						
7/1/2003	715,797	795,342	79,545	90.00	100,749	78.95
7/1/2004	767,357	881,015	113,658	87.10	102,960	110.39
7/1/2005	830,702	974,106	143,404	85.28	109,067	131.48
7/1/2006	921,414	1,102,667	181,253	83.56	127,469	142.19
7/1/2007	1,028,385	1,206,624	178,239	85.23	136,487	130.59
7/1/2008	1,097,994	1,285,694	187,700	85.40	142,724	131.51
Other Post-Employment Benefits (OPEB):						
7/1/2007	-	379,856	379,856	-	650,106	58.43
7/1/2008	48,207	350,709	302,502	13.75	697,253	43.39
Component Unit - Public Schools						
Educational Employees' Supplementary Retirement System:						
6/30/2003	1,597,459	1,772,418	174,959	90.13	866,502	20.19
12/31/2004	1,643,020	1,935,582	292,562	84.89	977,817	29.92
12/31/2005	1,718,399	2,022,962	304,563	84.94	1,050,217	29.00
12/31/2006	1,818,930	2,105,552	286,622	86.39	1,111,828	25.78
12/31/2007	1,924,886	2,186,801	261,915	88.02	1,161,432	22.55
12/31/2008	1,733,946	2,255,298	521,352	76.88	1,211,140	43.05
Other Post-Employment Benefits (OPEB):						
7/1/2007	-	299,668	299,668	-	1,302,665	23.00
7/1/2008	7,996	458,067	450,071	1.75	1,352,321	33.28

See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Employer Contributions
For the fiscal year ended June 30, 2009

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

Fiscal Year Ended June 30	Component Unit - Public Schools	
	Educational Employees' Supplementary Retirement	
	Annual Required Contribution	Percentage Contributed
2004	\$ 37,331,203 *	100.00 %
2005	32,198,596 *	100.00
2006	34,648,918 *	100.00
2007	36,644,001 *	100.00
2008	38,334,140 *	100.00
2009	40,012,408 *	100.00

Year Ended June 30	Primary Government Other Post-Employment Benefits (OPEB)		Component Unit - Public Schools Other Post-Employment Benefits (OPEB)	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
	2008	\$ 31,648,000	185.42 %	\$ 25,302,000
2009	25,393,000	84.89	37,522,000	97.65

* 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, 2009

A. BUDGETARY DATA

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

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

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

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

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

	Primary Government General Fund
Net change in fund balance (Budget basis)	\$ 9,349,821
Basis difference - Revenue from investments	(1,643,072)
Perspective differences:	
The Gift Fund and NOVARIS are treated as agency funds for budget purposes	(211,650)
The Consolidated Community Funding Pool Fund is treated as a special revenue fund for budget purposes	162,823
The Contributory Fund is treated as a special revenue fund for budget purposes	9,067
Net change in fund balance (GAAP basis)	<u>\$ 7,666,989</u>

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

B. PENSION TREND DATA

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

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

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

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

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

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



Other

Supplementary Information

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, 2009

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Real property	\$ 2,046,377,538	2,046,898,739	2,047,846,868	948,129
Personal property	303,014,994	302,968,741	316,413,435	13,444,694
Business licenses	148,195,015	131,778,769	142,547,445	10,768,676
Local sales and use	169,576,828	158,493,192	156,354,465	(2,138,727)
Consumers utility	103,472,313	101,745,851	96,328,750	(5,417,101)
Recordation	33,334,185	20,428,455	25,063,223	4,634,768
Occupancy, tobacco, and other	43,432,613	38,695,237	40,122,826	1,427,589
Total taxes	2,847,403,486	2,801,008,984	2,824,677,012	23,668,028
Permits, privilege fees, and regulatory licenses	27,907,777	24,435,569	24,494,049	58,480
Intergovernmental	324,837,600	344,147,641	355,746,513	11,598,872
Charges for services	62,607,168	62,107,484	62,034,686	(72,798)
Fines and forfeitures	18,301,540	16,038,769	16,476,756	437,987
Revenue from the use of money and property	32,295,954	34,181,287	44,137,491	9,956,204
Recovered costs	7,272,776	7,243,616	8,202,721	959,105
Total revenues	3,320,626,301	3,289,163,350	3,335,769,228	46,605,878
EXPENDITURES				
General government administration:				
Board of Supervisors	5,304,194	5,079,167	4,513,312	565,855
Financial and Program Auditor	244,830	244,018	226,973	17,045
County Executive	8,132,682	7,254,698	6,658,003	596,695
Tax Administration	24,567,021	24,420,421	24,272,113	148,308
Finance	9,404,083	9,334,939	8,784,567	550,372
Cable Communications and Consumer Protection	1,499,402	1,693,932	1,376,403	317,529
Human Resources	7,136,940	6,891,853	6,581,509	310,344
Purchasing and Supply Management	5,557,931	5,562,504	5,238,637	323,867
Public Affairs	1,495,529	1,541,407	1,478,132	63,275
Electoral Board and General Registrar	3,273,882	5,172,148	4,357,047	815,101
County Attorney	6,574,774	6,601,564	6,405,436	196,128
Information Technology	28,507,281	31,301,239	28,663,585	2,637,654
Management and Budget	3,074,611	3,152,838	2,973,079	179,759
Civil Service Commission	619,429	589,445	374,498	214,947
Total general government administration	105,392,589	108,840,173	101,903,294	6,936,879
Judicial administration:				
Circuit Court and Records	10,626,213	10,564,018	10,234,230	329,788
Commonwealth Attorney	2,826,927	2,754,876	2,505,994	248,882
General District Court	2,358,002	2,521,416	2,407,159	114,257
Sheriff	21,113,880	22,332,557	18,324,916	4,007,641
Total judicial administration	36,925,022	38,172,867	33,472,299	4,700,568
Public safety:				
Cable Communications and Consumer Protection	1,005,054	944,373	1,013,722	(69,349)
Land Development Services	12,197,657	11,435,810	10,014,812	1,420,998
Juvenile and Domestic Relations Court	21,799,359	21,612,580	21,123,617	488,963
Police Department	177,275,884	178,418,788	171,857,413	6,561,375
Sheriff	41,951,872	41,879,656	41,640,997	238,659
Fire and Rescue	174,525,858	175,546,029	164,698,315	10,847,714
Emergency Management	2,140,581	2,295,522	1,826,653	468,869
Total public safety	\$ 430,896,265	432,132,758	412,175,529	19,957,229

continued

EXHIBIT B

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
Public works:				
Facilities Management	\$ 49,899,054	53,236,572	50,669,910	2,566,662
Business Planning and Support	432,805	404,754	342,029	62,725
Capital Facilities	11,272,316	11,432,670	11,432,331	339
Stormwater Management	3,748,018	3,804,250	3,413,817	390,433
Unclassified Administrative Expenses	503,925	503,925	425,356	78,569
Total public works	65,856,118	69,382,171	66,283,443	3,098,728
Health and welfare:				
Family Services	189,125,733	207,169,230	197,906,806	9,262,424
Health Department	46,984,329	50,405,509	47,421,046	2,984,463
Human Services Administration	11,186,203	11,238,886	10,968,454	270,432
Human Services Systems Management	5,943,082	5,805,737	5,544,605	261,132
Office to Prevent and End Homelessness	-	500,000	216,535	283,465
Total health and welfare	253,239,347	275,119,362	262,057,446	13,061,916
Community development:				
Economic Development Authority	6,744,883	6,610,090	6,610,087	3
Land Development Services	15,836,888	16,311,917	14,877,831	1,434,086
Planning and Zoning	11,609,727	12,059,226	11,318,041	741,185
Planning Commission	775,965	758,275	716,084	42,191
Housing and Community Development	6,557,645	6,750,863	6,334,422	416,441
Human Rights	1,970,110	1,939,904	1,690,020	249,884
Transportation	8,339,956	11,544,827	7,566,462	3,978,365
Total community development	51,835,174	55,975,102	49,112,947	6,862,155
Parks, recreation, and cultural:				
Community and Recreation Services	23,060,220	24,285,949	21,708,386	2,577,563
Park Authority	26,630,847	26,177,921	25,686,399	491,522
Public Library	33,109,573	33,427,476	31,451,366	1,976,110
Total parks, recreation, and cultural	82,800,640	83,891,346	78,846,151	5,045,195
Nondepartmental:				
Unclassified Administrative Expenses	3,500,000	8,244,787	3,988,686	4,256,101
Employee Benefits	205,818,168	206,933,836	201,150,018	5,783,818
Total nondepartmental	209,318,168	215,178,623	205,138,704	10,039,919
Total expenditures	1,236,263,323	1,278,692,402	1,208,989,813	69,702,589
Excess of revenues over expenditures	\$ 2,084,362,978	2,010,470,948	2,126,779,415	116,308,467

continued

COUNTY OF FAIRFAX, VIRGINIA
Budgetary Comparison Schedule Detail - General Fund (Budget Basis)
For the fiscal year ended June 30, 2009

EXHIBIT B
concluded

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Transfers in:				
From other primary government funds:				
Special Revenue Fund - Cable Communications	\$ 5,204,492	5,204,492	5,204,492	-
Cable Communications				
Internal Service Funds:				
Vehicle Services Fund	750,000	3,750,000	3,750,000	-
Technology Infrastructure Services	100,000	100,000	100,000	-
Other Funds	2,000,000	16,187,403	16,187,403	-
Component Units	1,000,000	1,000,000	1,000,000	-
Total transfers in from other primary government funds	9,054,492	26,241,895	26,241,895	-
Transfers out:				
To other primary government funds:				
Special Revenue Funds:				
Services Board	(103,735,252)	(101,430,831)	(101,430,831)	-
County Transit Systems	(35,867,083)	(33,377,083)	(33,377,083)	-
Federal/State Grants	(989,833)	(989,833)	(989,833)	-
Aging Grants and Programs	(3,962,558)	(4,083,125)	(4,083,125)	-
Information Technology	(7,380,258)	(17,021,805)	(17,021,805)	-
Energy Resource Recovery Facility	-	(1,559,549)	(1,559,549)	-
Alcohol Safety Action Program	-	(27,046)	(27,046)	-
Consolidated Community Funding Pool	(8,970,687)	(8,970,687)	(8,970,687)	-
Contributory Fund	(13,553,053)	(13,823,053)	(13,823,053)	-
E-911	(10,605,659)	(10,605,659)	(10,605,659)	-
Debt Service Fund				
County Debt Service	(267,800,849)	(267,800,849)	(267,800,849)	-
Capital Projects Funds:				
County Construction	(9,264,411)	(13,487,601)	(13,487,601)	-
Capital Facilities Renewal Construction	-	(6,924,321)	(6,924,321)	-
Public Safety Construction	(800,000)	(800,000)	(800,000)	-
Metro Operations and Construction	(7,509,851)	(7,509,851)	(7,509,851)	-
Housing Assistance Program	(515,000)	(695,000)	(695,000)	-
Internal Service Funds:				
Self-Insurance	(14,340,933)	(19,572,497)	(19,572,497)	-
Vehicle Services	-	(4,000,000)	(4,000,000)	-
Document Services	(2,900,000)	(2,900,000)	(2,900,000)	-
Total transfers out to other primary government funds	(488,195,427)	(515,578,790)	(515,578,790)	-
To component units:				
Public Schools:				
Public Schools - General Fund	(1,626,600,722)	(1,626,600,722)	(1,626,600,722)	-
FCRHA - Elderly Housing Program	(1,533,225)	(1,491,723)	(1,491,723)	-
Total transfers out to component units	(1,628,133,947)	(1,628,092,445)	(1,628,092,445)	-
Total transfers out	(2,116,329,374)	(2,143,671,235)	(2,143,671,235)	-
Total other financing sources (uses)	(2,107,274,882)	(2,117,429,340)	(2,117,429,340)	-
Net change in fund balance	\$ (22,911,904)	(106,958,392)	9,350,075	116,308,467

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

COUNTY OF FAIRFAX, VIRGINIA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

EXHIBIT C

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Equity in pooled cash and temporary investments	\$ 395,862,279	10,640,915	225,645,021	632,148,215
Receivables (net of allowances):				
Accounts	12,345,657	-	43,713	12,389,370
Accrued interest	993,125	-	1,182,919	2,176,044
Loans	21,349,411	-	39,126,664	60,476,075
Due from intergovernmental units	31,437,363	21,704	897,487	32,356,554
Due from component units	-	-	451,448	451,448
Loan to component unit	-	15,275,000	-	15,275,000
Lease to component unit	-	56,620,000	-	56,620,000
Interfund receivables	2,500,027	-	-	2,500,027
Prepaid and other assets	42,575	-	-	42,575
Restricted assets:				
Equity in pooled cash and temporary investments	-	-	11,953,188	11,953,188
Cash with fiscal agents	-	21,498	-	21,498
Total assets	464,530,437	82,579,117	279,300,440	826,409,994
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	24,964,104	120,277	11,468,627	36,553,008
Accrued salaries and benefits	8,725,313	-	1,882	8,727,195
Contract retainages	622,071	-	2,824,778	3,446,849
Accrued interest payable	-	-	3,860,493	3,860,493
Due to component units	1,000,000	-	688,783	1,688,783
Interfund payables	5,571,966	-	35,800,336	41,372,302
Short-term notes payable	-	-	104,105,000	104,105,000
Matured bond principal and interest payable	-	76,638	-	76,638
Deferred revenue	7,412,026	56,620,000	50,649,710	114,681,736
Performance and other deposits	-	-	4,420,830	4,420,830
Total liabilities	48,295,480	56,816,915	213,820,439	318,932,834
Fund balances:				
Reserved for:				
Encumbrances	52,382,603	-	79,313,325	131,695,928
Long-term loans	21,299,410	15,275,000	39,126,664	75,701,074
Certain capital projects	-	-	11,940,767	11,940,767
Unreserved	342,552,944	10,487,202	(64,900,755)	288,139,391
Total fund balances	416,234,957	25,762,202	65,480,001	507,477,160
Total liabilities and fund balances	\$ 464,530,437	82,579,117	279,300,440	826,409,994

COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2009

EXHIBIT C-1

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 18,690,993	-	45,600,000	64,290,993
Permits, privilege fees, and regulatory licenses	16,654,744	-	-	16,654,744
Intergovernmental	115,159,014	1,271,815	4,557,548	120,988,377
Charges for services	308,853,350	-	1,146,818	310,000,168
Fines and forfeitures	31,000	-	-	31,000
Developers' contributions	727,179	-	4,354,793	5,081,972
Revenue from the use of money and property	8,323,895	3,276,231	2,068,105	13,668,231
Recovered costs	4,682,254	-	5,268,963	9,951,217
Gifts, donations, and contributions	731,795	-	-	731,795
Total revenues	473,854,224	4,548,046	62,996,227	541,398,497
EXPENDITURES				
Current:				
General government administration	13,269,612	-	4,919,824	18,189,436
Judicial administration	881,813	-	6,326	888,139
Public safety	48,673,095	-	7,526,964	56,200,059
Public works	112,887,372	-	26,128,727	139,016,099
Health and welfare	179,181,994	-	440,017	179,622,011
Community development	67,862,072	-	21,139,489	89,001,561
Parks, recreation, and cultural	10,895,508	-	496,236	11,391,744
Intergovernmental:				
Community development	34,507,805	-	68,308,059	102,815,864
Parks, recreation, and cultural	-	-	25,029,267	25,029,267
Education - for Public Schools	2,927,759	-	155,000,000	157,927,759
Capital outlay:				
General government administration	2,941,410	-	7,206,110	10,147,520
Judicial administration	-	-	3,431,131	3,431,131
Public safety	4,593,430	-	25,682,000	30,275,430
Public works	10,305,582	-	1,456,491	11,762,073
Health and welfare	-	-	382,363	382,363
Community development	20,872,112	-	12,861,459	33,733,571
Parks, recreation, and cultural	2,942,436	-	5,661,909	8,604,345
Debt service:				
Principal retirement	915,465	176,705,068	2,945,000	180,565,533
Interest and other charges	241,055	102,524,445	4,742,704	107,508,204
Total expenditures	513,898,520	279,229,513	373,364,076	1,166,492,109
Deficiency of revenues under expenditures	(40,044,296)	(274,681,467)	(310,367,849)	(625,093,612)
OTHER FINANCING SOURCES (USES)				
Transfers in	180,955,230	276,038,377	36,336,586	493,330,193
Transfers out	(11,644,097)	-	(29,469,150)	(41,113,247)
General obligation bonds issued	-	-	199,510,000	199,510,000
Premium on general obligation bonds issued	-	-	12,189,021	12,189,021
General obligation refunding bonds issued	-	58,370,000	-	58,370,000
Premium on general obligation refunding bonds issued	-	2,854,951	-	2,854,951
Payments to refunded bonds escrow agent	-	(61,085,125)	-	(61,085,125)
Long Term Loans	5,040,000	-	-	5,040,000
Capital leases	-	-	157,257	157,257
Total other financing sources (uses)	174,351,133	276,178,203	218,723,714	669,253,050
Net change in fund balances	134,306,837	1,496,736	(91,644,135)	44,159,438
Fund balances, July 1, 2008	281,928,120	24,265,466	157,124,136	463,317,722
Fund balances, June 30, 2009	\$ 416,234,957	25,762,202	65,480,001	507,477,160



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.

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

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

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, located within the Dranesville and Hunter Mill Magisterial Districts. The district's residents support the fund by payment of a special assessment.

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

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

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. These districts' residents and businesses support the fund by payment of a special assessment.

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

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

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

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

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, 2009

	County Transit Systems	Dulles Rail Phase I Transportation Improvement District	County and Regional Transportation Projects	Federal/ State Grant	Aging Grants and Programs	Information Technology
ASSETS						
Equity in pooled cash and temporary investments	\$ 20,345,710	84,467,202	46,913,082	13,525,505	3,605,574	44,543,100
Receivables (net of allowances):						
Accounts	-	1,769,864	204,383	302,144	-	-
Accrued interest	-	204,017	-	-	-	-
Loans	-	-	-	-	-	-
Due from intergovernmental units	7,824,214	-	-	16,122,471	-	-
Interfund receivables	-	-	-	-	-	-
Prepaid and other assets	-	-	-	686	-	-
Total assets	\$ 28,169,924	86,441,083	47,117,465	29,950,806	3,605,574	44,543,100
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 7,700,322	37,313	104,937	1,323,724	510,521	1,898,716
Accrued salaries and benefits	-	-	23,989	1,105,368	189,352	-
Contract retainages	-	-	-	27,791	-	-
Due to component units	-	-	-	1,000,000	-	-
Interfund payables	-	-	6,833	304,059	53,254	-
Deferred revenue	-	1,769,864	204,383	116,609	-	-
Total liabilities	7,700,322	1,807,177	340,142	3,877,551	753,127	1,898,716
Fund balances:						
Reserved for:						
Encumbrances	13,614,739	-	8,482,840	4,909,193	261,688	10,368,475
Long-term loans	-	-	-	-	-	-
Unreserved	6,854,863	84,633,906	38,294,483	21,164,062	2,590,759	32,275,909
Total fund balances	20,469,602	84,633,906	46,777,323	26,073,255	2,852,447	42,644,384
Total liabilities and fund balances	\$ 28,169,924	86,441,083	47,117,465	29,950,806	3,605,574	44,543,100

EXHIBIT D

Cable Communications	Fairfax-Falls Church Community Services Board	Reston Community Center	McLean Community Center	Burgundy Village Community Center	E-911	
						ASSETS
18,069,253	18,658,373	8,664,534	11,983,770	242,778	11,536,451	Equity in pooled cash and temporary investments
1,105,729	190,038	21,230	28,095	691	-	Receivables (net of allowances):
-	-	19,806	25,132	484	-	Accounts
-	-	-	-	-	-	Accrued interest
-	-	-	-	-	-	Loans
2,122,983	836,686	-	-	-	1,958,763	Due from intergovernmental units
-	-	-	-	-	-	Interfund receivables
-	-	-	-	-	-	Prepaid and other assets
<u>21,297,965</u>	<u>19,685,097</u>	<u>8,705,570</u>	<u>12,036,997</u>	<u>243,953</u>	<u>13,495,214</u>	Total assets
						LIABILITIES AND FUND BALANCES
						Liabilities:
1,783,825	3,490,545	98,654	113,540	81	1,101,206	Accounts payable and accrued liabilities
166,577	4,489,057	209,646	110,448	1,113	1,005,798	Accrued salaries and benefits
-	-	-	-	-	-	Contract retainages
-	-	-	-	-	-	Due to component units
45,792	1,183,848	44,966	32,226	83	342,569	Interfund payables
1,112,432	3,552,006	201,119	28,095	691	-	Deferred revenue
<u>3,108,626</u>	<u>12,715,456</u>	<u>554,385</u>	<u>284,309</u>	<u>1,968</u>	<u>2,449,573</u>	Total liabilities
						Fund balances:
						Reserved for:
2,363,628	2,603,383	357,368	269,333	-	2,430,681	Encumbrances
-	-	-	-	-	-	Long-term loans
15,825,711	4,366,258	7,793,817	11,483,355	241,985	8,614,960	Unreserved
<u>18,189,339</u>	<u>6,969,641</u>	<u>8,151,185</u>	<u>11,752,688</u>	<u>241,985</u>	<u>11,045,641</u>	Total fund balances
<u>21,297,965</u>	<u>19,685,097</u>	<u>8,705,570</u>	<u>12,036,997</u>	<u>243,953</u>	<u>13,495,214</u>	Total liabilities and fund balances

continued

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Funds
Combining Balance Sheet
June 30, 2009

	Integrated Pest Management Program	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	\$ 3,395,444	3,561,692	10,029,243	7,268,544	26,178,803	56,099,734
Receivables (net of allowances):						
Accounts	14,086	15,282	155,361	7,669,674	62,198	719,761
Accrued interest	7,556	7,897	23,409	18,192	52,613	115,345
Loans	-	-	-	-	-	-
Due from intergovernmental units	-	-	117,487	1,271,467	2,160	-
Interfund receivables	-	-	-	-	2,447,964	52,063
Prepaid and other assets	-	-	-	-	-	-
Total assets	\$ 3,417,086	3,584,871	10,325,500	16,227,877	28,743,738	56,986,903
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 38,407	4,462	2,449,597	1,391,569	1,887,872	892,241
Accrued salaries and benefits	72,336	-	474,861	488,766	41,541	151,153
Contract retainages	-	-	-	346,867	-	233,690
Due to component units	-	-	-	-	-	-
Interfund payables	14,884	-	144,048	2,647,778	11,562	44,827
Deferred revenue	14,086	15,282	121,701	-	-	-
Total liabilities	139,713	19,744	3,190,207	4,874,980	1,940,975	1,321,911
Fund balances:						
Reserved for:						
Encumbrances	370,313	-	502,091	1,724,805	28,819	1,440,530
Long-term loans	-	-	-	-	-	-
Unreserved	2,907,060	3,565,127	6,633,202	9,628,092	26,773,944	54,224,462
Total fund balances	3,277,373	3,565,127	7,135,293	11,352,897	26,802,763	55,664,992
Total liabilities and fund balances	\$ 3,417,086	3,584,871	10,325,500	16,227,877	28,743,738	56,986,903

EXHIBIT D
concluded

Alcohol Safety Action Program	Community Development Block Grant	Housing Trust	HOME Investment Partnership Grant	Total Special Revenue Funds	
					ASSETS
27,477	108,289	6,623,813	13,908	395,862,279	Equity in pooled cash and temporary investments
87,121	-	-	-	12,345,657	Receivables (net of allowances):
-	-	518,674	-	993,125	Accounts
-	8,262,482	9,490,935	3,595,994	21,349,411	Accrued interest
15,280	432,433	63,473	669,946	31,437,363	Loans
-	-	-	-	2,500,027	Due from intergovernmental units
-	-	-	41,889	42,575	Interfund receivables
129,878	8,803,204	16,696,895	4,321,737	464,530,437	Prepaid and other assets
					Total assets
					LIABILITIES AND FUND BALANCES
					Liabilities:
2,140	3,132	130,753	547	24,964,104	Accounts payable and accrued liabilities
87,007	98,889	-	9,412	8,725,313	Accrued salaries and benefits
-	11,515	2,208	-	622,071	Contract retainages
-	-	-	-	1,000,000	Due to component units
18,615	24,481	-	652,141	5,571,966	Interfund payables
-	-	275,758	-	7,412,026	Deferred revenue
107,762	138,017	408,719	662,100	48,295,480	Total liabilities
					Fund balances:
					Reserved for:
-	1,411,036	1,179,221	64,460	52,382,603	Encumbrances
-	8,262,481	9,440,935	3,595,994	21,299,410	Long-term loans
22,116	(1,008,330)	5,668,020	(817)	342,552,944	Unreserved
22,116	8,665,187	16,288,176	3,659,637	416,234,957	Total fund balances
129,878	8,803,204	16,696,895	4,321,737	464,530,437	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, 2009

	County Transit Systems	Dulles Rail Phase I Transportation Improvement District	County and Regional Transportation Projects	Federal/ State Grant	Aging Grants and Programs	Information Technology
REVENUES						
Taxes	\$ -	-	-	-	-	-
Permits, privilege fees, and regulatory licenses	-	-	-	-	-	-
Intergovernmental	23,223,550	-	-	46,975,885	3,083,374	1,070,424
Charges for services	7,824,987	101,487,585	52,567,744	68,129	131,032	-
Fines and forfeitures	-	-	-	-	-	-
Developers' contributions	100,000	-	-	-	-	-
Revenue from the use of money and property	291,937	1,838,445	-	196,062	-	783,555
Recovered costs	168,750	-	-	2,394,749	69,964	-
Gifts, donations, and contributions	-	-	-	270,093	461,702	-
Total revenues	31,609,224	103,326,030	52,567,744	49,904,918	3,746,072	1,853,979
EXPENDITURES						
Current:						
General government administration	-	-	-	2,084,527	-	11,185,085
Judicial administration	-	-	-	881,813	-	-
Public safety	-	-	-	11,022,197	-	-
Public works	-	-	-	-	-	-
Health and welfare	-	-	-	28,265,836	6,231,995	-
Community development	44,918,468	-	2,130,423	3,219,486	268,426	-
Parks, recreation, and cultural	-	-	-	440,478	640,716	-
Intergovernmental:						
Community development	5,507,805	25,000,000	3,000,000	1,000,000	-	-
Education - for Public Schools	-	-	-	-	-	-
Capital outlay:						
General government administration	-	-	-	-	-	2,941,410
Public safety	-	-	-	1,385,670	-	-
Public works	-	-	-	-	-	-
Community development	14,375,158	-	659,998	2,322,136	-	-
Parks, recreation, and cultural	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	778,460
Interest and other charges	-	15,000	-	-	-	86,385
Total expenditures	64,801,431	25,015,000	5,790,421	50,622,143	7,141,137	14,991,340
Excess (deficiency) of revenues over (under) expenditures	(33,192,207)	78,311,030	46,777,323	(717,225)	(3,395,065)	(13,137,361)
OTHER FINANCING SOURCES (USES)						
Transfers in	35,291,488	-	-	1,400,224	4,083,125	26,557,308
Transfers out	-	-	-	-	-	-
Long-Term loans	-	-	-	-	-	-
Total other financing sources (uses)	35,291,488	-	-	1,400,224	4,083,125	26,557,308
Net change in fund balances	2,099,281	78,311,030	46,777,323	682,999	688,060	13,419,947
Fund balances, July 1, 2008	18,370,321	6,322,876	-	25,390,256	2,164,387	29,224,437
Fund balances, June 30, 2009	\$ 20,469,602	\$ 84,633,906	\$ 46,777,323	\$ 26,073,255	\$ 2,852,447	\$ 42,644,384

EXHIBIT D-1

Cable Communications	Fairfax-Falls Church Community Services Board	Reston Community Center	McLean Community Center	Burgundy Village Community Center	E-911	
						REVENUES
-	-	-	-	-	18,690,993	Taxes
16,590,554	-	-	-	-	-	Permits, privilege fees, and regulatory licenses
-	26,247,663	-	550	-	4,384,627	Intergovernmental
1,152	18,419,807	7,873,627	5,703,271	29,653	248	Charges for services
27,500	-	-	-	-	-	Fines and forfeitures
-	-	-	-	-	-	Developers' contributions
-	-	316,751	288,843	33,482	335,832	Revenue from the use of money and property
-	-	-	-	-	577,721	Recovered costs
-	-	-	-	-	-	Gifts, donations, and contributions
16,619,206	44,667,470	8,190,378	5,992,664	63,135	23,989,421	Total revenues
						EXPENDITURES
						Current:
-	-	-	-	-	-	General government administration
-	-	-	-	-	-	Judicial administration
-	-	-	-	-	37,650,898	Public safety
-	-	-	-	-	-	Public works
-	141,557,222	-	-	-	-	Health and welfare
6,274,145	-	-	-	-	-	Community development
-	-	5,838,144	3,948,365	27,805	-	Parks, recreation, and cultural
						Intergovernmental:
-	-	-	-	-	-	Community development
2,927,759	-	-	-	-	-	Education - for Public Schools
						Capital outlay:
-	-	-	-	-	-	General government administration
-	-	-	-	-	3,207,760	Public safety
-	-	-	-	-	-	Public works
3,505,420	-	-	-	-	-	Community development
-	-	2,850,531	91,905	-	-	Parks, recreation, and cultural
						Debt service:
-	-	22,005	-	-	-	Principal retirement
-	-	43,467	-	-	-	Interest and other charges
12,707,324	141,557,222	8,754,147	4,040,270	27,805	40,858,658	Total expenditures
						Excess (deficiency) of revenues over (under) expenditures
3,911,882	(96,889,752)	(563,769)	1,952,394	35,330	(16,869,237)	
						OTHER FINANCING SOURCES (USES)
-	101,430,831	-	-	-	10,605,659	Transfers in
(10,644,097)	-	-	-	-	-	Transfers out
-	-	-	-	-	-	Long-Term loans
(10,644,097)	101,430,831	-	-	-	10,605,659	Total other financing sources (uses)
(6,732,215)	4,541,079	(563,769)	1,952,394	35,330	(6,263,578)	Net change in fund balances
24,921,554	2,428,562	8,714,954	9,800,294	206,655	17,309,219	Fund balances, July 1, 2008
18,189,339	6,969,641	8,151,185	11,752,688	241,985	11,045,641	Fund balances, June 30, 2009

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, 2009

	Integrated Pest Management Program	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	-	-	-	54,000	-	10,190
Intergovernmental	15,000	-	122,104	-	-	-
Charges for services	2,269,696	2,364,565	19,337,203	54,322,349	30,109,583	4,530,163
Fines and forfeitures	-	-	-	3,500	-	-
Developers' contributions	-	-	-	-	-	-
Revenue from the use of money and property	69,927	164,647	939,590	944,919	476,649	1,288,659
Recovered costs	-	-	4,358	200,517	1,241,460	24,735
Gifts, donations, and contributions	-	-	-	-	-	-
Total revenues	2,354,623	2,529,212	20,403,255	55,525,285	31,827,692	5,853,747
EXPENDITURES						
Current:						
General government administration	-	-	-	-	-	-
Judicial administration	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	1,750,000	17,490,211	51,227,102	35,620,895	6,799,164
Health and welfare	1,336,499	-	-	-	-	-
Community development	917,512	-	-	-	-	-
Parks, recreation, and cultural	-	-	-	-	-	-
Intergovernmental:						
Community development	-	-	-	-	-	-
Education - for Public Schools	-	-	-	-	-	-
Capital outlay:						
General government administration	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	612,895	2,997,064	5,950,178	-	745,445
Community development	9,400	-	-	-	-	-
Parks, recreation, and cultural	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Total expenditures	2,263,411	2,362,895	20,487,275	57,177,280	35,620,895	7,544,609
Excess (deficiency) of revenues over (under) expenditures	91,212	166,317	(84,020)	(1,651,995)	(3,793,203)	(1,690,862)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	1,559,549	-
Transfers out	-	-	-	-	-	-
Long-Term loans	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	1,559,549	-
Net change in fund balances	91,212	166,317	(84,020)	(1,651,995)	(2,233,654)	(1,690,862)
Fund balances, July 1, 2008	3,186,161	3,398,810	7,219,313	13,004,892	29,036,417	57,355,854
Fund balances, June 30, 2009	\$ 3,277,373	3,565,127	7,135,293	11,352,897	26,802,763	55,664,992

EXHIBIT D-1
concluded

Alcohol Safety Action Program	Community Development Block Grant	Housing Trust	HOME Investment Partnership Grant	Total Special Revenue Funds	
					REVENUES
-	-	-	-	18,690,993	Taxes
-	-	-	-	16,654,744	Permits, privilege fees, and regulatory licenses
-	6,100,269	-	3,935,568	115,159,014	Intergovernmental
1,812,556	-	-	-	308,853,350	Charges for services
-	-	-	-	31,000	Fines and forfeitures
-	-	627,179	-	727,179	Developers' contributions
-	121,553	197,404	35,640	8,323,895	Revenue from the use of money and property
-	-	-	-	4,682,254	Recovered costs
-	-	-	-	731,795	Gifts, donations, and contributions
1,812,556	6,221,822	824,583	3,971,208	473,854,224	Total revenues
					EXPENDITURES
					Current:
-	-	-	-	13,269,612	General government administration
-	-	-	-	881,813	Judicial administration
-	-	-	-	48,673,095	Public safety
-	-	-	-	112,887,372	Public works
1,790,442	-	-	-	179,181,994	Health and welfare
-	6,121,650	419,246	3,592,716	67,862,072	Community development
-	-	-	-	10,895,508	Parks, recreation, and cultural
					Intergovernmental:
-	-	-	-	34,507,805	Community development
-	-	-	-	2,927,759	Education - for Public Schools
					Capital outlay:
-	-	-	-	2,941,410	General government administration
-	-	-	-	4,593,430	Public safety
-	-	-	-	10,305,582	Public works
-	-	-	-	20,872,112	Community development
-	-	-	-	2,942,436	Parks, recreation, and cultural
					Debt service:
-	115,000	-	-	915,465	Principal retirement
-	96,203	-	-	241,055	Interest and other charges
1,790,442	6,332,853	419,246	3,592,716	513,898,520	Total expenditures
					Excess (deficiency) of revenues over (under) expenditures
22,114	(111,031)	405,337	378,492	(40,044,296)	
					OTHER FINANCING SOURCES (USES)
27,046	-	-	-	180,955,230	Transfers in
-	-	(1,000,000)	-	(11,644,097)	Transfers out
-	5,040,000	-	-	5,040,000	Long-Term loans
27,046	5,040,000	(1,000,000)	-	174,351,133	Total other financing sources (uses)
49,160	4,928,969	(594,663)	378,492	134,306,837	Net change in fund balances
(27,044)	3,736,218	16,882,839	3,281,145	281,928,120	Fund balances, July 1, 2008
22,116	8,665,187	16,288,176	3,659,637	416,234,957	Fund balances, June 30, 2009

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Fund
Budgetary Comparison Schedule - County Transit Systems Fund (Budget Basis)
For the fiscal year ended June 30, 2009

EXHIBIT D-2A

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 20,007,496	23,289,746	23,223,550	(66,196)
Charges for services	7,761,188	8,601,188	3,867,023	(4,734,165)
Developers' contributions	-	-	100,000	100,000
Revenue from the use of money and property	463,550	463,550	291,937	(171,613)
Recovered costs	-	102,000	168,750	66,750
Total revenues	28,232,234	32,456,484	27,651,260	(4,805,224)
EXPENDITURES				
Community development	66,013,722	85,261,041	60,843,466	24,417,575
Total expenditures	66,013,722	85,261,041	60,843,466	24,417,575
Excess (deficiency) of revenues over (under) expenditures	(37,781,488)	(52,804,557)	(33,192,206)	19,612,351
OTHER FINANCING SOURCES				
Transfers in	37,781,488	35,291,488	35,291,488	-
Total other financing sources	37,781,488	35,291,488	35,291,488	-
Net change in fund balance	\$ -	(17,513,069)	2,099,282	19,612,351

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, 2009

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 27,386,620	28,079,150	28,309,033	229,883
Revenue from the use of money and property	3,150,000	1,400,000	1,822,704	422,704
Total revenues	30,536,620	29,479,150	30,131,737	652,587
EXPENDITURES				
Community development	7,000,000	26,000,000	25,015,000	985,000
Total expenditures	7,000,000	26,000,000	25,015,000	985,000
Net change in fund balance	\$ 23,536,620	3,479,150	5,116,737	1,637,587

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Fund
Budgetary Comparison Schedule - Federal/State Grant Fund (Budget Basis)
For the fiscal year ended June 30, 2009

EXHIBIT D-2C

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental	\$ 63,376,971	105,534,282	46,975,885	(58,558,397)
Charges for services	-	-	68,129	68,129
Revenue from the use of money and property	-	10,300	196,062	185,762
Recovered costs	-	1,996,872	2,394,749	397,877
Gifts, donations, and contributions	668,635	3,764,529	680,484	(3,084,045)
Total revenues	64,045,606	111,305,983	50,315,309	(60,990,674)
EXPENDITURES				
General government administration	66,366,804	33,703,484	2,084,527	31,618,957
Judicial administration	-	1,284,881	881,812	403,069
Public safety	668,635	42,213,725	12,407,868	29,805,857
Public works	-	14,445,971	2,110,785	12,335,186
Health and welfare	-	39,069,082	28,265,836	10,803,246
Community development	-	5,665,765	3,430,837	2,234,928
Parks, recreation, and cultural	-	926,940	440,478	486,462
Total expenditures	67,035,439	137,309,848	49,622,143	87,687,705
Excess (deficiency) of revenues over (under) expenditures	(2,989,833)	(26,003,865)	693,166	26,697,031
OTHER FINANCING SOURCES				
Transfers in	989,833	989,833	989,833	-
Total other financing sources	989,833	989,833	989,833	-
Net change in fund balance	\$ (2,000,000)	(25,014,032)	1,682,999	26,697,031

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Fund
Budgetary Comparison Schedule - Aging Grants and Programs Fund (Budget Basis)
For the fiscal year ended June 30, 2009

EXHIBIT D-2D

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental	\$ 3,010,916	3,663,000	3,083,374	(579,626)
Charges for services	120,203	76,454	131,032	54,578
Recovered costs	71,319	71,819	69,964	(1,855)
Gifts, donations, and contributions	381,233	351,389	461,702	110,313
Total revenues	3,583,671	4,162,662	3,746,072	(416,590)
EXPENDITURES				
Health and welfare	5,256,556	8,788,150	6,231,994	2,556,156
Community development	1,148,832	755,427	268,427	487,000
Parks, recreation, and cultural	1,140,841	866,596	640,716	225,880
Total expenditures	7,546,229	10,410,173	7,141,137	3,269,036
Excess (deficiency) of revenues over (under) expenditures	(3,962,558)	(6,247,511)	(3,395,065)	2,852,446
OTHER FINANCING SOURCES				
Transfers in	3,962,558	4,083,125	4,083,125	-
Total other financing sources	3,962,558	4,083,125	4,083,125	-
Net change in fund balance	\$ -	(2,164,386)	688,060	2,852,446

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Fund
Budgetary Comparison Schedule - Information Technology Fund (Budget Basis)
For the fiscal year ended June 30, 2009

EXHIBIT D-2E

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 988,960	988,960	1,070,424	81,464
Revenue from the use of money and property	1,200,000	1,200,000	774,878	(425,122)
Total revenues	2,188,960	2,188,960	1,845,302	(343,658)
EXPENDITURES				
General government administration	19,104,720	57,942,887	14,991,339	42,951,548
Total expenditures	19,104,720	57,942,887	14,991,339	42,951,548
Excess (deficiency) of revenues over (under) expenditures	(16,915,760)	(55,753,927)	(13,146,037)	42,607,890
OTHER FINANCING SOURCES				
Transfers in	16,915,760	26,557,307	26,557,307	-
Total other financing sources	16,915,760	26,557,307	26,557,307	-
Net change in fund balance	\$ -	(29,196,620)	13,411,270	42,607,890

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, 2009

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Permits, privilege fees, and regulatory licenses	\$ 14,911,941	14,911,941	16,590,554	1,678,613
Charges for services	2,800	2,800	1,153	(1,647)
Fines and forfeitures	-	-	27,500	27,500
Total revenues	14,914,741	14,914,741	16,619,207	1,704,466
EXPENDITURES				
Community development	9,383,747	17,089,664	9,779,565	7,310,099
Total expenditures	9,383,747	17,089,664	9,779,565	7,310,099
Excess (deficiency) of revenues over (under) expenditures	5,530,994	(2,174,923)	6,839,642	9,014,565
OTHER FINANCING USES				
Transfers out	(10,644,097)	(10,644,097)	(10,644,097)	-
Transfers out to component units	(2,927,759)	(2,927,759)	(2,927,759)	-
Total other financing uses	(13,571,856)	(13,571,856)	(13,571,856)	-
Net change in fund balance	\$ (8,040,862)	(15,746,779)	(6,732,214)	9,014,565

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, 2009

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental	\$ 28,103,295	31,045,848	26,247,663	(4,798,185)
Charges for services	17,647,670	18,364,806	18,419,807	55,001
Total revenues	45,750,965	49,410,654	44,667,470	(4,743,184)
EXPENDITURES				
Health and welfare	149,810,072	153,158,509	141,557,222	11,601,287
Total expenditures	149,810,072	153,158,509	141,557,222	11,601,287
Excess (deficiency) of revenues over (under) expenditures	(104,059,107)	(103,747,855)	(96,889,752)	6,858,103
OTHER FINANCING SOURCES				
Transfers in	103,735,252	101,430,831	101,430,831	-
Total other financing sources	103,735,252	101,430,831	101,430,831	-
Net change in fund balance	\$ (323,855)	(2,317,024)	4,541,079	6,858,103

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, 2009

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 7,791,481	7,791,481	7,873,627	82,146
Revenue from the use of money and property	353,900	353,900	316,133	(37,767)
Total revenues	8,145,381	8,145,381	8,189,760	44,379
EXPENDITURES				
Parks, recreation, and cultural	8,901,593	11,108,351	8,754,147	2,354,204
Total expenditures	8,901,593	11,108,351	8,754,147	2,354,204
Net change in fund balance	\$ (756,212)	(2,962,970)	(564,387)	2,398,583

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-21

Special Revenue Fund

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

For the fiscal year ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 4,000	4,000	550	(3,450)
Charges for services	5,512,996	5,512,996	5,703,271	190,275
Revenue from the use of money and property	523,642	523,642	286,954	(236,688)
Total revenues	6,040,638	6,040,638	5,990,775	(49,863)
EXPENDITURES				
Parks, recreation, and cultural	4,683,670	5,258,916	4,040,270	1,218,646
Total expenditures	4,683,670	5,258,916	4,040,270	1,218,646
Net change in fund balance	\$ 1,356,968	781,722	1,950,505	1,168,783

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, 2009

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 27,353	27,353	29,653	2,300
Revenue from the use of money and property	35,335	35,335	33,454	(1,881)
Total revenues	62,688	62,688	63,107	419
EXPENDITURES				
Parks, recreation, and cultural	45,295	45,295	27,805	17,490
Total expenditures	45,295	45,295	27,805	17,490
Net change in fund balance	\$ 17,393	17,393	35,302	17,909

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, 2009

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	-	15,000	15,000
Charges for services	2,161,158	2,161,158	2,269,696	108,538
Revenue from the use of money and property	129,587	129,587	69,506	(60,081)
Total revenues	2,290,745	2,290,745	2,354,202	63,457
EXPENDITURES				
Health and welfare	1,755,844	1,947,124	1,336,499	610,625
Community development	1,030,498	1,029,071	926,912	102,159
Total expenditures	2,786,342	2,976,195	2,263,411	712,784
Net change in fund balance	\$ (495,597)	(685,450)	90,791	776,241

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, 2009

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES	\$ -	-	-	-
EXPENDITURES				
Health and welfare	8,970,687	9,103,599	8,807,864	295,735
Total expenditures	8,970,687	9,103,599	8,807,864	295,735
Excess (deficiency) of revenues over (under) expenditures	(8,970,687)	(9,103,599)	(8,807,864)	295,735
OTHER FINANCING SOURCES				
Transfers in	8,970,687	8,970,687	8,970,687	-
Total other financing sources	8,970,687	8,970,687	8,970,687	-
Net change in fund balance	\$ -	(132,912)	162,823	295,735

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Fund
Budgetary Comparison Schedule - Contributory Fund (Budget Basis)
For the fiscal year ended June 30, 2009

EXHIBIT D-2M

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES	\$ -	-	-	-
EXPENDITURES				
General government administration	1,977,833	1,977,833	1,970,264	7,569
Public safety	72,551	72,551	72,551	-
Health and welfare	2,017,555	2,017,555	2,017,555	-
Community development	4,436,886	4,706,886	4,706,885	1
Parks, recreation, and cultural	5,048,228	5,048,228	5,046,731	1,497
Total expenditures	13,553,053	13,823,053	13,813,986	9,067
Excess (deficiency) of revenues over (under) expenditures	(13,553,053)	(13,823,053)	(13,813,986)	9,067
OTHER FINANCING SOURCES				
Transfers in	13,553,053	13,823,053	13,823,053	-
Total other financing sources	13,553,053	13,823,053	13,823,053	-
Net change in fund balance	\$ -	-	9,067	9,067

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Fund
Budgetary Comparison Schedule - E-911 Fund (Budget Basis)
For the fiscal year ended June 30, 2009

EXHIBIT D-2N

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sales and use taxes	\$ 19,775,304	18,523,717	18,690,993	167,276
Intergovernmental	4,047,362	4,333,387	4,384,627	51,240
Revenue from the use of money and property	500,000	500,000	336,807	(163,193)
Recovered costs	186,278	195,308	577,721	382,413
Total revenues	24,508,944	23,552,412	23,990,148	437,736
EXPENDITURES				
Public safety	39,181,156	50,413,110	40,858,659	9,554,451
Total expenditures	39,181,156	50,413,110	40,858,659	9,554,451
Excess (deficiency) of revenues over (under) expenditures	(14,672,212)	(26,860,698)	(16,868,511)	9,992,187
OTHER FINANCING SOURCES				
Transfers in	10,605,659	10,605,659	10,605,659	-
Total other financing sources	10,605,659	10,605,659	10,605,659	-
Net change in fund balance	\$ (4,066,553)	(16,255,039)	(6,262,852)	9,992,187

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Fund
Budgetary Comparison Schedule - Leaf Collection Fund (Budget Basis)
For the fiscal year ended June 30, 2009

EXHIBIT D-20

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 2,307,822	2,307,822	2,364,565	56,743
Revenue from the use of money and property	148,026	148,026	164,234	16,208
Total revenues	2,455,848	2,455,848	2,528,799	72,951
EXPENDITURES				
Public works	2,315,676	2,842,376	2,362,895	479,481
Total expenditures	2,315,676	2,842,376	2,362,895	479,481
Net change in fund balance	\$ 140,172	(386,528)	165,904	552,432

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, 2009

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	122,104	122,104	-
Charges for services	19,503,999	19,503,999	19,337,203	(166,796)
Revenue from the use of money and property	928,770	928,770	935,767	6,997
Recovered costs	-	-	4,358	4,358
Total revenues	20,432,769	20,554,873	20,399,432	(155,441)
EXPENDITURES				
Public works	21,387,830	22,665,690	20,487,275	2,178,415
Total expenditures	21,387,830	22,665,690	20,487,275	2,178,415
Excess (deficiency) of revenues over (under) expenditures	(955,061)	(2,110,817)	(87,843)	2,022,974
Net change in fund balance	\$ (955,061)	(2,110,817)	(87,843)	2,022,974

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Fund
Budgetary Comparison Schedule - Refuse Disposal Fund (Budget Basis)
For the fiscal year ended June 30, 2009

EXHIBIT D-2Q

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Permits, privilege fees, and regulatory licenses	\$ 80,000	80,000	54,000	(26,000)
Charges for services	62,572,480	62,572,480	54,322,349	(8,250,131)
Revenue from the use of money and property	1,750,219	1,750,219	945,582	(804,637)
Recovered costs	200,000	200,000	200,516	516
Fines and forfeitures	-	-	3,500	3,500
Total revenues	64,602,699	64,602,699	55,525,947	(9,076,752)
EXPENDITURES				
Public works	68,008,036	73,787,216	57,177,280	16,609,936
Total expenditures	68,008,036	73,787,216	57,177,280	16,609,936
Net change in fund balance	\$ (3,405,337)	(9,184,517)	(1,651,333)	7,533,184

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, 2009

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 35,129,254	35,129,254	30,109,583	(5,019,671)
Revenue from the use of money and property	912,989	912,989	475,452	(437,537)
Recovered costs	-	-	1,241,460	1,241,460
Total revenues	36,042,243	36,042,243	31,826,495	(4,215,748)
EXPENDITURES				
Public works	37,813,560	39,460,913	35,620,895	3,840,018
Total expenditures	37,813,560	39,460,913	35,620,895	3,840,018
Excess (deficiency) of revenues over (under) expenditures	(1,771,317)	(3,418,670)	(3,794,400)	(375,730)
OTHER FINANCING SOURCES				
Transfers in	-	1,559,549	1,559,549	-
Total other financing sources	-	1,559,549	1,559,549	-
Net change in fund balance	\$ (1,771,317)	(1,859,121)	(2,234,851)	(375,730)

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, 2009

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Permits, privilege fees, and regulatory licenses	\$ 7,200	7,200	10,190	2,990
Charges for services	5,147,872	5,147,872	4,530,163	(617,709)
Revenue from the use of money and property	2,888,184	2,888,184	1,287,120	(1,601,064)
Recovered costs	9,437	9,437	24,735	15,298
Total revenues	8,052,693	8,052,693	5,852,208	(2,200,485)
EXPENDITURES				
Public works	8,461,953	23,422,265	7,544,609	15,877,656
Total expenditures	8,461,953	23,422,265	7,544,609	15,877,656
Net change in fund balance	\$ (409,260)	(15,369,572)	(1,692,401)	13,677,171

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, 2009

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 6,162,472	15,004,551	6,100,269	(8,904,282)
Revenue from the use of money and property	-	-	281,859	281,859
Total revenues	6,162,472	15,004,551	6,382,128	(8,622,423)
EXPENDITURES				
Community development	6,162,472	15,480,118	6,678,516	8,801,602
Total expenditures	6,162,472	15,480,118	6,678,516	8,801,602
Net change in fund balance	\$ -	(475,567)	(296,388)	179,179

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Fund
Budgetary Comparison Schedule - Housing Trust Fund (Budget Basis)
For the fiscal year ended June 30, 2009

EXHIBIT D-2U

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Developers' contributions	\$ 1,750,000	1,000,000	627,179	(372,821)
Revenue from the use of money and property	100,000	200,000	228,221	28,221
Total revenues	1,850,000	1,200,000	855,400	(344,600)
EXPENDITURES				
Community development	1,850,000	7,449,673	1,093,812	6,355,861
Total expenditures	1,850,000	7,449,673	1,093,812	6,355,861
Excess (deficiency) of revenues over (under) expenditures	-	(6,249,673)	(238,412)	6,011,261
OTHER FINANCING SOURCES				
Transfers out	(1,000,000)	(1,000,000)	(1,000,000)	-
Total other financing sources	(1,000,000)	(1,000,000)	(1,000,000)	-
Net change in fund balance	\$ (1,000,000)	(7,249,673)	(1,238,412)	6,011,261

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, 2009

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,439,575	8,749,691	3,935,567	(4,814,124)
Revenue from the use of money and property	-	-	140,032	140,032
Total revenues	2,439,575	8,749,691	4,075,599	(4,674,092)
EXPENDITURES				
Community development	2,439,575	8,704,674	3,966,637	4,738,037
Total expenditures	2,439,575	8,704,674	3,966,637	4,738,037
Net change in fund balance	\$ -	45,017	108,962	63,945

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2W

Special Revenue Fund

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

For the fiscal year ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 60,000,000	\$ 22,365,336	\$ -	(22,365,336)
Charges for services	\$ 51,700,000	\$ 51,700,000	\$ 52,567,744	867,744
Total revenues	111,700,000	74,065,336	52,567,744	(21,497,592)
EXPENDITURES				
Community development	111,700,000	74,065,336	5,790,421	68,274,915
Total expenditures	111,700,000	74,065,336	5,790,421	68,274,915
Excess (deficiency) of revenues over (under) expenditures	-	-	46,777,323	46,777,323
Net change in fund balance	\$ -	\$ -	\$ 46,777,323	\$ 46,777,323

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

COUNTY OF FAIRFAX, VIRGINIA
Debt Service Fund
Balance Sheet
June 30, 2009

EXHIBIT E

ASSETS	
Equity in pooled cash and temporary investments	\$ 10,640,915
Due from intergovernmental units	21,704
Loan to component unit	15,275,000
Lease to component unit	56,620,000
Restricted assets:	
Restricted assets - Cash with fiscal agents	21,498
Total assets	<u>\$ 82,579,117</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable and accrued liabilities	\$ 120,277
Matured bond principal and interest payable	76,638
Deferred revenue	56,620,000
Total liabilities	<u>56,816,915</u>
Fund balance:	
Reserved for long-term loan	15,275,000
Unreserved	10,487,202
Total fund balance	<u>25,762,202</u>
Total liabilities and fund balance	<u>\$ 82,579,117</u>

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, 2009

REVENUES	
Intergovernmental	\$ 1,271,815
Revenue from the use of money and property	<u>3,276,231</u>
Total revenues	<u>4,548,046</u>
EXPENDITURES	
Principal retirement:	
County	77,174,432
Schools	99,530,636
Interest:	
County	41,092,280
Schools	58,307,392
Bond issuance costs and other	3,119,142
Arbitrage rebate payments	<u>5,631</u>
Total expenditures	<u>279,229,513</u>
Deficiency of revenues under expenditures	<u>(274,681,467)</u>
OTHER FINANCING SOURCES (USES)	
Transfers in from:	
General Fund	267,800,849
Capital projects funds	8,237,528
General obligation refunding bonds issued	58,370,000
Premium on general obligation refunding bonds issued	2,854,951
Payments to refunded bonds escrow agent	<u>(61,085,125)</u>
Total other financing sources (uses)	<u>276,178,203</u>
Net change in fund balance	1,496,736
Fund balance, July 1, 2008	<u>24,265,466</u>
Fund balance, June 30, 2009	<u>\$ 25,762,202</u>

COUNTY OF FAIRFAX, VIRGINIA
Debt Service Fund
Budgetary Comparison Schedule (Budget Basis)
For the fiscal year ended June 30, 2009

EXHIBIT E-2

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 105,000	105,000	626,617	521,617
Total revenues	105,000	105,000	626,617	521,617
EXPENDITURES				
Principal retirement:				
County	72,214,432	72,214,432	77,174,432	(4,960,000)
Schools	92,760,636	92,760,636	99,530,636	(6,770,000)
Interest:				
County	46,372,305	47,618,688	41,092,280	6,526,408
Schools	65,393,412	67,884,922	58,307,392	9,577,530
Bond issuance costs and other	1,025,000	1,025,000	2,196,879	(1,171,879)
Total expenditures	277,765,785	281,503,678	278,301,619	3,202,059
Excess (deficiency) of revenues over (under) expenditures	(277,660,785)	(281,398,678)	(277,675,002)	3,723,676
OTHER FINANCING SOURCES				
General obligation bonds issued	300,000	300,000	6,910,953	6,610,953
Transfers in from:				
General Fund	267,800,849	267,800,849	267,800,849	-
Other funds	4,559,936	4,559,936	4,559,936	-
Total other financing sources	272,660,785	272,660,785	279,271,738	6,610,953
Net change in fund balance	\$ (5,000,000)	(8,737,893)	1,596,736	10,334,629

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, renovations of existing facilities, and capital equipment expenditures authorized by voter referendum. Projects are funded from the sale of bonds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

COUNTY OF FAIRFAX, VIRGINIA
Capital Projects Funds
Combining Balance Sheet
June 30, 2009

	Contributed Roadway Improvement	Library Construction	County Construction	Capital Renewal Construction
ASSETS				
Equity in pooled cash and temporary investments	45,635,064	4,453,883	32,807,867	18,981,121
Receivables:				
Accounts	-	-	43,713	-
Accrued interest	92,827	-	-	-
Loans	-	-	-	-
Due from intergovernmental units	-	-	-	-
Due from component units	-	-	-	-
Restricted assets:				
Equity in pooled cash and temporary investments	-	6,597,992	11,455	3,135,245
Total assets	45,727,891	11,051,875	32,863,035	22,116,366
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	239,558	1,500,572	759,628	914,811
Accrued salaries and benefits	-	-	-	-
Contract retainages	-	189,909	-	-
Accrued interest payable	-	-	812,001	-
Due to component units	-	-	688,783	-
Interfund payables	-	-	20	-
Short-term notes payable	-	-	-	-
Deferred revenue	4,957,073	-	-	-
Performance and other deposits	-	-	3,567,343	-
Total liabilities	5,196,631	1,690,481	5,827,775	914,811
Fund balances:				
Reserved for:				
Encumbrances	632,110	12,380,683	4,174,422	649,396
Long-term loans	-	-	-	-
Certain capital projects	-	6,597,992	11,454	3,135,245
Unreserved (deficits)	39,899,150	(9,617,281)	22,849,384	17,416,914
Total fund balances	40,531,260	9,361,394	27,035,260	21,201,555
Total liabilities and fund balances	45,727,891	11,051,875	32,863,035	22,116,366

EXHIBIT F

Transportation Improvements	Pedestrian Walkway Improvements	Metro Operations and Construction	Stormwater Management Program	
ASSETS				
3,535,097	1,376,205	47,835	27,339,988	Equity in pooled cash and temporary investments
				Receivables:
-	-	-	-	Accounts
-	-	-	-	Accrued interest
-	-	-	-	Loans
25,923	334,763	-	-	Due from intergovernmental units
-	-	-	-	Due from component units
				Restricted assets:
692,678	-	-	-	Equity in pooled cash and temporary investments
<u>4,253,698</u>	<u>1,710,968</u>	<u>47,835</u>	<u>27,339,988</u>	Total assets
LIABILITIES AND FUND BALANCES				
Liabilities:				
2,093,783	34,781	-	1,279,911	Accounts payable and accrued liabilities
-	-	-	-	Accrued salaries and benefits
142,471	800	-	152,495	Contract retainages
-	-	-	-	Accrued interest payable
-	-	-	-	Due to component units
-	-	32,300,000	-	Interfund payables
-	-	-	-	Short-term notes payable
-	-	-	-	Deferred revenue
12,420	328,903	-	-	Performance and other deposits
<u>2,248,674</u>	<u>364,484</u>	<u>32,300,000</u>	<u>1,432,406</u>	Total liabilities
Fund balances:				
Reserved for:				
13,324,049	278,653	-	13,747,968	Encumbrances
-	-	-	-	Long-term loans
680,258	-	-	-	Certain capital projects
<u>(11,999,283)</u>	<u>1,067,831</u>	<u>(32,252,165)</u>	<u>12,159,614</u>	Unreserved (deficits)
<u>2,005,024</u>	<u>1,346,484</u>	<u>(32,252,165)</u>	<u>25,907,582</u>	Total fund balances
<u>4,253,698</u>	<u>1,710,968</u>	<u>47,835</u>	<u>27,339,988</u>	Total liabilities and fund balances

continued

COUNTY OF FAIRFAX, VIRGINIA
Capital Projects Funds
Combining Balance Sheet
June 30, 2009

	County Bond Construction	Public Safety Construction	Neighborhood Improvement Program	Commercial Revitalization Program
ASSETS				
Equity in pooled cash and temporary investments	\$14,903,993	48,463,548	428,896	608,600
Receivables:				
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Loans	-	-	-	-
Due from intergovernmental units	-	-	-	308,141
Due from component units	451,448	-	-	-
Restricted assets:				
Equity in pooled cash and temporary investments	1,515,818	-	-	-
Total assets	\$16,871,259	48,463,548	428,896	916,741
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,512,752	2,432,273	-	-
Accrued salaries and benefits	-	1,882	-	-
Contract retainages	1,142,783	1,048,229	-	21,234
Accrued interest payable	-	-	-	-
Due to component units	-	-	-	-
Interfund payables	-	316	-	-
Short-term notes payable	-	-	-	-
Deferred revenue	29,358,810	-	-	-
Performance and other deposits	-	-	-	386,464
Total liabilities	32,014,345	3,482,700	-	407,698
Fund balances:				
Reserved for:				
Encumbrances	14,409,238	14,490,376	-	277,904
Long-term loans	-	-	-	-
Certain capital projects	1,515,818	-	-	-
Unreserved (deficits)	(31,068,142)	30,490,472	428,896	231,139
Total fund balances	(15,143,086)	44,980,848	428,896	509,043
Total liabilities and fund balances	\$16,871,259	48,463,548	428,896	916,741

EXHIBIT F

concluded

Pro Rata Drainage Construction	Housing Assistance Program	The Penny for Affordable Housing	Total Capital Projects Funds	
ASSETS				
16,064,416	250,674	10,747,834	225,645,021	Equity in pooled cash and temporary investments
Receivables:				
-	-	-	43,713	Accounts
-	-	1,090,092	1,182,919	Accrued interest
-	-	39,126,664	39,126,664	Loans
-	228,660	-	897,487	Due from intergovernmental units
-	-	-	451,448	Due from component units
Restricted assets:				
-	-	-	11,953,188	Equity in pooled cash and temporary investments
<u>16,064,416</u>	<u>479,334</u>	<u>50,964,590</u>	<u>279,300,440</u>	Total assets
LIABILITIES AND FUND BALANCES				
Liabilities:				
677,033	23,525	-	11,468,627	Accounts payable and accrued liabilities
-	-	-	1,882	Accrued salaries and benefits
13,178	113,679	-	2,824,778	Contract retainages
-	-	3,048,492	3,860,493	Accrued interest payable
-	-	-	688,783	Due to component units
-	3,500,000	-	35,800,336	Interfund payables
-	-	104,105,000	104,105,000	Short-term notes payable
15,243,735	-	1,090,092	50,649,710	Deferred revenue
125,700	-	-	4,420,830	Performance and other deposits
<u>16,059,646</u>	<u>3,637,204</u>	<u>108,243,584</u>	<u>213,820,439</u>	Total liabilities
Fund balances:				
Reserved for:				
3,637,970	1,082,270	228,286	79,313,325	Encumbrances
-	-	39,126,664	39,126,664	Long-term loans
-	-	-	11,940,767	Certain capital projects
<u>(3,633,200)</u>	<u>(4,240,140)</u>	<u>(96,633,944)</u>	<u>(64,900,755)</u>	Unreserved (deficits)
<u>4,770</u>	<u>(3,157,870)</u>	<u>(57,278,994)</u>	<u>65,480,001</u>	Total fund balances
<u>16,064,416</u>	<u>479,334</u>	<u>50,964,590</u>	<u>279,300,440</u>	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, 2009

	Countywide Roadway Improvement	Contributed Roadway Improvement	Library Construction	County Construction	Capital Renewal Construction
REVENUES					
Taxes	\$ -	-	-	-	-
Intergovernmental	-	44,895	-	328,165	-
Charges for services	-	-	-	1,146,818	-
Developers' contributions	-	4,354,793	-	-	-
Revenue from the use of money and property	-	910,535	-	76,433	-
Recovered costs	-	6,757	14,277	595,491	486,516
Total revenues	-	5,316,980	14,277	2,146,907	486,516
EXPENDITURES					
Current:					
General government administration	-	-	-	653,705	4,258,497
Judicial administration	-	-	-	-	-
Public safety	-	-	-	5,041,041	1,022,759
Public works	-	-	-	458,785	172,005
Health and welfare	-	-	-	1,546	-
Community development	-	448,236	-	6,506,608	-
Parks, recreation, and cultural	-	-	370,299	125,937	-
Intergovernmental:					
Community development	-	59,949	-	-	-
Parks, recreation, and cultural	-	-	-	6,129,267	-
Education - for Public Schools	-	-	-	-	-
Capital outlay:					
General government administration	-	-	-	595,718	-
Judicial administration	-	-	-	-	-
Public safety	-	-	-	2,525,300	6,972
Public works	-	-	-	-	-
Health and welfare	-	-	-	382,363	-
Community development	-	674,911	-	847,004	-
Parks, recreation, and cultural	-	-	5,328,711	333,198	-
Debt service:					
Principal retirement	-	-	-	645,000	-
Interest and other charges	-	-	-	435,681	-
Total expenditures	-	1,183,096	5,699,010	24,681,153	5,460,233
Excess (deficiency) of revenues over (under) expenditures	-	4,133,884	(5,684,733)	(22,534,246)	(4,973,717)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	14,577,601	6,924,321
Transfers out	(519,813)	(110,000)	(1,912,794)	(7,567,924)	(2,500,000)
General obligation bonds issued	-	-	4,500,000	1,000,000	-
Premium on general obligation bonds issued	-	-	-	-	-
Capital leases	-	-	-	-	-
Total other financing sources (uses)	(519,813)	(110,000)	2,587,206	8,009,677	4,424,321
Net change in fund balances	(519,813)	4,023,884	(3,097,527)	(14,524,569)	(549,396)
Fund balances, July 1, 2008	519,813	36,507,376	12,458,921	41,559,829	21,750,951
Fund balances, June 30, 2009	\$ -	40,531,260	9,361,394	27,035,260	21,201,555

EXHIBIT F-1

Transportation Improvements	Pedestrian Walkway Improvements	Metro Operations and Construction	Stormwater Management Program	
REVENUES				
-	-	-	22,800,000	Taxes
3,003,534	160,147	-	528,406	Intergovernmental
-	-	-	-	- Charges for services
-	-	-	-	- Developers' contributions
44,722	886	-	-	- Revenue from the use of money and property
5,375	-	-	1,802	Recovered costs
<u>3,053,631</u>	<u>161,033</u>	<u>-</u>	<u>23,330,208</u>	Total revenues
EXPENDITURES				
Current:				
-	-	-	-	- General government administration
-	-	-	-	- Judicial administration
-	-	-	-	- Public safety
-	-	-	21,569,204	- Public works
-	-	-	-	- Health and welfare
6,529,472	442,914	-	-	- Community development
-	-	-	-	- Parks, recreation, and cultural
-	-	68,248,110	-	Intergovernmental:
-	-	-	-	- Community development
-	-	-	-	- Parks, recreation, and cultural
-	-	-	-	- Education - for Public Schools
Capital outlay:				
-	-	-	-	- General government administration
-	-	-	-	- Judicial administration
-	-	-	-	- Public safety
-	-	-	1,240,670	- Public works
-	-	-	-	- Health and welfare
5,537,362	402,257	-	-	- Community development
-	-	-	-	- Parks, recreation, and cultural
Debt service:				
-	-	-	-	- Principal retirement
-	-	-	-	- Interest and other charges
<u>12,066,834</u>	<u>845,171</u>	<u>68,248,110</u>	<u>22,809,874</u>	Total expenditures
<u>(9,013,203)</u>	<u>(684,138)</u>	<u>(68,248,110)</u>	<u>520,334</u>	Excess (deficiency) of revenues over (under) expenditures
OTHER FINANCING SOURCES (USES)				
519,813	-	7,619,851	-	- Transfers in
-	(12,626)	(1,914,405)	-	- Transfers out
14,500,000	-	-	-	- General obligation bonds issued
-	-	-	-	- Premium on general obligation bonds issued
-	-	-	-	- Capital leases
<u>15,019,813</u>	<u>(12,626)</u>	<u>5,705,446</u>	<u>-</u>	Total other financing sources (uses)
6,006,610	(696,764)	(62,542,664)	520,334	Net change in fund balances
<u>(4,001,586)</u>	<u>2,043,248</u>	<u>30,290,499</u>	<u>25,387,248</u>	Fund balances, July 1, 2008
<u>2,005,024</u>	<u>1,346,484</u>	<u>(32,252,165)</u>	<u>25,907,582</u>	Fund balances, June 30, 2009

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, 2009

	County Bond Construction	Public Safety Construction	Neighborhood Improvement Program	Commercial Revitalization Program	Pro Rata Drainage Construction
REVENUES					
Taxes	\$ -	-	-	-	-
Intergovernmental	-	-	-	376,588	-
Charges for services	-	-	-	-	-
Developers' contributions	-	-	-	-	-
Revenue from the use of money and property	18,432	-	5,686	8,396	-
Recovered costs	10,192	3,999	-	-	4,144,554
Total revenues	28,624	3,999	5,686	384,984	4,144,554
EXPENDITURES					
Current:					
General government administration	7,622	-	-	-	-
Judicial administration	3,181	3,145	-	-	-
Public safety	-	1,463,164	-	-	-
Public works	-	-	-	-	3,928,733
Health and welfare	4,574	-	-	433,897	-
Community development	4,635,499	-	11,986	-	-
Parks, recreation, and cultural	-	-	-	-	-
Intergovernmental:					
Community development	-	-	-	-	-
Parks, recreation, and cultural	15,300,000	-	-	-	-
Education - for Public Schools	155,000,000	-	-	-	-
Capital outlay:					
General government administration	6,610,392	-	-	-	-
Judicial administration	3,431,131	-	-	-	-
Public safety	-	23,149,728	-	-	-
Public works	-	-	-	-	215,821
Health and welfare	-	-	-	-	-
Community development	5,399,925	-	-	-	-
Parks, recreation, and cultural	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Total expenditures	190,392,324	24,616,037	11,986	433,897	4,144,554
Excess (deficiency) of revenues over (under) expenditures	(190,363,700)	(24,612,038)	(6,300)	(48,913)	-
OTHER FINANCING SOURCES (USES)					
Transfers in	2,700,000	3,300,000	-	-	-
Transfers out	(10,737,529)	(4,194,059)	-	-	-
General obligation bonds issued	175,910,000	-	-	-	-
Premium on general obligation bonds issued	12,189,021	-	-	-	-
Capital leases	157,257	-	-	-	-
Total other financing sources (uses)	180,218,749	(894,059)	-	-	-
Net change in fund balances	(10,144,951)	(25,506,097)	(6,300)	(48,913)	-
Fund balances, July 1, 2008	(4,998,135)	70,486,945	435,196	557,956	4,770
Fund balances, June 30, 2009	\$ (15,143,086)	44,980,848	428,896	509,043	4,770

EXHIBIT F-1
concluded

Housing Assistance Program	The Penny for Affordable Housing	Northern Virginia Regional Park Authority	Total Capital Projects Funds	
				REVENUES
-	22,800,000	-	45,600,000	Taxes
115,813	-	-	4,557,548	Intergovernmental
-	-	-	1,146,818	Charges for services
-	-	-	4,354,793	Developers' contributions
19,375	983,640	-	2,068,105	Revenue from the use of money and property
-	-	-	5,268,963	Recovered costs
135,188	23,783,640	-	62,996,227	Total revenues
				EXPENDITURES
				Current:
-	-	-	4,919,824	General government administration
-	-	-	6,326	Judicial administration
-	-	-	7,526,964	Public safety
-	-	-	26,128,727	Public works
-	-	-	440,017	Health and welfare
1,622,403	942,371	-	21,139,489	Community development
-	-	-	496,236	Parks, recreation, and cultural
				Intergovernmental:
-	-	-	68,308,059	Community development
-	-	3,600,000	25,029,267	Parks, recreation, and cultural
-	-	-	155,000,000	Education - for Public Schools
				Capital outlay:
-	-	-	7,206,110	General government administration
-	-	-	3,431,131	Judicial administration
-	-	-	25,682,000	Public safety
-	-	-	1,456,491	Public works
-	-	-	382,363	Health and welfare
-	-	-	12,861,459	Community development
-	-	-	5,661,909	Parks, recreation, and cultural
				Debt service:
-	2,300,000	-	2,945,000	Principal retirement
-	4,307,023	-	4,742,704	Interest and other charges
1,622,403	7,549,394	3,600,000	373,364,076	Total expenditures
				Excess (deficiency) of revenues over (under) expenditures
(1,487,215)	16,234,246	(3,600,000)	(310,367,849)	
				OTHER FINANCING SOURCES (USES)
695,000	-	-	36,336,586	Transfers in
-	-	-	(29,469,150)	Transfers out
-	-	3,600,000	199,510,000	General obligation bonds issued
-	-	-	12,189,021	Premium on general obligation bonds issued
-	-	-	157,257	Capital leases
695,000	-	3,600,000	218,723,714	Total other financing sources (uses)
(792,215)	16,234,246	-	(91,644,135)	Net change in fund balances
(2,365,655)	(73,513,240)	-	157,124,136	Fund balances, July 1, 2008
(3,157,870)	(57,278,994)	-	65,480,001	Fund balances, June 30, 2009



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

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

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

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

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

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

COUNTY OF FAIRFAX, VIRGINIA
Internal Service Funds
Combining Statement of Net Assets
June 30, 2009

	Vehicle Services	Self- Insurance	Document Services	Technology Infrastructure Services
ASSETS				
Current assets:				
Equity in pooled cash and temporary investments	\$ 53,020,155	43,409,665	3,160,964	8,878,445
Accounts receivable	-	-	2,487	656
Accrued interest receivable	-	88,342	-	-
Interfund receivables	-	-	-	-
Inventories of supplies	1,586,464	-	-	43,302
Total current assets	54,606,619	43,498,007	3,163,451	8,922,403
Long-term assets:				
Restricted assets - Cash with fiscal agents	-	187,000	-	-
Capital assets:				
Non-depreciable:				
Land	1,938,688	-	-	-
Construction in progress	1,251,403	-	-	-
Equipment under construction	607,729	-	-	-
Depreciable:				
Equipment	80,625,967	-	8,954,553	19,648,009
Buildings and improvements	17,528,610	-	-	873,642
Accumulated depreciation	(57,565,033)	-	(8,701,074)	(12,441,884)
Total capital assets, net	44,387,364	-	253,479	8,079,767
Total long-term assets	44,387,364	187,000	253,479	8,079,767
Total assets	98,993,983	43,685,007	3,416,930	17,002,170
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	1,425,870	436,285	542,706	1,811,317
Accrued salaries and benefits	922,278	58,826	56,912	343,636
Contract Retainage	39,587	-	-	-
Interfund payables	295,669	15,962	17,080	82,658
Deferred revenue	-	-	-	-
Compensated absences payable	804,253	46,360	54,486	355,797
Obligations under capital leases	-	-	82,565	-
Insurance and benefit claims payable	-	10,307,500	-	-
Total current liabilities	3,487,657	10,864,933	753,749	2,593,408
Long-term liabilities:				
Compensated absences payable	1,349,347	27,845	34,217	452,139
Obligations under capital leases	-	-	133,493	-
Insurance and benefit claims payable	-	22,777,126	-	-
Total long-term liabilities	1,349,347	22,804,971	167,710	452,139
Total liabilities	4,837,004	33,669,904	921,459	3,045,547
NET ASSETS				
Invested in capital assets, net of related debt	43,779,635	-	253,479	8,079,767
Unrestricted	50,377,344	10,015,103	2,241,992	5,876,856
Total net assets	\$ 94,156,979	10,015,103	2,495,471	13,956,623

EXHIBIT G

Health Benefits	Total Internal Service Funds	
ASSETS		
Current assets:		
42,140,329	150,609,558	Equity in pooled cash and temporary investments
49,732	52,875	Accounts receivable
93,474	181,816	Accrued interest receivable
1,072,118	1,072,118	Interfund receivables
-	1,629,766	Inventories of supplies
<u>43,355,653</u>	<u>153,546,133</u>	Total current assets
Long-term assets:		
-	<u>187,000</u>	Restricted assets - Cash with fiscal agents
Capital assets:		
Non-depreciable:		
-	1,938,688	Land
-	1,251,403	Construction in progress
-	607,729	Equipment under construction
Depreciable:		
-	109,228,529	Equipment
-	18,402,252	Buildings and improvements
-	<u>(78,707,991)</u>	Accumulated depreciation
-	<u>52,720,610</u>	Total capital assets, net
-	<u>52,907,610</u>	Total long-term assets
<u>43,355,653</u>	<u>206,453,743</u>	Total assets
LIABILITIES		
Current liabilities:		
2,686,105	6,902,283	Accounts payable and accrued liabilities
788	1,382,440	Accrued salaries and benefits
-	39,587	Contract Retainage
-	411,369	Interfund payables
973,332	973,332	Deferred revenue
-	1,260,896	Compensated absences payable
-	82,565	Obligations under capital leases
<u>11,420,191</u>	<u>21,727,691</u>	Insurance and benefit claims payable
<u>15,080,416</u>	<u>32,780,163</u>	Total current liabilities
Long-term liabilities:		
-	1,863,548	Compensated absences payable
-	133,493	Obligations under capital leases
-	<u>22,777,126</u>	Insurance and benefit claims payable
-	<u>24,774,167</u>	Total long-term liabilities
<u>15,080,416</u>	<u>57,554,330</u>	Total liabilities
NET ASSETS		
-	52,112,881	Invested in capital assets, net of related debt
<u>28,275,237</u>	<u>96,786,532</u>	Unrestricted
<u>28,275,237</u>	<u>148,899,413</u>	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, 2009

	Vehicle Services	Self- Insurance	Document Services
OPERATING REVENUES:			
Charges for services	\$ 75,308,121	20,189,752	3,908,160
Recovered costs	279,313	-	-
Total operating revenues	75,587,434	20,189,752	3,908,160
OPERATING EXPENSES:			
Personnel services	18,480,530	1,138,252	1,141,417
Materials and supplies	798,193	137,649	876,458
Equipment operation and maintenance	34,181,654	11,968	2,223,466
Risk financing and benefit payments	-	21,815,898	-
Depreciation and amortization	8,333,321	-	819,716
Professional consultant and contractual services	252,225	205,062	1,559,626
Other	105,266	60,415	4,974
Total operating expenses	62,151,189	23,369,244	6,625,657
Operating income (loss)	13,436,245	(3,179,492)	(2,717,497)
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	-	813,237	-
Interest expense	-	-	(21,477)
Gain (loss) on disposal of capital assets	450,244	-	-
Total nonoperating revenues (expenses)	450,244	813,237	(21,477)
Income (loss) before operating transfers and contributions	13,886,489	(2,366,255)	(2,738,974)
Capital contributions	59,365	-	-
Transfers in	4,000,000	-	2,900,000
Transfers out	(6,450,000)	-	-
Change in net assets	11,495,854	(2,366,255)	161,026
Total net assets, July 1, 2008	82,661,125	12,381,358	2,334,445
Total net assets, June 30, 2009	\$ 94,156,979	10,015,103	2,495,471

EXHIBIT G-1

Technology Infrastructure Services	Health Benefits	Total Internal Service Funds	
OPERATING REVENUES:			
26,582,739	106,870,090	232,858,862	Charges for services
-	-	279,313	Recovered costs
26,582,739	106,870,090	233,138,175	Total operating revenues
OPERATING EXPENSES:			
6,280,325	-	27,040,524	Personnel services
336,074	8,590	2,156,964	Materials and supplies
16,630,668	80,099	53,127,855	Equipment operation and maintenance
-	100,977,036	122,792,934	Risk financing and benefit payments
2,546,494	-	11,699,531	Depreciation and amortization
3,788,120	51,244	5,856,277	Professional consultant and contractual services
49,752	21,558,948	21,779,355	Other
29,631,433	122,675,917	244,453,440	Total operating expenses
(3,048,694)	(15,805,827)	(11,315,265)	Operating income (loss)
NONOPERATING REVENUES (EXPENSES):			
-	954,189	1,767,426	Interest revenue
-	-	(21,477)	Interest expense
-	-	450,244	Gain (loss) on disposal of capital assets
-	954,189	2,196,193	Total nonoperating revenues (expenses)
(3,048,694)	(14,851,638)	(9,119,072)	Income (loss) before operating transfers and contributions
-	-	59,365	Capital contributions
1,814,103	-	8,714,103	Transfers in
(100,000)	(7,000,000)	(13,550,000)	Transfers out
(1,334,591)	(21,851,638)	(13,895,604)	Change in net assets
15,291,214	50,126,875	162,795,017	Total net assets, July 1, 2008
13,956,623	28,275,237	148,899,413	Total net assets, June 30, 2009

COUNTY OF FAIRFAX, VIRGINIA
Internal Service Funds
Combining Statement of Cash Flows
For the fiscal year ended June 30, 2009

	Vehicle Services	Self- Insurance	Document Services
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 75,587,434	20,334,039	3,905,673
Payments to suppliers and contractors	(30,328,630)	-	(4,824,526)
Payments to employees	(18,302,078)	(1,139,848)	(1,156,279)
Claims and benefits paid	-	(16,618,418)	-
Payments for interfund services used	(6,057,381)	(415,093)	-
Net cash provided (used) by operating activities	20,899,345	2,160,680	(2,075,132)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	(6,450,000)	-	-
Transfers from other funds	4,000,000	-	2,900,000
Net cash provided by noncapital financing activities	(2,450,000)	-	2,900,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of capital assets	652,986	-	-
Purchase of capital assets	(12,520,459)	-	(11,965)
Principal payments on obligations under capital leases	-	-	(992,747)
Interest payments on obligations under capital leases	-	-	(21,477)
Net cash (used) by capital and related financing activities	(11,867,473)	-	(1,026,189)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	744,262	-
Net cash provided by investing activities	-	744,262	-
Net increase (decrease) in cash and cash equivalents	6,581,872	2,904,942	(201,321)
Cash and cash equivalents, July 1, 2008	46,438,283	40,691,723	3,362,285
Cash and cash equivalents, June 30, 2009	\$ 53,020,155	43,596,665	3,160,964
Reconciliation of operating income (loss) to net cash provided (used)			
by operating activities:			
Operating income (loss)	\$ 13,436,245	(3,179,492)	(2,717,497)
Adjustments to reconcile operating income (loss) to net cash provided (used)			
by operating activities:			
Depreciation and amortization	8,333,321	-	819,716
Change in assets and liabilities:			
Decrease in accounts receivable	-	-	(2,487)
(Increase) in interfund receivables	-	-	-
(Increase) decrease in inventories of supplies	125,173	-	6,744
(Increase) in other assets	-	144,288	-
Increase (decrease) in accounts payable and accrued liabilities	(1,213,432)	5,197,480	(166,746)
Increase (decrease) in accrued salaries and benefits	160,941	(1,477)	(14,546)
Increase (decrease) in Contract retainage	39,587	-	-
Increase (decrease) in interfund payables	17,510	(119)	(316)
Total adjustments to operating income (loss)	7,463,100	5,340,172	642,365
Net cash provided (used) by operating activities	\$ 20,899,345	2,160,680	(2,075,132)
Noncash capital and financing activities:			
Capital contributions - equipment	59,365	-	-

EXHIBIT G-2

Technology Infrastructure Services	Health Benefits	Total Internal Service Funds	
CASH FLOWS FROM OPERATING ACTIVITIES			
26,584,060	106,777,277	233,188,483	Receipts from interfund services provided
(21,394,945)	(10,257,728)	(66,805,829)	Payments to suppliers and contractors
(6,256,182)	-	(26,854,387)	Payments to employees
-	(109,194,199)	(125,812,617)	Claims and benefits paid
-	-	(6,472,474)	Payments for interfund services used
(1,067,067)	(12,674,650)	7,243,176	Net cash provided (used) by operating activities
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
(100,000)	(7,000,000)	(13,550,000)	Transfers to other funds
1,814,103	-	8,714,103	Transfers from other funds
1,714,103	(7,000,000)	(4,835,897)	Net cash provided by noncapital financing activities
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
-	-	652,986	Proceeds from sale of capital assets
(1,749,506)	-	(14,281,930)	Purchase of capital assets
-	-	(992,747)	Principal payments on obligations under capital leases
-	-	(21,477)	Interest payments on obligations under capital leases
(1,749,506)	-	(14,643,168)	Net cash (used) by capital and related financing activities
CASH FLOWS FROM INVESTING ACTIVITIES			
-	887,927	1,632,189	Interest received
-	887,927	1,632,189	Net cash provided by investing activities
(1,102,470)	(18,786,723)	(10,603,700)	Net increase (decrease) in cash and cash equivalents
9,980,915	60,927,052	161,400,258	Cash and cash equivalents, July 1, 2008
8,878,445	42,140,329	150,796,558	Cash and cash equivalents, June 30, 2009
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
(3,048,694)	(15,805,827)	(11,315,265)	Operating income (loss)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
2,546,494	-	11,699,531	Depreciation and amortization
Change in assets and liabilities:			
1,321	(49,732)	(50,898)	Decrease in accounts receivable
-	(43,081)	(43,081)	(Increase) in interfund receivables
16,462	-	148,379	(Increase) decrease in inventories of supplies
-	-	144,288	(Increase) in other assets
(606,793)	3,223,202	6,433,711	Increase (decrease) in accounts payable and accrued liabilities
19,197	788	164,903	Increase (decrease) in accrued salaries and benefits
-	-	39,587	Increase (decrease) in Contract retainage
4,946	-	22,021	Increase (decrease) in interfund payables
1,981,627	3,131,177	18,558,441	Total adjustments to operating income (loss)
(1,067,067)	(12,674,650)	7,243,176	Net cash provided (used) by operating activities
Noncash capital and financing activities:			
-	-	59,365	Capital contributions - equipment



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

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

OPEB Trust Fund was created in fiscal year 2009 to account for the costs of other post-employment benefits, including health care, life insurance, and other non-pension benefits offered to retirees. The establishment of a trust fund allows the County to capture long-term investment returns, make progress towards reducing the unfunded actuarial liability, and pre-fund the cost of post-employment health care and other non-pension benefits.

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

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

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

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

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

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

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

Northern Virginia Regional Identification System (NOVARIS) Fund is 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. For GAAP purposes, NOVARIS is no longer reported as an agency fund. NOVARIS will continue to be reported as an agency fund for budget purposes only. For GAAP reporting, the activity and fund balance are accounted for in the General Fund due to the nature of the assets being held.

Transient Occupancy Tax is an agency fund used to account for additional taxes originally authorized by state legislation for the benefit of the Northern Virginia Transportation Authority to be used for transportation projects in the region. Due to a change in legislation, all amounts collected have been remitted to the state for reimbursement to the payees.

Toll Road Violations Fund is an agency fund used to account for the collection of toll road violation fees and the subsequent remittances to Metropolitan Washington Airports Authority.



COUNTY OF FAIRFAX, VIRGINIA
Trust Funds
Combining Statement of Plan Net Assets
June 30, 2009

	Uniformed Retirement	Employees' Retirement	Police Officers Retirement	Total Pension Trust Funds
ASSETS				
Equity in pooled cash and temporary investments	\$ 790,200	2,069,997	1,043,669	3,903,866
Cash collateral for securities lending	59,539,590	296,994,470	32,282,897	388,816,957
Contributions receivable	3,708,943	4,772,291	2,361,160	10,842,394
Accrued interest and dividends receivable	2,283,099	8,667,779	3,080,015	14,030,893
Receivable from sale of pension investments	32,143,731	85,842,144	12,790,173	130,776,048
Due from intergovernmental units	-	1,098,801	-	1,098,801
Investments, at fair value:				
U.S. Government securities	6,636,381	77,389,983	6,020,250	90,046,614
Asset-backed securities	114,606,010	146,850,007	115,229,456	376,685,473
Corporate and other bonds	68,358,185	239,691,366	88,881,609	396,931,160
Common and preferred stock	199,909,660	657,205,469	187,349,268	1,044,464,397
Short-term investments	27,354,484	122,684,084	14,032,715	164,071,283
Investment in pooled funds	466,160,455	832,509,876	281,752,388	1,580,422,719
Total assets	981,490,738	2,475,776,267	744,823,600	4,202,090,605
LIABILITIES				
Accounts payable and accrued liabilities	1,716,175	3,926,259	1,300,296	6,942,730
Accrued salaries and benefits	19,027	88,794	19,027	126,848
Interfund payable	5,300	24,735	5,300	35,335
Payable for purchase of pension investments	53,023,427	135,690,613	4,593,794	193,307,834
Liabilities for collateral received under securities lending agreements	59,539,590	296,994,470	32,282,897	388,816,957
Total liabilities	114,303,519	436,724,871	38,201,314	589,229,704
NET ASSETS				
Held in trust for pension/OPEB benefits	\$ 867,187,219	2,039,051,396	706,622,286	3,612,860,901

EXHIBIT H

OPEB Trust Fund	Total Trust Funds	
1,412,510	5,316,376	ASSETS
-	388,816,957	Equity in pooled cash and temporary investments
-	10,842,394	Cash collateral for securities lending
12,748	14,043,641	Contributions receivable
-	130,776,048	Accrued interest and dividends receivable
142,373	1,241,174	Receivable from sale of pension investments
-	90,046,614	Due from intergovernmental units
-	376,685,473	Investments, at fair value:
-	396,931,160	U.S. Government securities
-	1,044,464,397	Asset-backed securities
-	164,071,283	Corporate and other bonds
50,232,630	1,630,655,349	Common and preferred stock
51,800,261	4,253,890,866	Short-term investments
		Investment in pooled funds
		Total assets
		LIABILITIES
977	6,943,707	Accounts payable and accrued liabilities
5,022	131,870	Accrued salaries and benefits
1,487	36,822	Interfund payable
-	193,307,834	Payable for purchase of pension investments
-	388,816,957	Liabilities for collateral received under securities lending agreements
7,486	589,237,190	Total liabilities
		NET ASSETS
51,792,775	3,664,653,676	Held in trust for pension/OPEB benefits

COUNTY OF FAIRFAX, VIRGINIA
Trust Funds
Combining Statement of Changes in Plan Net Assets
For the fiscal year ended June 30, 2009

	Uniformed Retirement	Employees' Retirement	Police Officers Retirement	Total Pension Trust Funds
ADDITIONS				
Contributions:				
Employer	\$ 40,855,102	65,110,832	23,508,402	129,474,336
Plan members	11,750,810	33,927,190	11,246,986	56,924,986
Other	-	-	-	-
Total contributions	52,605,912	99,038,022	34,755,388	186,399,322
Investment income:				
From investment activities:				
Net appreciation in fair value of investments	(230,408,019)	(677,707,827)	(177,207,069)	(1,085,322,915)
Interest	16,209,528	7,594,745	20,484,462	44,288,735
Dividends	6,571,121	23,458,298	7,652,577	37,681,996
Total income from investment activities	(207,627,370)	(646,654,784)	(149,070,030)	(1,003,352,184)
Less investment activities expenses:				
Management fees	3,914,412	8,705,674	2,584,409	15,204,495
Other	440,343	924,575	344,500	1,709,418
Total investment activities expenses	4,354,755	9,630,249	2,928,909	16,913,913
Net income from investment activities	(211,982,125)	(656,285,033)	(151,998,939)	(1,020,266,097)
From securities lending activities:				
Securities lending income	961,003	9,498,133	767,042	11,226,178
Less securities lending expenses:				
Borrower rebates	360,991	5,222,048	347,779	5,930,818
Management fees	221,428	1,549,197	148,009	1,918,634
Total securities lending activities expenses	582,419	6,771,245	495,788	7,849,452
Net income from securities lending activities	378,584	2,726,888	271,254	3,376,726
Net investment income	(211,603,541)	(653,558,145)	(151,727,685)	(1,016,889,371)
Total additions	(158,997,629)	(554,520,123)	(116,972,297)	(830,490,049)
DEDUCTIONS				
Benefits	54,122,953	165,529,137	43,467,322	263,119,412
Refunds of contributions	656,683	3,256,153	761,803	4,674,639
Administrative expenses	325,469	1,519,846	337,334	2,182,649
Total deductions	55,105,105	170,305,136	44,566,459	269,976,700
Net increase (decrease)	(214,102,734)	(724,825,259)	(161,538,756)	(1,100,466,749)
Net assets, July 1, 2008	1,081,289,953	2,763,876,655	868,161,042	4,713,327,650
Net assets, June 30, 2009	\$ 867,187,219	2,039,051,396	706,622,286	3,612,860,901

OPEB Trust Fund	Total Trust Funds	
		ADDITIONS
		Contributions:
21,557,000	151,031,336	Employer
-	56,924,986	Plan members
1,070,682	1,070,682	Other
<u>22,627,682</u>	<u>209,027,004</u>	Total contributions
		Investment income:
		From investment activities:
(6,832,071)	(1,092,154,986)	Net appreciation in fair value of investments
60,622	44,349,357	Interest
-	37,681,996	Dividends
<u>(6,771,449)</u>	<u>(1,010,123,633)</u>	Total income from investment activities
		Less investment activities expenses:
50,061	15,254,556	Management fees
500	1,709,918	Other
<u>50,561</u>	<u>16,964,474</u>	Total investment activities expenses
<u>(6,822,010)</u>	<u>(1,027,088,107)</u>	Net income from investment activities
		From securities lending activities:
-	11,226,178	Securities lending income
		Less securities lending expenses:
-	5,930,818	Borrower rebates
-	1,918,634	Management fees
-	7,849,452	Total securities lending activities expenses
<u>-</u>	<u>3,376,726</u>	Net income from securities lending activities
<u>(6,822,010)</u>	<u>(1,023,711,381)</u>	Net investment income
<u>15,805,672</u>	<u>(814,684,377)</u>	Total additions
		DEDUCTIONS
12,467,805	275,587,217	Benefits
-	4,674,639	Refunds of contributions
168,612	2,351,261	Administrative expenses
<u>12,636,417</u>	<u>282,613,117</u>	Total deductions
3,169,255	(1,097,297,494)	Net increase (decrease)
48,623,520	4,761,951,170	Net assets, July 1, 2008
<u>51,792,775</u>	<u>3,664,653,676</u>	Net assets, June 30, 2009

COUNTY OF FAIRFAX, VIRGINIA
Agency Funds
Combining Statement of Fiduciary Assets and Liabilities
June 30, 2009

	Sanitary Reimbursement	Special Welfare	Resource Recovery	Vienna/ Huntington Metrorail	State Taxes
ASSETS					
Equity in pooled cash and temporary investments	\$ 1,791,750	633,019	-	-	106,708
Accounts receivable	-	-	-	-	-
Accrued interest and dividends receivable	3,638	946	-	-	-
Investments, at fair value:					
U.S. Government and agency securities	-	-	-	1,465,585	-
Asset-backed securities	-	-	19,590,886	-	-
Money market funds	-	-	10,657,786	2,950,681	-
Total assets	1,795,388	633,965	30,248,672	4,416,266	106,708
LIABILITIES					
Liabilities under reimbursement agreements	1,795,388	633,965	30,248,672	4,416,266	106,708
Interfund payable					
Total liabilities	\$ 1,795,388	633,965	30,248,672	4,416,266	106,708

EXHIBIT H-2

Route 28	Lake Barcroft	Toll Road Violations Penalties	Total Agency Funds	
ASSETS				
7,178	-	8,432	2,547,087	Equity in pooled cash and temporary investments
161,562	243	-	161,805	Accounts receivable
-	-	-	4,584	Accrued interest and dividends receivable
				Investments, at fair value:
-	-	-	1,465,585	U.S. Government and agency securities
-	-	-	19,590,886	Asset-backed securities
-	-	-	13,608,467	Money market funds
168,740	243	8,432	37,378,414	Total assets
LIABILITIES				
168,740	243	8,432	37,378,414	Liabilities under reimbursement agreements
				- Interfund payable
168,740	243	8,432	37,378,414	Total liabilities

COUNTY OF FAIRFAX, VIRGINIA
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the fiscal year ended June 30, 2009

	Balances			Balances
	June 30, 2008	Additions	Deductions	June 30, 2009
Sanitary Reimbursement				
Assets:				
Equity in pooled cash and temporary investments	\$ 1,762,184	38,997	9,431	1,791,750
Accrued interest receivable	824	3,638	824	3,638
Total assets	<u>1,763,008</u>	<u>42,635</u>	<u>10,255</u>	<u>1,795,388</u>
Liabilities:				
Liabilities under reimbursement agreements	<u>1,763,008</u>	<u>42,635</u>	<u>10,255</u>	<u>1,795,388</u>
Total liabilities	<u>1,763,008</u>	<u>42,635</u>	<u>10,255</u>	<u>1,795,388</u>
Special Welfare				
Assets:				
Equity in pooled cash and temporary investments	703,155	920,068	990,204	633,019
Accrued interest receivable	89	946	89	946
Total assets	<u>703,244</u>	<u>921,014</u>	<u>990,293</u>	<u>633,965</u>
Liabilities:				
Liabilities under reimbursement agreements	<u>703,244</u>	<u>921,014</u>	<u>990,293</u>	<u>633,965</u>
Total liabilities	<u>703,244</u>	<u>921,014</u>	<u>990,293</u>	<u>633,965</u>
Resource Recovery				
Assets:				
Investments	30,723,918	21,156,649	21,631,895	30,248,672
Total assets	<u>30,723,918</u>	<u>21,156,649</u>	<u>21,631,895</u>	<u>30,248,672</u>
Liabilities:				
Liabilities under reimbursement agreements	<u>30,723,918</u>	<u>21,156,649</u>	<u>21,631,895</u>	<u>30,248,672</u>
Total liabilities	<u>30,723,918</u>	<u>21,156,649</u>	<u>21,631,895</u>	<u>30,248,672</u>
Vienna/Huntington Metrorail				
Assets:				
Investments	4,437,675	2,665,054	2,686,463	4,416,266
Total assets	<u>4,437,675</u>	<u>2,665,054</u>	<u>2,686,463</u>	<u>4,416,266</u>
Liabilities:				
Liabilities under reimbursement agreements	<u>4,437,675</u>	<u>2,665,054</u>	<u>2,686,463</u>	<u>4,416,266</u>
Total liabilities	<u>4,437,675</u>	<u>2,665,054</u>	<u>2,686,463</u>	<u>4,416,266</u>
State Taxes				
Assets:				
Equity in pooled cash and temporary investments	29,847	1,172,738	1,095,877	106,708
Accounts receivable	64,215	-	64,215	-
Total assets	<u>94,062</u>	<u>1,172,738</u>	<u>1,160,092</u>	<u>106,708</u>
Liabilities:				
Liabilities under reimbursement agreements	<u>94,062</u>	<u>1,172,738</u>	<u>1,160,092</u>	<u>106,708</u>
Total liabilities	<u>94,062</u>	<u>1,172,738</u>	<u>1,160,092</u>	<u>106,708</u>
Route 28				
Assets:				
Equity in pooled cash and temporary investments	2,289	13,266,168	13,261,279	7,178
Accounts receivable	88,603	72,959	-	161,562
Total assets	<u>90,892</u>	<u>13,339,127</u>	<u>13,261,279</u>	<u>168,740</u>
Liabilities:				
Liabilities under reimbursement agreements	<u>90,892</u>	<u>13,339,127</u>	<u>13,261,279</u>	<u>168,740</u>
Total liabilities	<u>\$ 90,892</u>	<u>13,339,127</u>	<u>13,261,279</u>	<u>168,740</u>

EXHIBIT H-3

	Balances			Balances
	June 30, 2008	Additions	Deductions	June 30, 2009
Lake Barcroft				
Assets:				
Equity in pooled cash and temporary investments	\$ -	833,268	833,268	-
Accounts receivable	625	-	382	243
Total assets	625	833,268	833,650	243
Liabilities:				
Liabilities under reimbursement agreements	625	833,268	833,650	243
Total liabilities	625	833,268	833,650	243
Toll Road Violations Penalties				
Assets:				
Equity in pooled cash and temporary investments	-	37,934	29,502	8,432
Total assets	-	37,934	29,502	8,432
Liabilities:				
Liabilities under reimbursement agreements	-	37,934	29,502	8,432
Total liabilities	-	37,934	29,502	8,432
Transient Occupancy Tax				
Assets:				
Equity in pooled cash and temporary investments	50,630	206,808	257,438	-
Total assets	50,630	206,808	257,438	-
Liabilities:				
Liabilities under reimbursement agreements	50,630	206,808	257,438	-
Total liabilities	50,630	206,808	257,438	-
Total Agency Funds:				
Assets:				
Equity in pooled cash and temporary investments	2,548,105	16,475,981	16,476,999	2,547,087
Investments	35,161,593	23,821,703	24,318,358	34,664,938
Accounts receivable	153,443	72,959	64,597	161,805
Accrued interest receivable	913	4,584	913	4,584
Total assets	37,864,054	40,375,227	40,860,867	37,378,414
Liabilities:				
Liabilities under reimbursement agreements	37,864,054	40,375,227	40,860,867	37,378,414
Total liabilities	\$ 37,864,054	40,375,227	40,860,867	37,378,414



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



COUNTY OF FAIRFAX, VIRGINIA
Capital Assets Used in the Operation of Governmental Funds
Schedule by Source (1)
June 30, 2009

EXHIBIT I

	Governmental Funds
Governmental funds capital assets:	
Land	\$ 415,442,039
Construction in progress	69,626,444
Capital equipment under construction	8,909,328
Equipment	242,229,871
Library collections	74,095,472
Buildings	1,160,082,393
Improvements	104,413,744
Infrastructure	564,578,829
Total governmental funds capital assets	<u>2,639,378,120</u>
Investments in governmental funds capital assets by source:	
General fund	1,065,719,424
Special revenue funds	248,927,696
Capital projects funds	1,139,353,099
Gifts and donations	185,377,901
Total governmental funds capital assets	<u>\$ 2,639,378,120</u>

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

COUNTY OF FAIRFAX, VIRGINIA
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity (1)
June 30, 2009

Function and Activity	Land	Equipment	Library Collections	Buildings
General government administration:				
Legislative	\$ 105,811,904	-	-	81,910,162
General and financial administration	18,871,196	35,143,829	-	128,239,664
Board of Elections	-	146,889	-	-
Total general government administration	124,683,100	35,290,718	-	210,149,826
Judicial administration:				
Courts	-	1,097,511	-	890,612
Commonwealth's Attorney	61,298	567,028	-	39,247,022
Total judicial administration	61,298	1,664,539	-	40,137,634
Public safety:				
Law enforcement	1,425,806	34,687,770	-	105,289,000
Fire and rescue services	8,731,652	25,178,837	-	63,087,466
Correction and detention	-	99,892	-	232,396,672
Inspections	-	1,498,016	-	5,377
Other protection	4,924,060	18,397,660	-	452,494
Total public safety	15,081,518	79,862,175	-	401,231,009
Public works:				
Maintenance of streets, roads, and bridges	1,067,798	3,617,479	-	119,704,969
Sanitation and waste removal	103,877,170	33,584,352	-	3,536,895
Maintenance of buildings and grounds	958,660	2,029,934	-	42,493
Total public works	105,903,628	39,231,765	-	123,284,357
Health and welfare:				
Health	4,545,842	2,240,485	-	60,965,474
Mental health and mental retardation	1,283,295	796,199	-	18,591,462
Welfare/social services	-	1,703,329	-	2,494,973
Total health and welfare	5,829,137	4,740,013	-	82,051,909
Community development:				
Planning and community development	150,749,904	78,883,311	-	209,846,428
Environmental management	-	393,394	-	-
Cooperative extension program	-	-	-	-
Total community development	150,749,904	79,276,705	-	209,846,428
Parks, recreation, and cultural:				
Parks and recreation	3,600,371	1,329,063	-	13,417,019
Library	9,533,083	834,893	74,095,472	79,964,211
Total parks, recreation, and cultural	13,133,454	2,163,956	74,095,472	93,381,230
Capital equipment under construction				
Construction in progress				
Total governmental funds capital assets	\$ 415,442,039	242,229,871	74,095,472	1,160,082,393

(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:
5,937,113	-	193,659,179	Legislative
2,023,665	350,030	184,628,384	General and financial administration
-	-	146,889	Board of Elections
7,960,778	350,030	378,434,452	Total general government administration
			Judicial administration:
-	-	1,988,123	Courts
131,052	-	40,006,400	Commonwealth's Attorney
131,052	-	41,994,523	Total judicial administration
			Public safety:
2,462,437	-	143,865,013	Law enforcement
3,193,876	-	100,191,831	Fire and rescue services
4,634,026	20,708,000	257,838,590	Correction and detention
-	-	1,503,393	Inspections
1,650,026	-	25,424,240	Other protection
11,940,365	20,708,000	528,823,067	Total public safety
			Public works:
13,850,531	419,800,339	558,041,116	Maintenance of streets, roads, and bridges
2,743,454	-	143,741,871	Sanitation and waste removal
1,244,404	-	4,275,491	Maintenance of buildings and grounds
17,838,389	419,800,339	706,058,478	Total public works
			Health and welfare:
1,723,432	-	69,475,233	Health
428,468	-	21,099,424	Mental health and mental retardation
353,115	-	4,551,417	Welfare/social services
2,505,015	-	95,126,074	Total health and welfare
			Community development:
47,925,312	123,600,695	611,005,650	Planning and community development
-	-	393,394	Environmental management
1,299,107	-	1,299,107	Cooperative extension program
49,224,419	123,600,695	612,698,151	Total community development
			Parks, recreation, and cultural:
13,320,394	-	31,666,847	Parks and recreation
1,493,332	119,765	166,040,756	Library
14,813,726	119,765	197,707,603	Total parks, recreation, and cultural
		8,909,328	Capital equipment under construction
		69,626,444	Construction in progress
104,413,744	564,578,829	2,639,378,120	Total governmental funds capital assets

COUNTY OF FAIRFAX, VIRGINIA
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity (1)
For the fiscal year ended June 30, 2009

EXHIBIT I-2

Function and Activity	Capital Assets June 30, 2008	Additions	Deletions	Capital Assets June 30, 2009
General government administration:				
Legislative	\$ 196,435,011	-	2,775,832	193,659,179
General and financial administration	183,029,173	2,800,539	1,201,328	184,628,384
Board of Elections	126,597	20,292	-	146,889
Total general government administration	379,590,781	2,820,831	3,977,160	378,434,452
Judicial administration:				
Courts	2,025,575	54,415	91,867	1,988,123
Commonwealth's Attorney	40,047,463	-	41,063	40,006,400
Total judicial administration	42,073,038	54,415	132,930	41,994,523
Public safety:				
Law enforcement	140,289,050	5,918,090	2,342,127	143,865,013
Fire and rescue services	100,256,001	1,436,850	1,501,020	100,191,831
Correction and detention	234,221,445	23,623,095	5,950	257,838,590
Inspections	1,561,071	-	57,678	1,503,393
Other protection	16,806,376	8,617,864	-	25,424,240
Total public safety	493,133,943	39,595,899	3,906,775	528,823,067
Public works:				
Maintenance of streets, roads, and bridges	538,257,008	20,029,878	245,770	558,041,116
Sanitation and waste removal	142,341,678	4,380,175	2,979,982	143,741,871
Maintenance of buildings and grounds	4,521,227	150,537	396,273	4,275,491
Total public works	685,119,913	24,560,590	3,622,025	706,058,478
Health and welfare:				
Health	64,710,715	4,948,302	183,784	69,475,233
Mental health and mental retardation	21,145,908	-	46,484	21,099,424
Welfare/social services	4,948,237	150,531	547,351	4,551,417
Total health and welfare	90,804,860	5,098,833	777,619	95,126,074
Community development:				
Planning and community development	553,433,960	58,029,212	457,522	611,005,650
Environmental management	393,394	-	-	393,394
Cooperative extension program	1,299,107	-	-	1,299,107
Total community development	555,126,461	58,029,212	457,522	612,698,151
Parks, recreation, and cultural:				
Parks and recreation	28,785,111	2,897,944	16,208	31,666,847
Library	142,162,051	26,137,457	2,258,752	166,040,756
Total parks, recreation, and cultural	170,947,162	29,035,401	2,274,960	197,707,603
Total general fixed assets allocated to functions	2,416,796,158	159,195,181	15,148,991	2,560,842,348
Equipment under construction	4,595,258	8,909,328	4,595,258	8,909,328
Construction in progress	84,047,845	56,528,945	70,950,346	69,626,444
Total governmental funds capital assets	\$ 2,505,439,261	224,633,454	90,694,595	2,639,378,120

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

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

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

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

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

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

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

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

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

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

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

OPEB Trust Fund is used to account for a single-employer other post-employment defined benefit plan.

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



COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Public Schools
Balance Sheet - Governmental Funds
June 30, 2009

	General Fund	Capital Projects Fund	Nonmajor Governmental	
			Food and Nutrition Services	Special Revenue Grants and Self-Supporting Programs
ASSETS				
Equity in pooled cash and temporary investments	\$ 224,062,188	33,789,985	9,743,044	4,352,913
Receivables:				
Accounts	104,994	-	76,740	-
Accrued interest	-	-	9,771	-
Due from intergovernmental units	19,508,345	-	1,201,148	11,191,431
Due from primary government			268,264	
Interfund receivables	1,000,000	-	-	-
Inventories of supplies	-	-	1,494,011	-
Prepaid and other assets	18,128,072	-	567,986	185,911
Restricted assets - investments	-	20,295,905	-	-
Total assets	\$ 262,803,599	54,085,890	13,360,964	15,730,255
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 36,099,272	9,761,246	51,802	314,393
Accrued salaries and benefits	105,762,760	19,810	972,467	155,008
Contract retainages	-	7,556,840	-	-
Interfund payables	794,170	-	-	-
Deferred revenue	2,002,407	-	1,466,555	9,423,674
Performance and other deposits	750	281,561	-	-
Total liabilities	144,659,359	17,619,457	2,490,824	9,893,075
Fund balances:				
Reserved for:				
Encumbrances	17,355,966	89,226,367	138,073	1,098,930
Inventories of supplies	18,128,072	-	2,061,997	185,911
Unreserved	82,660,202	(52,759,934)	8,670,070	4,552,339
Total fund balances	118,144,240	36,466,433	10,870,140	5,837,180
Total liabilities and fund balances	\$ 262,803,599	54,085,890	13,360,964	15,730,255

Reconciliation of the Balance Sheet to the Statement of Net Assets

Fund balances - Total governmental funds	\$ 172,222,744
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental fund activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$3,000,379,084 and accumulated depreciation is \$1,066,370,194.	1,934,008,890
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.	7,558,969
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.	61,076,704
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.	(33,380,304)
Capital lease and installment purchase agreements are not due and payable in the current period and, therefore, are not reported in the funds.	(88,741,193)
The net OPEB obligation, resulting from the annual required contribution in excess of the contributions for other post-employment benefits, is not considered a financial liability and, therefore, is not reported in the governmental funds.	(48,538)
Net assets of governmental activities	<u>\$ 2,052,697,272</u>

EXHIBIT J

Funds			
Adult and Community Education	Total Governmental Funds		
ASSETS			
1,662,432	273,610,562	Equity in pooled cash and temporary investments	
Receivables:			
-	181,734	Accounts	
2,049	11,820	Accrued interest	
55,423	31,956,347	Due from intergovernmental units	
	268,264	Due from primary government	
-	1,000,000	Interfund receivables	
-	1,494,011	Inventories of supplies	
-	18,881,969	Prepaid and other assets	
-	20,295,905	Restricted assets - investments	
<u>1,719,904</u>	<u>347,700,612</u>	Total assets	
LIABILITIES AND FUND BALANCES			
Liabilities:			
4,675	46,231,388	Accounts payable and accrued liabilities	
115,687	107,025,732	Accrued salaries and benefits	
-	7,556,840	Contract retainages	
-	794,170	Interfund payables	
694,791	13,587,427	Deferred revenue	
-	282,311	Performance and other deposits	
<u>815,153</u>	<u>175,477,868</u>	Total liabilities	
Fund balances:			
Reserved for:			
160,594	107,979,930	Encumbrances	
-	20,375,980	Inventories of supplies	
<u>744,157</u>	<u>43,866,834</u>	Unreserved	
<u>904,751</u>	<u>172,222,744</u>	Total fund balances	
<u>1,719,904</u>	<u>347,700,612</u>	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, 2009

	General Fund	Nonmajor Governmental		
		Capital Projects Fund	Food and Nutrition Services	Special Revenue Grants and Self-Supporting Programs
REVENUES				
Intergovernmental	\$ 2,120,797,132	155,873,571	22,301,804	35,853,365
Charges for services	7,151,134	-	48,247,766	2,733,553
Revenue from the use of money and property	3,197,388	-	147,115	-
Recovered costs	36,499,779	843,756	-	-
Other	7,646,021	3,779,570	-	949,883
Total revenues	2,175,291,454	160,496,897	70,696,685	39,536,801
EXPENDITURES				
Current:				
Education	2,110,205,420	13,626,495	68,281,850	61,900,910
Capital outlay	13,987,886	134,311,550	24,695	203,468
Debt service:				
Principal retirement	15,486,690	-	-	-
Interest and other charges	4,447,962	-	-	-
Total expenditures	2,144,127,958	147,938,045	68,306,545	62,104,378
Excess (deficiency) of revenues over (under) expenditures	31,163,496	12,558,852	2,390,140	(22,567,577)
OTHER FINANCING SOURCES (USES)				
Transfers in	10,700,000	10,985,226	-	21,845,970
Transfers out	(34,526,863)	-	-	-
Capital leases and installment purchases	1,996,480	-	-	-
Total other financing sources (uses)	(21,830,383)	10,985,226	-	21,845,970
Net change in fund balances	9,333,113	23,544,078	2,390,140	(721,607)
Fund balances, July 1, 2008	108,811,127	12,922,355	8,450,350	6,558,787
Increase in reserve for inventories of supplies	-	-	29,650	-
Fund balances, June 30, 2009	\$ 118,144,240	36,466,433	10,870,140	5,837,180

EXHIBIT J-1

Funds		
Adult and Community Education	Total Governmental Funds	
REVENUES		
1,608,322	2,336,434,194	Intergovernmental
6,888,650	65,021,103	Charges for services
26,586	3,371,089	Revenue from the use of money and property
-	37,343,535	Recovered costs
400,911	12,776,385	Other
8,924,469	2,454,946,306	Total revenues
EXPENDITURES		
Current:		
10,776,732	2,264,791,407	Education
77,095	148,604,694	Capital outlay
Debt service:		
-	15,486,690	Principal retirement
-	4,447,962	Interest and other charges
10,853,827	2,433,330,753	Total expenditures
(1,929,358)	21,615,553	Excess (deficiency) of revenues over (under) expenditures
OTHER FINANCING SOURCES (USES)		
1,695,667	45,226,863	Transfers in
-	(34,526,863)	Transfers out
-	1,996,480	Capital leases and installment purchases
1,695,667	12,696,480	Total other financing sources (uses)
(233,691)	34,312,033	Net change in fund balances
1,138,442	137,881,061	Fund balances, July 1, 2008
-	29,650	Increase in reserve for inventories of supplies
904,751	172,222,744	Fund balances, June 30, 2009

continued

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Public Schools
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
For the fiscal year ended June 30, 2009

EXHIBIT J-1
concluded

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

Net change in fund balances - Total governmental funds		\$ 34,312,033
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	\$ 148,604,694	
Capital lease expenditures		
Capitalized interest on School Administration Building		
Less depreciation expense	<u>(97,376,843)</u>	51,227,851
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.		3,176,035
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.		(687,122)
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.		4,142,558
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.		15,486,690
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.		(884,348)
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.		(11,224,674)
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.		209,420
Proceeds from the issuance of long-term debt are reported as other financing sources in the governmental funds, increasing fund balance. In the government-wide statements, new debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities. This amount represents principal amounts of new capital leases and installment purchases.		(1,996,480)
Contributions for other post-employment benefits less than the annual required contribution are reported as an expenditure in the governmental funds; however, this difference is reported as a net OPEB obligation on the statement of net assets and does not result in an expense in the statement of activities. This amount represents the net change in the net pension asset.		<u>(861,902)</u>
Change in net assets of governmental activities		<u>\$ 92,900,061</u>

COUNTY OF FAIRFAX, VIRGINIA
 Fairfax County Public Schools
 Budgetary Comparison Schedule - General Fund (Budget Basis)
 For the fiscal year ended June 30, 2009

EXHIBIT J-2

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 494,591,116	499,478,293	494,196,410	(5,281,883)
Charges for services	5,403,733	5,403,733	7,151,134	1,747,401
Revenue from the use of money and property	2,045,324	2,145,324	3,197,388	1,052,064
Recovered costs	37,704,623	37,699,132	36,499,779	(1,199,353)
Other	4,292,989	4,292,989	7,646,021	3,353,032
Total revenues	544,037,785	549,019,471	548,690,732	(328,739)
EXPENDITURES				
Current:				
Education	2,181,538,008	2,228,802,028	2,138,355,605	90,446,423
Total expenditures	2,181,538,008	2,228,802,028	2,138,355,605	90,446,423
Excess (deficiency) of revenues over (under) expenditures	(1,637,500,223)	(1,679,782,557)	(1,589,664,873)	90,117,684
OTHER FINANCING USES				
Transfers in	1,626,600,722	1,637,300,722	1,637,300,722	-
Transfers out	(39,100,499)	(38,302,736)	(38,302,736)	-
Total other financing uses	1,587,500,223	1,598,997,986	1,598,997,986	-
Net change in fund balance	\$ (50,000,000)	(80,784,571)	9,333,113	90,117,684

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Public Schools
Budgetary Comparison Schedule - Food and Nutrition Services Fund (Budget Basis)
For the fiscal year ended June 30, 2009

EXHIBIT J-3A

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental	\$ 19,527,883	19,527,883	22,301,804	2,773,921
Charges for services	45,895,899	45,895,899	48,247,766	2,351,867
Revenue from the use of money and property	405,000	405,000	147,115	(257,885)
Total revenues	65,828,782	65,828,782	70,696,685	4,867,903
EXPENDITURES				
Current:				
Education	74,853,418	74,279,132	68,306,545	5,972,587
Total expenditures	74,853,418	74,279,132	68,306,545	5,972,587
Net change in fund balance	\$ (9,024,636)	(8,450,350)	2,390,140	10,840,490

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, 2009

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental	\$ 41,212,351	54,113,208	32,925,606	(21,187,602)
Charges for services	2,913,643	2,913,643	2,733,553	(180,090)
Other	111,421	631,769	949,883	318,114
Total revenues	44,237,415	57,658,620	36,609,042	(21,049,578)
EXPENDITURES				
Education	70,089,699	88,991,139	62,104,378	26,886,761
Total expenditures	70,089,699	88,991,139	62,104,378	26,886,761
Excess (deficiency) of revenues over (under) expenditures	(25,852,284)	(31,332,519)	(25,495,336)	5,837,183
OTHER FINANCING SOURCES				
Transfers in	25,106,360	24,773,729	24,773,729	-
Total other financing sources	25,106,360	24,773,729	24,773,729	-
Net change in fund balance	\$ (745,924)	(6,558,790)	(721,607)	5,837,183

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Public Schools
Budgetary Comparison Schedule - Adult and Community Education Fund (Budget Basis)
For the fiscal year ended June 30, 2009

EXHIBIT J-3C

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental	\$ 1,423,686	1,629,119	1,608,322	(20,797)
Charges for services	8,017,087	8,017,087	6,888,650	(1,128,437)
Revenue from the use of money and property	74,377	74,377	26,586	(47,791)
Other	285,444	357,944	400,911	42,967
Total revenues	9,800,594	10,078,527	8,924,469	(1,154,058)
EXPENDITURES				
Education	12,363,001	12,912,634	10,853,827	2,058,807
Total expenditures	12,363,001	12,912,634	10,853,827	2,058,807
Excess (deficiency) of revenues over (under) expenditures	(2,562,407)	(2,834,107)	(1,929,358)	904,749
OTHER FINANCING SOURCES				
Transfers in	1,695,667	1,695,667	1,695,667	-
Total other financing sources	1,695,667	1,695,667	1,695,667	-
Net change in fund balance	\$ (866,740)	(1,138,440)	(233,691)	904,749

COUNTY OF FAIRFAX, VIRGINIA
 Fairfax County Public Schools
 Combining Statement of Net Assets - Internal Service Funds
 June 30, 2009

EXHIBIT J-4

	Central Procurement	Health Benefits Trust	Insurance	Total Internal Service Funds
ASSETS				
Current assets:				
Equity in pooled cash and temporary investments	\$ 373,053	96,903,040	29,411,806	126,687,899
Accounts receivable	-	582,366	-	582,366
Accrued interest receivable	-	121,323	-	121,323
Interfund receivables	143,170	651,000	-	794,170
Inventories of supplies	1,473,747	-	-	1,473,747
Prepaid items	-	-	43,125	43,125
Total current assets	1,989,970	98,257,729	29,454,931	129,702,630
Long-term assets - Capital assets:				
Equipment	100,053	-	40,029	140,082
Accumulated depreciation	(77,275)	-	(23,925)	(101,200)
Total long-term assets	22,778	-	16,104	38,882
Total assets	2,012,748	98,257,729	29,471,035	129,741,512
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	301,508	6,384,481	183,785	6,869,774
Accrued salaries and benefits	-	2,077	9,472	11,549
Interfund payables	1,000,000	-	-	1,000,000
Compensated absences payable	2,192	29,987	37,296	69,475
Insurance and benefit claims payable	-	15,228,500	4,535,703	19,764,203
Deferred revenue	-	23,827,065	-	23,827,065
Total current liabilities	1,303,700	45,472,110	4,766,256	51,542,066
Long-term liabilities:				
Compensated absences payable	939	12,851	15,984	29,774
Insurance and benefit claims payable	-	801,500	16,291,468	17,092,968
Total long-term liabilities	939	814,351	16,307,452	17,122,742
Total liabilities	1,304,639	46,286,461	21,073,708	68,664,808
NET ASSETS				
Invested in capital assets	22,778	-	16,104	38,882
Unrestricted	685,331	51,971,268	8,381,223	61,037,822
Total net assets	\$ 708,109	51,971,268	8,397,327	61,076,704

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, 2009

	Central Procurement	Health Benefits Trust	Insurance	Total Internal Service Funds
OPERATING REVENUES:				
Charges for services	\$ 11,340,563	245,510,346	9,692,380	266,543,289
Total operating revenues	11,340,563	245,510,346	9,692,380	266,543,289
OPERATING EXPENSES:				
Cost of goods sold	10,893,811	-	-	10,893,811
Personnel services	80,820	1,319,126	972,588	2,372,534
Depreciation expense	9,380	-	4,673	14,053
Claims and benefit payments	-	237,978,659	8,489,108	246,467,767
Professional consultant and contractual services	-	7,912,088	902,093	8,814,181
Other	41,928	123,820	20,436	186,184
Total operating expenses	11,025,939	247,333,693	10,388,898	268,748,530
Operating income	314,624	(1,823,347)	(696,518)	(2,205,241)
NONOPERATING REVENUES:				
Interest revenue	-	1,680,567	-	1,680,567
Total nonoperating revenues	-	1,680,567	-	1,680,567
Income (loss) before operating transfers	314,624	(142,780)	(696,518)	(524,674)
Transfers out		(10,700,000)		(10,700,000)
Change in net assets	314,624	(10,842,780)	(696,518)	(11,224,674)
Total net assets, July 1, 2008	393,485	62,814,048	9,093,845	72,301,378
Total net assets, June 30, 2009	\$ 708,109	51,971,268	8,397,327	61,076,704

COUNTY OF FAIRFAX, VIRGINIA
 Fairfax County Public Schools
 Combining Statement of Cash Flows - Internal Service Funds
 For the fiscal year ended June 30, 2009

EXHIBIT J-6

	Central Procurement	Health Benefits Trust	Insurance	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services provided	\$ 11,619,959	246,102,482	9,692,380	267,414,821
Payments to suppliers	(11,319,636)	-	-	(11,319,636)
Payments to employees	(79,936)	(1,306,645)	(965,837)	(2,352,418)
Claims and benefits paid	-	(236,606,276)	(6,920,498)	(243,526,774)
Payments for professional services	-	(7,857,068)	(931,857)	(8,788,925)
Payments for other operating expenses	(41,928)	(148,576)	(172,387)	(362,891)
Net cash provided by operating activities	178,459	183,917	701,801	1,064,177
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds		(10,700,000)		(10,700,000)
Net cash provided by noncapital financing activities	-	(10,700,000)	-	(10,700,000)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	-	1,674,136	-	1,674,136
Net cash provided by investing activities	-	1,674,136	-	1,674,136
Net increase in cash and cash equivalents	178,459	(8,841,947)	701,801	(7,961,687)
Cash and cash equivalents, July 1, 2008	194,594	105,744,987	28,710,005	134,649,586
Cash and cash equivalents, June 30, 2009	\$ 373,053	96,903,040	29,411,806	126,687,899
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 314,624	(1,823,347)	(696,518)	(2,205,241)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	9,380	-	4,673	14,053
Change in assets and liabilities:				
(Increase) in accounts receivable	-	(259,226)	-	(259,226)
(Increase) decrease in interfund receivables	279,396	(14,998)	-	264,398
(Increase) in inventories of supplies	(276,415)	-	-	(276,415)
(Increase) in other assets	-	-	(43,125)	(43,125)
Increase (decrease) in accounts payable and accrued liabilities	(149,410)	1,143,647	(226,071)	768,166
Increase in accrued salaries and benefits	884	12,481	6,751	20,116
Increase in deferred revenue	-	866,360	-	866,360
Increase in insurance and benefits claims payable	-	259,000	1,656,091	1,915,091
Total adjustments to operating income (loss)	(136,165)	2,007,264	1,398,319	3,269,418
Net cash provided by operating activities	\$ 178,459	183,917	701,801	1,064,177

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Public Schools
Statement of Fiduciary Net Assets
June 30, 2009

EXHIBIT J-7

	Pension Trust Fund - Educational Employees' Supplementary Retirement System	OPEB Trust Fund	Agency Fund - Student Activity Fund
ASSETS			
Equity in pooled cash and temporary investments	\$ 740,450	-	740,450
Cash with fiscal agents	1,280,586	-	1,280,586
Cash collateral for securities lending	59,505,933	-	59,505,933
Accounts receivable	491	-	491
Contributions receivable	73,034	-	73,034
Accrued interest and dividends receivable	3,836,091	1,458	3,837,549
Receivable from sale of pension investments	59,510,785	-	59,510,785
Investments, at fair value:			
Asset-backed securities	2,823,441	-	2,823,441
Corporate bonds	127,131,059	-	127,131,059
Common and preferred stock	499,675,773	-	499,675,773
Pooled and mutual funds	474,717,130	-	474,717,130
Real estate	51,843,546	-	51,843,546
Other bonds	254,724,781	-	254,724,781
Investment in pooled funds	-	17,518,824	17,518,824
Short-term investments	16,300,070	10,700,163	27,000,233
Prepaid items and other assets	24,792	-	24,792
Equipment, net of depreciation	68,288	-	68,288
Total assets	1,552,256,250	28,220,445	1,580,476,695
LIABILITIES			
Accounts payable and accrued liabilities	1,419,793	125	1,419,918
Payable for purchase of pension investments	49,896,094	10,700,000	60,596,094
lending agreements	59,505,933	-	59,505,933
Total liabilities	110,821,820	10,700,125	121,521,945
NET ASSETS			
Held in trust for pension/OPEB benefits	\$ 1,441,434,430	17,520,320	1,458,954,750

COUNTY OF FAIRFAX, VIRGINIA
 Fairfax County Public Schools
 Statement of Changes in Plan Net Assets - Trust Funds
 For the fiscal year ended June 30, 2009

EXHIBIT J-8

	Pension Trust Fund - Educational Employees' Supplementary Retirement System	OPEB Trust Fund	Total Trust Funds
ADDITIONS			
Contributions:			
Employer	\$ 40,012,480	36,641,152	76,653,632
Plan members	47,996,408	-	47,996,408
Total contributions	88,008,888	36,641,152	124,650,040
Investment income:			
From investment activities:			
Net appreciation in fair value of investments	(399,232,172)	(1,168,056)	(400,400,228)
Interest and dividends	44,297,555	1,479	44,299,034
Real estate income	3,769,945	-	3,769,945
Other	70,815	-	70,815
Total income from investment activities	(351,093,857)	(1,166,577)	(352,260,434)
Less investment activities expenses:			
Management fees	6,572,750	8,120	6,580,870
Other	617,520	500	618,020
Total investment activities expenses	7,190,270	8,620	7,198,890
Net income from investment activities	(358,284,127)	(1,175,197)	(359,459,324)
From securities lending activities:			
Securities lending income	1,320,138	-	1,320,138
Less securities lending expenses:			
Borrower rebates	504,352	-	504,352
Management fees	203,925	-	203,925
Total securities lending activities expenses	708,277	-	708,277
Net income from securities lending activities	611,861	-	611,861
Net investment income	(357,672,266)	(1,175,197)	(358,847,463)
Total additions	(269,663,378)	35,465,955	(234,197,423)
DEDUCTIONS			
Benefits	139,594,144	25,941,152	165,535,296
Refunds of contributions	3,975,907	-	3,975,907
Administrative expenses	3,904,114	-	3,904,114
Total deductions	147,474,165	25,941,152	173,415,317
Net increase (decrease)	(417,137,543)	9,524,803	(407,612,740)
Net assets, July 1, 2008	1,858,571,973	7,995,517	1,866,567,490
Net assets, June 30, 2009	\$ 1,441,434,430	17,520,320	1,458,954,750

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Public Schools
Statement of Changes in Assets and Liabilities - Agency Fund
For the fiscal year ended June 30, 2009

EXHIBIT J-9

	Balances			Balances
	June 30, 2008	Additions	Deductions	June 30, 2009
Student Activity Fund:				
Assets:				
Cash with fiscal agents	\$ 17,630,974	40,972,703	40,428,318	18,175,359
Accounts receivable	314,931	186,510	105,538	395,903
Inventories of supplies	287,980	61,547	141,966	207,561
Total assets	18,233,885	41,220,760	40,675,822	18,778,823
Liabilities:				
Accounts payable and accrued liabilities	811,604	174,769	525,067	461,306
Due to student groups	17,422,281	1,644,896	749,660	18,317,517
Total liabilities	\$ 18,233,885	1,819,665	1,274,727	18,778,823

The **Fairfax County Redevelopment and Housing Authority** (FCRHA) is responsible for low income housing and community development programs within the County. FCRHA was approved by a voter referendum in November 1965 and was activated by the County Board of Supervisors in February 1966. FCRHA is a political subdivision of and reports to the Commonwealth of Virginia. The County Board of Supervisors appoints the FCRHA Board of Commissioners and the County provides certain managerial and other related assistance to FCRHA.

Primary Government represents FCRHA's use of an enterprise fund to report its activities. FCRHA activities are funded by federal grants from the U.S. Department of Housing and Urban Development (HUD), rents, and other user charges resulting from operations of subsidized housing, development and financing fees, investment income, and loan proceeds. These funds provide rental housing, housing for the elderly/group homes, loans for home ownership and home improvement, tenant assistance, community development, and administration of these programs.

Component Units are real estate limited partnerships of FCRHA. FCRHA is the managing general partner and has certain rights which enable it to impose its will on the limited partnerships. FCRHA is legally obligated to fund operating deficits, making FCRHA financially accountable for the partnerships.

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Redevelopment and Housing Authority
Statement of Net Assets
June 30, 2009

EXHIBIT K

	Housing Authority	Component Units of Housing	Total Entity
ASSETS			
Current assets:			
Equity in pooled cash and temporary investments	\$ 27,337,157	-	27,337,157
Cash in banks	13,759,592	5,047,267	18,806,859
Investments	3,590,000	-	3,590,000
Receivables (net of allowances):			
Accounts	1,476,676	271,702	1,748,378
Accrued interest	179,930	322	180,252
Notes	1,093,301	81,947	1,175,248
Property held for sale	1,787,884	-	1,787,884
Prepaid and other assets	3,309,550	7,918	3,317,468
Total current assets	52,534,090	5,409,156	57,943,246
Long-term assets:			
Restricted assets:			
Cash with fiscal agents	3,957,259	4,479,315	8,436,574
Certificates of deposit - performance bonds	1,602,369	480,586	2,082,955
Investments	1,366,000	-	1,366,000
Total restricted assets	6,925,628	4,959,901	11,885,529
Capital assets:			
Non-depreciable:			
Land	31,064,477	8,764,242	39,828,719
Construction in progress	5,479,028	-	5,479,028
Depreciable:			
Equipment	556,470	927,550	1,484,020
Buildings and improvements	120,809,295	72,233,928	193,043,223
Accumulated depreciation	(72,332,598)	(23,517,065)	(95,849,663)
Total capital assets, net	85,576,672	58,408,655	143,985,327
Other long-term assets:			
Notes receivable	31,366,593	-	31,366,593
Prepaid and other assets	9,692	-	9,692
Deferred financing fees (net of amortization)	15,586	988,301	1,003,887
Total other long-term assets	31,391,871	988,301	32,380,172
Total long-term assets	123,894,171	64,356,857	188,251,028
Total assets	176,428,261	69,766,013	246,194,274
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	1,491,443	4,171,783	5,663,226
Accrued salaries and benefits	631,722	-	631,722
Accrued interest payable	-	2,638,316	2,638,316
Due to primary government	629,738	-	629,738
Deferred revenue	1,384,791	81,582	1,466,373
Performance and other deposits	1,602,369	438,377	2,040,746
Mortgage revenue bonds payable	536,650	-	536,650
Mortgage notes payable	1,760,253	972,358	2,732,611
Public housing loans payable	115,814	-	115,814
Compensated absences payable	521,391	-	521,391
Total current liabilities	8,674,171	8,302,416	16,976,587
Long-term liabilities:			
Mortgage revenue bonds payable	35,151,494	-	35,151,494
Mortgage notes payable	11,172,480	45,103,572	56,276,052
Public housing loans payable	634,358	-	634,358
Compensated absences payable	607,802	-	607,802
Total long-term liabilities	47,566,134	45,103,572	92,669,706
Total liabilities	56,240,305	53,405,988	109,646,293
NET ASSETS			
Invested in capital assets, net of related debt	66,615,740	12,332,725	78,948,465
Restricted	8,074,114	4,521,524	12,595,638
Unrestricted	45,498,102	(494,224)	45,003,878
Total net assets	\$ 120,187,956	16,360,025	136,547,981

COUNTY OF FAIRFAX, VIRGINIA
 Fairfax County Redevelopment and Housing Authority
 Statement of Revenues, Expenses, and Changes in Net Assets
 For the fiscal year ended June 30, 2009

EXHIBIT K-1

	Housing Authority	Component Units of Housing	Total Entity
OPERATING REVENUES:			
Dwelling rentals	\$ 24,400,328	7,991,895	32,392,223
Other	3,626,010	1,309,989	4,935,999
Total operating revenues	28,026,338	9,301,884	37,328,222
OPERATING EXPENSES:			
Personnel services	14,173,458	1,689,319	15,862,777
Materials and supplies	2,638,876	2,049,211	4,688,087
Repairs and maintenance	6,557,013	2,048,932	8,605,945
Housing assistance payments	38,134,821	-	38,134,821
Depreciation and amortization	3,815,877	2,365,046	6,180,923
Contractual services	1,470,402	120,198	1,590,600
Utilities	3,772,114	1,124,179	4,896,293
Total operating expenses	70,562,561	9,396,885	79,959,446
Operating income (loss)	(42,536,223)	(95,001)	(42,631,224)
NONOPERATING REVENUES (EXPENSES):			
Intergovernmental revenue	45,988,494	62,113	46,050,607
Interest revenue	766,446	69,285	835,731
Interest expense	(1,158,865)	(2,010,728)	(3,169,593)
Grant to the County	(900,000)	-	(900,000)
Total nonoperating revenues (expenses)	44,696,075	(1,879,330)	42,816,745
Gain (loss) before contributions	2,159,852	(1,974,331)	185,521
CAPITAL CONTRIBUTIONS:			
Investor capital contributions	-	1,580,927	1,580,927
HUD debt service contributions	239,205	-	239,205
HUD capital contributions	2,628,255	-	2,628,255
Total capital contributions	2,867,460	1,580,927	4,448,387
Change in net assets	5,027,312	(393,404)	4,633,908
Total net assets, July 1, 2008	115,160,644	16,753,429	131,914,073
Total net assets, June 30, 2009	\$ 120,187,956	16,360,025	136,547,981

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Redevelopment and Housing Authority
Statement of Cash Flows
For the fiscal year ended June 30, 2009

EXHIBIT K-2

	Housing Authority	Component Units of Housing	Total Entity
CASH FLOWS FROM OPERATING ACTIVITIES			
Rental receipts	\$ 22,627,833	8,057,478	30,685,311
Other operating cash receipts	7,760,044	1,305,865	9,065,909
Payments to employees for services	(14,029,464)	(1,689,319)	(15,718,783)
Payments made for housing assistance	(38,448,595)	-	(38,448,595)
Payments to suppliers for goods and services	(14,911,846)	(5,579,624)	(20,491,470)
Purchase of property held for sale	(4,604,624)	-	(4,604,624)
Net cash provided (used) by operating activities	(41,606,652)	2,094,400	(39,512,252)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Retirement of loans, notes, and bonds payables	(150,628)	-	(150,628)
Proceeds from the issuance of debt	12,665,000	-	12,665,000
Receipts on behalf of the County	(1,033,342)	-	(1,033,342)
Intergovernmental revenue received	45,929,438	62,113	45,991,551
Net cash provided by noncapital financing activities	57,410,468	62,113	57,472,581
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(4,427,536)	(3,414,424)	(7,841,960)
Capital contributions	-	1,580,927	1,580,927
Proceeds from issuance of debt	2,050,000	122,993	2,172,993
Interest payments	(1,171,801)	(1,702,014)	(2,873,815)
Debt principal payments	(1,695,555)	(847,913)	(2,543,468)
Repayment of amount due to the primary government	(900,000)	-	(900,000)
HUD debt service and capital contributions	2,867,460	-	2,867,460
Net cash provided (used) by capital and related financing activities	(3,277,432)	(4,260,431)	(7,537,863)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of loan and advance repayments	216,288	-	216,288
Disbursement of loans and advances receivable	(12,153,357)	-	(12,153,357)
Acquisition of investments	1,026,640	-	1,026,640
Interest received	674,172	69,285	743,457
Net cash provided (used) by investing activities	(10,236,257)	69,285	(10,166,972)
Net increase in cash and cash equivalents	2,290,127	(2,034,633)	255,494
Cash and cash equivalents, July 1, 2008	44,366,250	12,041,801	56,408,051
Cash and cash equivalents, June 30, 2009	\$ 46,656,377	10,007,168	56,663,545
Reconciliation of operating income (loss) to net cash provided (used)			
by operating activities:			
Operating income (loss)	\$ (42,536,223)	(95,001)	(42,631,224)
Adjustments to reconcile operating (loss) to net cash provided (used)			
by operating activities:			
Depreciation and amortization	3,815,877	2,365,046	6,180,923
Change in assets and liabilities:			
(Increase) in accounts receivable	(553,155)	74,673	(478,482)
(Increase) decrease in prepaid and other assets	(735,860)	965,836	229,976
(Decrease) in accounts payable and accrued liabilities	(436,439)	(1,202,940)	(1,639,379)
Increase in accrued salaries and benefits	143,994	-	143,994
(Decrease) in performance and other deposits	(1,371,231)	(4,124)	(1,375,355)
Increase (decrease) in deferred revenue	66,385	(9,090)	57,295
Total adjustments to operating income (loss)	929,571	2,189,401	3,118,972
Net cash provided (used) by operating activities	\$ (41,606,652)	2,094,400	(39,512,252)

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, 2009

	General Fund (Financed from County General Fund)	Major Governmental	
		Special Revenue Fund - Park Revenue	Capital Financed from County Construction Fund
ASSETS			
Equity in pooled cash and temporary investments	\$ -	10,038,397	-
Receivables:			
Accounts	-	15,344	-
Accrued interest	-	7,967	-
Due from primary government	2,261,582	-	688,783
Due from Intergovernmental units	-	-	-
Restricted assets:			
Equity in pooled cash and temporary investments	-	-	-
Investments	-	1,937,369	-
Total assets	\$ 2,261,582	11,999,077	688,783
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 376,219	979,034	472,520
Accrued salaries and benefits	1,885,363	1,721,330	-
Due to primary government	-	282,170	-
Contract retainages	-	-	-
Deferred revenue	-	4,437,951	214,350
Performance and other deposits	-	101,247	1,913
Total liabilities	2,261,582	7,521,732	688,783
Fund balances:			
Reserved for:			
Encumbrances	472,434	-	762,816
Debt service	-	1,937,368	-
Repair and replacement	-	-	-
Unreserved (deficit)	(472,434)	2,539,977	(762,816)
Total fund balances	-	4,477,345	-
Total liabilities and fund balances	\$ 2,261,582	11,999,077	688,783

Reconciliation of the Balance Sheet to the Statement of Net Assets

Fund balances - Total governmental funds		\$ 41,456,290
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 \$669,740,897 and the accumulated depreciation is \$142,849,560.		526,891,337
Deferred bond issuance costs reported in governmental activities are not financial resources, and therefore, are not reported as assets in governmental funds.		309,488
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	\$ (9,155,435)	
Compensated absences payable	(4,793,822)	
Loan from primary government	(15,275,000)	
Accrued interest payable	(196,241)	(29,420,498)
Net assets of governmental activities		<u>\$ 539,236,617</u>

EXHIBIT L

Funds			
Projects Funds			
Park Construction Bond	Park Capital Improvement	Total Governmental Funds	
2,302,187	21,564,639	33,905,223	ASSETS
			Equity in pooled cash and temporary investments
			Receivables:
-	-	15,344	Accounts
-	28,884	36,851	Accrued interest
-	-	2,950,365	Due from primary government
461,397	-	461,397	Due from Intergovernmental units
			Restricted assets:
13,317,583	700,000	14,017,583	Equity in pooled cash and temporary investments
-	-	1,937,369	Investments
<u>16,081,167</u>	<u>22,293,523</u>	<u>53,324,132</u>	<u>Total assets</u>
			LIABILITIES AND FUND BALANCES
			Liabilities:
495,371	136,168	2,459,312	Accounts payable and accrued liabilities
-	-	3,606,693	Accrued salaries and benefits
-	-	282,170	Due to primary government
544,895	-	544,895	Contract retainages
-	10,438	4,662,739	Deferred revenue
-	208,873	312,033	Performance and other deposits
<u>1,040,266</u>	<u>355,479</u>	<u>11,867,842</u>	<u>Total liabilities</u>
			Fund balances:
			Reserved for:
6,360,249	223,128	7,818,627	Encumbrances
-	-	1,937,368	Debt service
-	700,000	700,000	Repair and replacement
<u>8,680,651</u>	<u>21,014,917</u>	<u>31,000,295</u>	<u>Unreserved (deficit)</u>
<u>15,040,900</u>	<u>21,938,045</u>	<u>41,456,290</u>	<u>Total fund balances</u>
<u>16,081,166</u>	<u>22,293,524</u>	<u>53,324,132</u>	<u>Total liabilities and fund balances</u>

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Park Authority
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the fiscal year ended June 30, 2009

	General Fund (Financed from County General Fund)	Major Governmental	
		Special Revenue Fund - Park Revenue	Capital Financed from County Construction Fund
REVENUES			
Intergovernmental	\$ 30,488,330	-	6,129,267
Charges for services	2,217,355	35,271,556	-
Developers' contributions	-	-	-
Revenue from the use of money and property	-	2,595,103	-
Gifts, donations, and contributions	18,855	305,698	-
Other	-	210,071	-
Total revenues	32,724,540	38,382,428	6,129,267
EXPENDITURES			
Current:			
Parks, recreation, and cultural	32,414,276	35,404,161	5,885,385
Capital outlay	310,264	113,516	243,882
Debt service:			
Principal retirement	-	725,000	-
Interest and other charges	-	1,126,708	-
Total expenditures	32,724,540	37,369,385	6,129,267
Excess (deficiency) of revenues over (under) expenditures	-	1,013,043	-
Net change in fund balances	-	1,013,043	-
Fund balances, July 1, 2008	-	3,464,302	-
Fund balances, June 30, 2009	\$ -	4,477,345	-

EXHIBIT L-1

Funds			
Projects Funds			
Park Construction Bond	Park Capital Improvement	Total Governmental Funds	
			REVENUES
17,602,187	64,184	54,283,968	Intergovernmental
-	6,477	37,495,388	Charges for services
-	189,170	189,170	Developers' contributions
-	1,543,432	4,138,535	Revenue from the use of money and property
-	1,491,848	1,816,401	Gifts, donations and contributions
-	-	210,071	Other
<u>17,602,187</u>	<u>3,295,111</u>	<u>98,133,533</u>	Total revenues
			EXPENDITURES
			Current:
1,894,770	992,690	76,591,282	Parks, recreation, and cultural
17,184,279	4,361,768	22,213,709	Capital outlay
			Debt service:
-	-	725,000	Principal retirement
-	-	1,126,708	Interest and other charges
<u>19,079,049</u>	<u>5,354,458</u>	<u>100,656,699</u>	Total expenditures
(1,476,862)	(2,059,347)	(2,523,166)	Excess (deficiency) of revenues over (under) expenditures
(1,476,862)	(2,059,347)	(2,523,166)	Net change in fund balances
<u>16,517,762</u>	<u>23,997,392</u>	<u>43,979,456</u>	Fund balances, July 1, 2008
<u>15,040,900</u>	<u>21,938,045</u>	<u>41,456,290</u>	Fund balances, June 30, 2009

continued

COUNTY OF FAIRFAX, VIRGINIA

Fairfax County Park Authority

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

For the fiscal year ended June 30, 2009

EXHIBIT L-1

concluded

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

Net change in fund balances - Total governmental funds	\$	(2,523,166)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period:

Capital outlays	\$ 22,213,709	
Less depreciation expense	<u>(9,289,936)</u>	12,923,773

In the statement of activities, the gain or loss on the disposition of capital assets is reported.

However, in the governmental funds, only the proceeds from sales are reported, which increase fund balance. Thus, the difference is the depreciated cost of the capital assets disposed.

(1,088)

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.

605,719

Certain costs in CIP beginning balance were expensed because total costs were under \$5,000.

(18,239)

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

Principal repayments of matured bonds	\$ 625,000	
Principal repayments of revenue notes	<u>100,000</u>	725,000

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	\$ (49,124)	
Interest and other	<u>(72,782)</u>	<u>(121,906)</u>

Change in net assets of governmental activities

\$	<u>11,590,093</u>
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COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT L-2A

Fairfax County Park Authority

Budgetary Comparison Schedule - General Fund (Financed from County General Fund) (Budget Basis)

For the fiscal year ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 24,307,487	23,854,561	23,445,190	(409,371)
Charges for services	2,323,360	2,323,360	2,236,211	(87,149)
Total revenues	26,630,847	26,177,921	25,681,401	(496,520)
EXPENDITURES				
Parks, recreation, and cultural	26,630,847	26,177,921	25,681,401	496,520
Total expenditures	26,630,847	26,177,921	25,681,401	496,520
Net change in fund balance	\$ -	-	-	-

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Park Authority
Budgetary Comparison Schedule - Park Revenue Fund (Budget Basis)
For the fiscal year ended June 30, 2009

EXHIBIT L-2B

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Charges for services	\$ 36,285,322	36,285,322	35,514,081	(771,241)
Revenue from the use of money and property	2,932,678	2,932,678	2,595,103	(337,575)
Gifts, donations, and contributions	285,488	285,488	305,698	20,210
Other	418,647	418,647	210,071	(208,576)
Total revenues	39,922,135	39,922,135	38,624,953	(1,297,182)
EXPENDITURES				
Parks, recreation, and cultural	39,397,328	39,397,328	37,369,385	2,027,943
Total expenditures	39,397,328	39,397,328	37,369,385	2,027,943
Excess of revenues over expenditures	524,807	524,807	1,255,568	730,761
Net change in fund balance	\$ 524,807	524,807	1,255,568	730,761

The **Fairfax County Economic Development Authority (EDA)** provides direct assistance to firms which intend to establish their operations within the County. The EDA's mission is to attract businesses to Fairfax County and to work with the existing businesses to retain them as they expand and create new jobs. The EDA is an independent authority, legally authorized by an enactment of the Virginia General Assembly and formally created by resolution of the County Board of Supervisors. The County Board of Supervisors appoints the seven members of EDA's Commission. The Board also appropriates funds annually for operating expenditures incurred in carrying out EDA's mission.

General Fund (Financed from County General Fund)
is used to account for the operations of the EDA, all of which are funded by the County.

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Economic Development Authority
Balance Sheet
June 30, 2009

EXHIBIT M

	Governmental Fund (Financed from County General Fund)
ASSETS	
Due from primary government	\$ 1,309,790
Total assets	\$ 1,309,790
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable and accrued liabilities	\$ 86,735
Accrued salaries and benefits	223,055
Total liabilities	309,790
Fund balance:	
Unreserved	1,000,000
Total liabilities and fund balance	\$ 1,309,790

Reconciliation of the Balance Sheet to the Statement of Net Assets

Fund balance - General Fund \$ 1,000,000

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 \$73,351 and the accumulated depreciation is \$54,645. 18,706

Long-term liabilities, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the fund. (205,687)

Net assets of governmental activities \$ 813,019

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Economic Development Authority
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the fiscal year ended June 30, 2009

EXHIBIT M-1

	Governmental Fund (Financed from County General Fund)
REVENUES	
Intergovernmental	\$ 8,238,575
Total revenues	<u>8,238,575</u>
EXPENDITURES	
Current:	
Community development	7,238,575
Total expenditures	<u>7,238,575</u>
Excess of revenues over expenditures	1,000,000
Fund balance, July 1, 2008	-
Fund balance, June 30, 2009	<u>\$ 1,000,000</u>

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

Net change in fund balance - General Fund \$ 1,000,000

Amounts reported for governmental activities in the statement of activities are different because:

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds:

Depreciation expense	(9,221)	
Increase in liability for compensated absences	<u>1,968</u>	<u>(7,253)</u>

Change in net assets of governmental activities \$ 992,747

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, 2009

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental	\$ 6,744,883	6,610,090	6,610,087	(3)
Total revenues	6,744,883	6,610,090	6,610,087	(3)
EXPENDITURES				
Community development	6,744,883	6,610,090	6,610,087	3
Total expenditures	6,744,883	6,610,090	6,610,087	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 Eight Fiscal Years (1)

	Fiscal Year			
	2009	2008	2007	2006
<i>Governmental activities:</i>				
Invested in capital assets, net of related debt	\$ 1,399,874,484	1,313,609,617	1,176,653,933	1,075,520,989
Restricted	188,432,037	55,360,397	45,835,642	36,903,134
Unrestricted (2)	(1,093,476,245)	(919,381,116)	(762,741,854)	(777,273,475)
Total net assets, governmental activities	\$ 494,830,276	449,588,898	459,747,721	335,150,648
<i>Business-type activities:</i>				
Invested in capital assets, net of related debt	\$ 645,044,053	757,799,128	789,479,735	786,263,108
Restricted	148,760,524	28,251,270	46,489,817	57,514,949
Unrestricted	84,277,881	109,530,192	61,756,541	61,442,481
Total net assets, business-type activities	\$ 878,082,458	895,580,590	897,726,093	905,220,538
<i>Total Primary government:</i>				
Invested in capital assets, net of related debt	\$ 2,044,918,537	2,071,408,745	1,966,133,668	1,861,784,097
Restricted	337,192,561	83,611,667	92,325,459	94,418,083
Unrestricted	(1,009,198,364)	(809,850,924)	(700,985,313)	(715,830,994)
Total net assets, primary government	\$ 1,372,912,734	1,345,169,488	1,357,473,814	1,240,371,186

Source: Fairfax County Department of Finance

Notes:

- (1) GASB Statement No. 34 requires the presentation of full accrual financial information, including the presentation of net assets. This statement was implemented in fiscal year 2002; therefore, there are only eight 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			
	2009	2008	2007	2006
	\$ 1,342,939,932	1,297,409,248	1,215,573,395	1,184,160,483

Fiscal Year				
2005	2004	2003	2002	
				<i>Governmental activities:</i>
1,034,317,673	995,156,131	932,499,218	905,544,976	Invested in capital assets, net of related debt
30,414,477	42,737,479	29,329,687	11,092,218	Restricted
<u>(882,121,487)</u>	<u>(885,313,225)</u>	<u>(891,343,756)</u>	<u>(849,887,728)</u>	Unrestricted (2)
<u>182,610,663</u>	<u>152,580,385</u>	<u>70,485,149</u>	<u>66,749,466</u>	Total net assets, governmental activities
				<i>Business-type activities:</i>
787,889,313	755,683,261	651,624,011	621,870,392	Invested in capital assets, net of related debt
56,463,753	85,025,111	144,412,547	154,565,734	Restricted
<u>63,234,893</u>	<u>63,547,596</u>	<u>105,456,857</u>	<u>132,250,541</u>	Unrestricted
<u>907,587,959</u>	<u>904,255,968</u>	<u>901,493,415</u>	<u>908,686,667</u>	Total net assets, business-type activities
				<i>Total Primary government:</i>
1,822,206,986	1,750,839,392	1,584,123,229	1,527,415,368	Invested in capital assets, net of related debt
86,878,230	127,762,590	173,742,234	165,657,952	Restricted
<u>(818,886,594)</u>	<u>(821,765,629)</u>	<u>(785,886,899)</u>	<u>(717,637,187)</u>	Unrestricted
<u>1,090,198,622</u>	<u>1,056,836,353</u>	<u>971,978,564</u>	<u>975,436,133</u>	Total net assets, primary government

Fiscal Year			
2005	2004	2003	2002
<u>1,154,667,840</u>	<u>1,117,774,930</u>	<u>1,059,149,620</u>	<u>984,800,430</u>

COUNTY OF FAIRFAX, VA
TABLE 1.2 - Changes in Net Assets
Last Eight Fiscal Years (1)

	Fiscal Year			
	2009	2008	2007	2006
Expenses				
<i>Governmental activities:</i>				
General government administration	\$ 160,696,700	155,387,589	140,972,403	133,838,032
Judicial administration	44,885,189	45,402,679	41,566,535	38,631,468
Public safety	624,257,988	614,837,542	580,551,244	550,648,594
Public works	195,125,647	191,477,505	173,175,664	159,913,922
Health and welfare	494,493,208	491,520,452	464,160,365	441,567,541
Community development	273,649,566	206,158,826	224,697,345	185,778,647
Parks, recreation, and cultural	140,802,569	182,268,495	126,638,121	137,380,297
Education - for Public Schools	1,784,670,681	1,733,929,914	1,665,173,825	1,547,083,954
Interest on long-term debt	95,151,292	94,307,127	88,475,535	82,365,378
Total expenses, governmental activities	3,813,732,840	3,715,290,129	3,505,411,037	3,277,207,833
<i>Business-type activities:</i>				
Public works - Sewer	\$ 148,934,682	142,521,912	136,914,753	136,063,778
Total expenses, business-type activities	148,934,682	142,521,912	136,914,753	136,063,778
Total expenses, primary government	3,962,667,522	3,857,812,041	3,642,325,790	3,413,271,611
Program Revenues				
<i>Governmental activities:</i>				
Charges for services:				
Public safety	\$ 62,631,798	62,297,005	55,092,085	53,558,588
Public works	88,943,909	88,692,491	89,181,174	80,212,361
Health and welfare	60,789,511	56,173,288	53,722,470	56,770,395
Other activities	181,759,896	63,191,212	82,465,140	72,600,753
Operating grants and contributions	247,996,754	260,367,949	238,382,990	241,510,533
Capital grants and contributions	30,537,124	32,540,001	20,942,679	28,003,177
Total program revenues, governmental activities	672,658,992	563,261,946	539,786,538	532,655,807
<i>Business-type activities:</i>				
Charges for services:				
Public works - Sewer	\$ 120,184,626	114,206,818	115,457,196	123,358,395
Capital grants and contributions	8,950,919	10,087,940	8,137,150	5,888,926
Total program revenues, business-type activities	129,135,545	124,294,758	123,594,346	129,247,321
Total program revenues, primary government	801,794,537	687,556,704	663,380,884	661,903,128
Net (Expense) Revenue				
Governmental activities	(3,141,073,848)	(3,152,028,183)	(2,965,624,499)	(2,744,552,026)
Business-type activities	(19,799,137)	(18,227,154)	(13,320,407)	(6,816,457)
Total primary government	\$ (3,160,872,985)	(3,170,255,337)	(2,978,944,906)	(2,751,368,483)

Fiscal Year				
2005	2004	2003	2002 (5)	
Expenses				
<i>Governmental activities:</i>				
182,163,429 (6)	118,582,483	118,511,161	132,867,365	General government administration
36,370,091	34,988,605	35,243,062	32,652,640	Judicial administration
481,881,184	436,789,222	414,698,922	391,465,390	Public safety
155,502,766	146,543,177	132,457,898	141,536,370	Public works
423,218,014	400,760,061	383,744,665	370,118,888	Health and welfare
167,075,768	130,018,919	134,530,817	142,055,156	Community development
126,227,717	123,769,806	118,518,084	105,852,089	Parks, recreation, and cultural
1,453,746,126	1,370,981,360	1,308,402,963	1,209,931,327	Education - for Public Schools
82,981,808	77,309,276	81,994,507	77,719,236	Interest on long-term debt
<u>3,109,166,903</u>	<u>2,839,742,909</u>	<u>2,728,102,079</u>	<u>2,604,198,461</u>	Total expenses, governmental activities
<i>Business-type activities:</i>				
125,435,224	124,373,936	126,953,197	105,766,365	Public works - Sewer
<u>125,435,224</u>	<u>124,373,936</u>	<u>126,953,197</u>	<u>105,766,365</u>	Total expenses, business-type activities
<u>3,234,602,127</u>	<u>2,964,116,845</u>	<u>2,855,055,276</u>	<u>2,709,964,826</u>	Total expenses, primary government
Program Revenues				
<i>Governmental activities:</i>				
Charges for services:				
41,565,418	38,438,771	34,072,120	30,698,240	Public safety
72,715,488	72,758,327	66,543,218	61,306,429	Public works
48,998,685	43,329,319	43,281,914	38,309,902	Health and welfare
64,486,204	59,564,348	56,553,155	57,024,536	Other activities
225,089,494	236,755,548	203,931,755	175,459,023	Operating grants and contributions
55,346,338	47,056,844	32,611,096	77,783,486	Capital grants and contributions
<u>508,201,627</u>	<u>497,903,157</u>	<u>436,993,258</u>	<u>440,581,616</u>	Total program revenues, governmental activities
<i>Business-type activities:</i>				
Charges for services:				
118,013,675	117,422,097	108,149,558	110,345,773	Public works - Sewer
7,248,130	8,887,132	7,244,852	9,862,455	Capital grants and contributions
<u>125,261,805</u>	<u>126,309,229</u>	<u>115,394,410</u>	<u>120,208,228</u>	Total program revenues, business-type activities
<u>633,463,432</u>	<u>624,212,386</u>	<u>552,387,668</u>	<u>560,789,844</u>	Total program revenues, primary government
Net (Expense) Revenue				
(2,600,965,276)	(2,341,839,752)	(2,291,108,821)	(2,163,616,845)	Governmental activities
(173,419)	1,935,293	(11,558,787)	14,441,863	Business-type activities
<u>(2,601,138,695)</u>	<u>(2,339,904,459)</u>	<u>(2,302,667,608)</u>	<u>(2,149,174,982)</u>	Total primary government

(continued)

COUNTY OF FAIRFAX, VA
TABLE 1.2 - Changes in Net Assets (concluded)
Last Eight Fiscal Years (1)

	Fiscal Year			
	2009	2008	2007	2006
General Revenues and Other Changes in Net Assets				
<i>Governmental activities:</i>				
Taxes:				
Real property	\$ 2,093,518,885	2,020,779,749	1,938,762,106	1,785,065,735
Personal property	316,717,991	307,572,072	310,274,454	288,584,215
Business licenses	142,922,838	139,073,624	136,616,482	127,439,823
Local sales and use	154,902,699	164,873,726	160,580,634	176,084,111
Consumers utility	113,556,023	122,378,380	116,673,940	103,271,085
Motor vehicle decals	-	-	-	19,572,404
Recordation	25,063,223	29,958,163	41,687,302	51,431,631
Occupancy, tobacco, and other	40,122,826	40,827,006	46,450,935	41,195,083
Unrestricted grants and contributions	211,981,020	212,546,890	216,873,082	215,804,028
Revenue from the use of money	87,529,721	103,859,750	111,428,568	88,643,896
Special item	-	-	10,874,069 (7)	-
Total general revenues and other changes in net assets, governmental activities	<u>3,186,315,226</u>	<u>3,141,869,360</u>	<u>3,090,221,572</u>	<u>2,897,092,011</u>
<i>Business-type activities:</i>				
Revenue from the use of money	\$ 2,301,005	5,127,079	5,825,962	4,449,036
Special item	-	10,954,572 (8)	-	-
Total general revenues and other changes in net assets, business-type activities	<u>2,301,005</u>	<u>16,081,651</u>	<u>5,825,962</u>	<u>4,449,036</u>
Total general revenues and other changes in net assets, primary government	<u>3,188,616,231</u>	<u>3,157,951,011</u>	<u>3,096,047,534</u>	<u>2,901,541,047</u>
Change in Net Assets				
Governmental activities	45,241,378	(10,158,823)	124,597,073	152,539,985
Business-type activities	(17,498,132)	(2,145,503)	(7,494,445)	(2,367,421)
Total primary government	<u>\$ 27,743,246</u>	<u>(12,304,326)</u>	<u>117,102,628</u>	<u>150,172,564</u>

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 eight years of data presented in this table.
- (2) The County sold 46.8 acres of land located in the Laurel Hill area of the southern part of the County to a private developer for development as a senior living campus and graduated care facility.
- (3) The County sold 34.0 acres of land located in central Fairfax to provide funding for the Park Authority to satisfy the debt it issued to purchase certain park land in western Fairfax.
- (4) The Sewer System used available resources to redeem certain outstanding bonds, resulting in the recognition of an accounting loss, in order to reduce its total debt service payments by approximately \$20.9 million over 13 years.

Fiscal Year				
2005	2004	2003	2002 (5)	
				General Revenues and Other Changes in Net Assets
				<i>Governmental activities:</i>
				Taxes:
1,638,739,052	1,502,921,280	1,396,210,347	1,233,555,473	Real property
277,668,819	272,609,749	273,447,219	284,981,993	Personal property
114,434,467	103,176,919	94,744,725	90,973,176	Business licenses
168,740,477	160,910,888	143,641,853	139,345,413	Local sales and use
96,189,365	92,533,138	85,892,727	86,368,876	Consumers utility
19,802,772	19,503,579	19,052,623	18,694,344	Motor vehicle decals
48,743,007	30,908,422	27,044,633	19,843,886	Recordation
33,376,957	19,814,208	17,788,607	16,486,754	Occupancy, tobacco, and other
200,817,597	201,520,018	197,619,418	209,855,319	Unrestricted grants and contributions
24,483,041	20,036,787	21,841,712	31,667,551	Revenue from the use of money
8,000,000 (3)	-	17,560,640 (2)	-	Special item
<hr/>				Total general revenues and other changes in
2,630,995,554	2,423,934,988	2,294,844,504	2,131,772,785	net assets, governmental activities
				<i>Business-type activities:</i>
3,505,410	2,640,720	4,365,535	7,031,710	Revenue from the use of money
-	(1,813,460) (4)	-	-	Special item
<hr/>				Total general revenues and other changes in
3,505,410	827,260	4,365,535	7,031,710	net assets, business-type activities
<hr/>				Total general revenues and other changes in
2,634,500,964	2,424,762,248	2,299,210,039	2,138,804,495	net assets, primary government
				Change in Net Assets
30,030,278	82,095,236	3,735,683	(31,844,060)	Governmental activities
3,331,991	2,762,553	(7,193,252)	21,473,573	Business-type activities
<hr/>				Total primary government
33,362,269	84,857,789	(3,457,569)	(10,370,487)	

(5) Certain revenue amounts for fiscal year 2002 have been reclassified to conform with the presentations for subsequent years.

(6) General government administration expenses increased approx 53.6 percent over fiscal year 2004 primarily as a result of the transfer of South County Secondary School valued at \$68.0 million to Public Schools.

(7) In FY2007, Public Schools transferred 12 properties totaling 188.9 acres to the County valued at \$10,874,069. As part of this transfer, Public Schools is able to make an annual request of \$25 million in capital bond funding through fiscal year 2012.

(8) In January 2008, the Sewer System sold purchased capacity to Prince William County Service Authority (2 MPG) and the City of Manassas (1 MPG) for \$50.6 million. As a result, a special item – Gain from sale of Purchased Capacity of \$10,954,572 was recognized.

COUNTY OF FAIRFAX, VA
TABLE 1.3 - Fund Balances, Governmental Funds
Last Ten Fiscal Years

	Fiscal Year				
	2009	2008	2007	2006	2005
<i>General Fund:</i>					
Reserved	\$ 41,356,567	44,027,425	41,763,658	34,665,914	25,761,930
Unreserved	237,826,810	227,421,300	249,823,537	239,587,945	210,724,987
Total general fund	<u>279,183,377</u>	<u>271,448,725</u>	<u>291,587,195</u>	<u>274,253,859</u>	<u>236,486,917</u>
<i>All Other Governmental Funds:</i>					
Reserved	219,337,769	238,978,072	249,675,360	236,238,170	196,266,810
Unreserved, reported in:					
Special revenue funds	342,552,944	219,078,434	191,493,718	184,308,185	180,570,230
Debt service funds	10,487,202	8,890,466	12,121,986	8,361,065	14,302,670
Capital projects funds	(64,900,755)	(3,629,250)	121,892,612	101,882,556	113,143,870
Total all other governmental funds	<u>\$ 507,477,160</u>	<u>463,317,722</u>	<u>575,183,676</u>	<u>530,789,976</u>	<u>504,283,580</u>

Source: Fairfax County Department of Finance

Note: Certain reclassifications have been made for fiscal years 2000 and 2001 to conform with the presentations for subsequent years.

Fiscal Year					
2004	2003	2002	2001	2000	
					<i>General Fund:</i>
31,694,047	20,452,621	14,120,072	14,083,532	10,693,150	Reserved
161,541,066	133,004,492	112,673,370	91,552,620	101,783,423	Unreserved
<u>193,235,113</u>	<u>153,457,113</u>	<u>126,793,442</u>	<u>105,636,152</u>	<u>112,476,573</u>	Total general fund
					<i>All Other Governmental Funds:</i>
222,458,953	167,212,512	97,762,828	90,092,844	58,932,647	Reserved
					Unreserved, reported in:
178,290,865	181,380,468	174,045,654	171,486,214	157,191,830	Special revenue funds
18,970,383	16,897,074	10,222,617	4,078,555	5,820,964	Debt service funds
62,758,569	88,799,811	68,051,292	37,724,873	49,933,196	Capital projects funds
<u>482,478,770</u>	<u>454,289,865</u>	<u>350,082,391</u>	<u>303,382,486</u>	<u>271,878,637</u>	Total all other governmental funds

COUNTY OF FAIRFAX, VA
TABLE 1.4 - Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

	Fiscal Year				
	2009	2008	2007	2006	2005
Revenues					
Taxes	\$ 2,888,968,005	2,822,785,575	2,747,313,169	2,591,610,934	2,398,277,235
Permits, privilege fees, and regulatory licenses	41,148,793	42,102,636	44,581,986	45,335,405	40,591,871
Intergovernmental	476,787,036	486,912,629	482,930,649	484,822,403	435,486,897
Charges for services	372,034,854	212,446,433	219,607,480	202,707,290	182,316,633
Fines and forfeitures	16,507,756	14,912,589	14,867,509	15,108,251	15,554,264
Revenue from the use of money and property	56,222,006	108,289,490	122,013,330	91,543,648	44,975,930
Recovered costs	18,153,938	18,244,071	13,393,966	15,876,280	11,135,242
Contributions and other	6,639,296	4,975,659	6,771,263	6,708,723	6,920,481
Total revenues	\$ 3,876,461,684	3,710,669,082	3,651,479,352	3,453,712,934	3,135,258,553
Expenditures					
Current:					
General government administration	149,274,890	149,122,282	133,968,481	123,677,400	120,937,429
Judicial administration	43,230,230	43,509,367	41,062,317	38,113,725	35,409,832
Public safety	583,525,248	569,302,568	562,006,584	532,941,254	461,387,643
Public works	215,701,070	218,923,642	210,888,400	195,231,421	180,096,171
Health and welfare	488,328,771	488,090,226	463,193,567	442,392,799	421,059,009
Community development	148,394,752	145,834,184	163,601,525	140,630,700	112,375,464
Parks, recreation, and cultural	71,536,790	73,762,142	68,455,248	63,493,502	54,152,986
Nondepartmental (1)	-	-	-	-	-
Intergovernmental (2):					
Community development	111,546,162	53,272,255	52,461,994	36,375,841	42,713,945
Parks, recreation, and cultural	57,753,807	97,512,863	51,998,820	67,429,466	65,432,258
Education	1,784,670,681	1,733,929,914	1,665,173,825	1,548,705,318	1,516,057,490
Capital outlay	103,631,142	269,431,452	151,872,354	159,498,041	114,008,813
Debt service:					
Principal retirement	181,248,484	172,491,889	163,468,305	155,731,090	149,333,276
Interest and other charges	107,665,231	103,891,079	97,148,791	93,863,245	90,670,315
Total expenditures	4,046,507,258	4,119,073,863	3,825,300,211	3,598,083,802	3,363,634,631
Excess of revenues over (under) expenditures	(170,045,574)	(408,404,781)	(173,820,859)	(144,370,868)	(228,376,078)
Other Financing Sources (Uses)					
Transfers in	519,572,088	493,747,382	500,822,272	494,604,574	454,613,670
Transfers out	(514,736,191)	(506,661,485)	(513,738,563)	(502,270,865)	(458,514,510)
Bonds issued	211,699,021	250,487,439	248,483,479	199,964,050	280,615,984
Refunding bonds issued	61,224,951	-	-	381,982,418	141,081,070
Payments to escrow agent	(61,085,125)	-	-	(381,019,900)	(140,525,562)
Capital leases, installment purchases, and other	5,197,257	38,771,498	-	15,424,016	807,522
Total other financing sources (uses)	221,872,001	276,344,834	235,567,188	208,684,293	278,078,174
Special Item					
Net change in fund balances	\$ 51,826,427	(132,059,947)	61,746,329	64,313,425	65,202,096
Debt service as a percentage of noncapital expenditures	7.3%	7.2%	7.1%	7.3%	7.4%

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 2000 - 2003 to conform with the presentations for subsequent years.
- (3) Expenditures for public safety increased \$90.3 million, or 31.3 percent, primarily as a result of the events of September 11, 2001.
- (4) Capital outlay expenditures increased \$55.4 million, or 119.4 percent, primarily as a result of the acquisition of the South County Government Center.

Fiscal Year					
2004	2003	2002	2001	2000	
					Revenues
2,200,570,345	2,054,784,694	1,898,192,584	1,785,431,379	1,690,371,422	Taxes
40,310,942	38,625,237	36,939,184	39,535,467	43,835,560	Permits, privilege fees, and regulatory licenses
451,720,871	415,759,761	451,679,407	322,831,212	253,160,640	Intergovernmental
168,106,332	157,604,088	140,033,476	123,038,689	119,498,020	Charges for services
13,307,318	11,065,873	10,318,703	9,116,533	7,579,871	Fines and forfeitures
25,582,447	25,336,155	34,115,952	70,589,590	62,703,815	Revenue from the use of money and property
12,607,810	12,481,015	9,009,483	10,112,563	7,842,983	Recovered costs
7,220,453	14,569,936	12,913,055	15,969,640	20,806,434	Contributions and other
<u>2,919,426,518</u>	<u>2,730,226,759</u>	<u>2,593,201,844</u>	<u>2,376,625,073</u>	<u>2,205,798,745</u>	Total revenues
					Expenditures
					Current:
112,177,459	108,912,669	99,226,761	84,251,292	87,400,231	General government administration
34,127,757	34,087,541	30,852,713	24,162,805	21,408,526	Judicial administration
422,501,453	405,593,918	379,379,556 (3)	289,032,001	256,155,919	Public safety
171,616,126	157,131,104	144,649,708	138,490,277	125,478,465	Public works
395,790,648	380,515,142	365,542,786	314,452,758	300,328,090	Health and welfare
87,925,272	92,061,094	102,629,811	84,921,560	72,851,132	Community development
49,149,335	52,411,059	57,122,407	51,848,476	47,941,903	Parks, recreation, and cultural
-	-	-	120,577,637	106,035,082	Nondepartmental (1)
					Intergovernmental (2):
30,280,310	30,003,932	27,424,248	28,867,568	26,633,469	Community development
66,231,453	57,108,484	41,152,581	30,421,966	33,620,781	Parks, recreation, and cultural
1,372,602,724	1,306,972,343	1,211,552,691	1,119,816,709	1,029,134,319	Education
85,091,794	54,684,186	101,859,104 (4)	46,431,914	40,091,303	Capital outlay
					Debt service:
144,474,933	140,564,084	130,050,588	115,948,925	109,261,425	Principal retirement
83,091,312	81,949,450	77,627,666	77,262,417	75,709,447	Interest and other charges
<u>3,055,060,576</u>	<u>2,901,995,006</u>	<u>2,769,070,620</u>	<u>2,526,486,305</u>	<u>2,332,050,092</u>	Total expenditures
<u>(135,634,058)</u>	<u>(171,768,247)</u>	<u>(175,868,776)</u>	<u>(149,861,232)</u>	<u>(126,251,347)</u>	Excess of revenues over (under) expenditures
					Other Financing Sources (Uses)
412,033,079	355,467,852	348,524,492	361,370,147	319,497,484	Transfers in
(416,933,079)	(355,667,852)	(348,279,492)	(366,166,147)	(326,176,909)	Transfers out
199,224,018	282,510,708	201,345,513	174,673,305	171,629,135	Bonds issued
257,362,098	183,893,333	62,614,916	144,209,867	-	Refunding bonds issued
(255,977,448)	(183,541,600)	(62,561,378)	(143,650,436)	-	Payments to escrow agent
7,774,660	1,565,293	33,640,753	4,078,378	965,289	Capital leases and installment purchases
<u>203,483,328</u>	<u>284,227,734</u>	<u>235,284,804</u>	<u>174,515,114</u>	<u>165,914,999</u>	Total other financing sources (uses)
					Special Item
-	18,200,000	-	-	-	
<u>67,849,270</u>	<u>130,659,487</u>	<u>59,416,028</u>	<u>24,653,882</u>	<u>39,663,652</u>	Net change in fund balances
7.7%	7.8%	7.8%	7.8%	8.1%	Debt service as a percentage of noncapital expenditures

2.0 - R 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)
2009	\$ 171,891,606	57,778,239	1,142,302	230,812,147	14,935,364	0.92
2008	176,497,713	52,001,524	1,025,674	229,524,911	12,972,693	0.89
2007	175,316,906	44,088,497	950,707	220,356,110	12,261,651	0.89
2006	141,857,826	36,942,894	960,617	179,761,337	10,462,057	1.00
2005	112,858,706	31,946,040	991,053	145,795,799	9,779,970	1.13
2004	99,189,600	30,057,551	902,495	130,149,646	9,261,168	1.16
2003	84,668,753	30,233,837	846,936	115,749,526	8,720,806	1.21
2002	70,980,944	28,812,448	826,274	100,619,666	8,246,380	1.23
2001	62,213,402	25,600,738	803,375	88,617,515	7,812,420	1.23
2000	57,824,575	22,782,389	772,293	81,379,257	7,036,624	1.23

Source: Fairfax County Department of Tax Administration

Notes:

(1) Assessed value is the estimated actual value of taxable property and is shown for each period for which taxes are levied. Real property is assessed as of January 1 each year at the estimated fair market value of all land and improvements, with the resulting taxes being payable in the subsequent fiscal year.

(2) The tax rate is per \$100 of assessed value.

COUNTY OF FAIRFAX, VA
TABLE 2.2 - Direct and Overlapping Real Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	County Direct Rate (2)	Overlapping Rates (3)	
		Town of Herndon	Town of Vienna
2009	\$ 0.92	0.24	0.209
2008	0.89	0.24	0.197
2007	0.89	0.24	0.186
2006	1.00	0.25	0.220
2005	1.13	0.28	0.265
2004	1.16	0.28	0.275
2003	1.21	0.30	0.285
2002	1.23	0.32	0.300
2001	1.23	0.32	0.300
2000	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 2009			
Rank	Taxpayer	Taxable Assessed Value (1)	Pct. of Total Taxable Assessed Value (2)
1	Tyson's Corner Property Holdings LLC	\$ 1,025,702,010	0.45 %
2	CESC Skyline LLC	680,643,610	0.30
3	West Group Properties LLC	459,835,370	0.20
4	Virginia Electric & Power Co	409,028,973	0.18
5	Reston Town Center	404,523,590	0.18
6	SRI Seven Fair Lakes LLC	365,538,090	0.16
7	Brandywine Acquisition Partners LP	352,979,900	0.15
8	Home Properties	326,115,950	0.14
9	Fairfax Company of	325,596,450	0.14
10	PS Business Parks LP	295,361,340	0.13
Totals		<u>\$ 4,645,325,283</u>	<u>2.03 %</u>

Source: Fairfax County Department of Tax Administration

Notes:

- (1) Assessed values are as of January 1 of the prior calendar year.
- (2) Total taxable assessed value for fiscal year 2009 is \$229,669,844,640.
 Total taxable assessed value for fiscal year 2000 is \$ 92,692,698,000.

COUNTY OF FAIRFAX, VA
TABLE 2.4 - Real Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year Original Levy (1)	Collected within the Fiscal Year of the Levy		Adjustments to Original Levy in Subsequent Years (2)	Total Adjusted Levy
		Amount	Pct. of Original Levy		
2009	\$ 2,088,602,937	2,078,433,868	99.51 %	\$ -	2,088,602,937
2008	2,014,871,776	2,005,101,989	99.52	(581,624)	2,014,290,152
2007	1,935,626,339	1,926,279,952	99.52	(228,433)	1,935,397,906
2006	1,779,168,760	1,769,793,216	99.47	(1,159,651)	1,778,009,109
2005	1,656,668,208	1,648,504,246	99.51	(741,306)	1,655,926,902
2004	1,518,549,518	1,511,904,661	99.56	(616,936)	1,517,932,582
2003	1,410,550,906	1,405,218,191	99.62	(295,226)	1,410,255,680
2002	1,247,726,326	1,242,776,932	99.60	(120,141)	1,247,606,185
2001	1,100,425,283	1,095,773,887	99.58	(22,931)	1,100,402,352
2000	1,012,037,449	1,007,186,954	99.52	(74,532)	1,011,962,917

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. FY2009, taxes are levied for calendar year 2008.
- (2) Adjustments to the original levy include exonerations, tax relief, and supplemental assessments.

Fiscal Year 2000

Rank	Taxpayer	Taxable Assessed Value (1)	Pct. of Total Taxable Assessed Value (2)
1	West Group Properties LLC	\$ 468,551,880	0.51 %
2	Tyson's Corner Property Holdings LLC	432,284,700	0.47
3	Virginia Electric and Power Company	316,142,056	0.34
4	Smith Property Holdings	249,778,110	0.27
5	Franconia Associates	237,956,045	0.26
6	Company of Fairfax	223,507,820	0.24
7	Mobil Oil Corporation	204,299,225	0.22
8	EOP Reston Town Center	190,992,995	0.21
9	Washington Gas Light Company	189,008,310	0.20
10	Prentiss Properties	186,427,555	0.20
Totals		<u>\$ 2,698,948,696</u>	<u>2.92 %</u>

Collections in Subsequent Years	Total Collections to Date	
	Amount	Pct. of Adjusted Levy (3)
\$ -	2,078,433,868	99.51 %
7,542,473	2,012,644,462	99.92
8,519,580	1,934,799,532	99.97
7,879,121	1,777,672,337	99.98
7,020,864	1,655,525,110	99.98
6,070,073	1,517,974,734	100.00
4,986,761	1,410,204,952	100.00
4,765,275	1,247,542,207	99.99
4,276,096	1,100,049,983	99.97
4,278,440	1,011,465,394	99.95

(3) This table includes real estate taxes only and does not include penalty and interest. There is a difference in the collection rate reported here and the rate reported in the County's Budget Overview document resulting from a difference in accounting basis. Taxes receivable reflects only the actual levy and collections and does not include the accrual of taxes.

3.0 - Debt capacity information is intended to assist users in understanding and assessing the County's debt burden and its ability to issue additional debt. There are five tables presented in this section.

COUNTY OF FAIRFAX, VA
TABLE 3.1 - Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities (1)					
	General Obligation Bonds (000s)	Revenue Bonds (000s)	Certificates of Participation (2) (000s)	Notes (000s)	Capital Leases (000s)	HUD Section 108 Loan (000s)
2009	\$ 1,895,765	209,653	25,855	45,958	8,339	6,535
2008	1,860,900	222,623	26,385	48,903	7,809	1,610
2007	1,784,240	234,290	26,885	11,933	11,736	1,725
2006	1,700,980	234,863	27,360	12,578	16,169	1,725
2005	1,661,385	241,732	27,805	-	22,277	1,955
2004	1,618,775	167,354	28,230	-	19,961	2,070
2003	1,577,156	173,450	28,625	-	17,513	2,185
2002	1,519,646	106,650	29,000	-	21,958	2,300
2001	1,441,688	110,485	-	-	22,914	-
2000	1,380,267	114,125	-	-	23,738	-

Source: Fairfax County Department of Finance

Notes:

- (1) Amounts for bonds are reported gross, excluding premiums and/or discounts and deferred amounts on refundings. See Note K in Notes to the Financial Statements for additional information regarding the County's outstanding debt.
- (2) The Certificates of Participation relate to the County's acquisition of the South County Government Center, which is reported as a capital lease in the financial statements. The lease was signed on November 1, 2000, and the first payment was due on October 15, 2002.
- (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)
-	559,070	2,751,175	3.715 %	2,619
-	418,593	2,586,823	3.669	2,044
8	376,008	2,446,825	3.646	2,359
15	386,783	2,380,473	3.724	2,303
86	398,602	2,353,842	4.001	2,303
158	405,586	2,242,134	4.094	2,215
230	474,272	2,273,431	4.310	2,263
319	484,522	2,164,395	4.233	2,199
408	442,583	2,018,078	4.159	2,081
496	409,740	1,928,366	4.307	2,038

COUNTY OF FAIRFAX, VA
TABLE 3.2 - Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding (1)					Total (000s)	Pct. of Actual Taxable Value of Real Property (3)	Debt Per Capita (4)
	General Obligation Bonds (000s)	Lease Revenue Bonds (2) (000s)	Certificates of Participation (000s)	State Literary Fund Loans (000s)				
2009	\$ 1,895,765	209,653	25,855	-		2,131,273	0.92 %	2,029
2008	1,860,900	222,623	26,385	-		2,109,908	0.92	2,026
2007	1,784,240	234,290	26,885	8		2,045,423	0.93	1,972
2006	1,700,980	234,863	27,360	15		1,963,218	1.09	1,899
2005	1,661,385	241,732	27,805	86		1,931,008	1.32	1,889
2004	1,618,775	167,354	28,230	158		1,814,517	1.39	1,793
2003	1,577,156	173,450	28,625	230		1,779,461	1.54	1,772
2002	1,519,646	106,650	29,000	319		1,655,615	1.65	1,682
2001	1,441,688	110,485	-	408		1,552,581	1.75	1,601
2000	1,380,267	114,125	-	496		1,494,888	1.84	1,580

Source: Fairfax County Department of Finance

Notes:

- (1) Amounts for bonds are reported gross, excluding premiums and/or discounts and deferred amounts on refundings. See Note K in Notes to the Financial Statements for additional information regarding the County's outstanding debt.
- (2) Lease revenue bonds have been issued by county component units, using receipt of lease payments as the revenue source. All outstanding lease revenue bonds have been identified as conduit debt of the county and the associated lease payments are made using general government resources.
- (3) See Table 2.1 for actual taxable value of real property data. This percentage is calculated using values for each fiscal year for which levied.
- (4) See Table 4.1 for population data. This ratio is calculated using population for the prior calendar year.

COUNTY OF FAIRFAX, VA
TABLE 3.3 - Direct and Overlapping Governmental Activities Debt
As of June 30, 2009

	Debt Outstanding (1) (000s)	Percentage Applicable (2)	Share of Overlapping Debt (000s)
<i>Overlapping debt (2):</i>			
Town of Herndon general obligation bonds	\$ 20,320	100.0 %	\$ 20,320
Town of Vienna general obligation bonds	10,443	100.0	<u>10,443</u>
Total overlapping debt			<u>30,763</u>
<i>County direct debt (3):</i>			
General obligation bonds			1,895,765
Revenue bonds			209,653
Certificates of participation			25,855
Notes			45,958
Capital leases			8,339
HUD Section 108 loan			<u>6,535</u>
Total direct debt			<u>2,192,105</u>
Total direct and overlapping debt			<u>\$ 2,222,868</u>

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)				
	2009	2008	2007	2006	2005
(a) Debt limit (2)	\$ 7,354,368	7,334,790	7,057,254	5,820,845	4,782,421
Total debt applicable to limit (3)	2,131,273	2,109,908	2,045,423	1,963,218	1,931,008
Self-imposed debt margin	\$ 5,223,095	5,224,882	5,011,831	3,857,627	2,851,413
Total debt applicable to limit as a percentage of debt limit	28.98%	28.77%	28.98%	33.73%	40.38%
Total debt applicable to limit as a percentage of assessed value	0.87%	0.86%	0.87%	1.01%	1.21%
<i>Debt Margin Calculation for Fiscal Year 2009:</i>					
Assessed value (2)	<u>\$ 245,145,594</u>				
Debt limit (3% of assessed value)	<u>7,354,368</u>				
Debt applicable to limit: (3)					
General obligation bonds (1)	1,895,765				
Revenue bonds (1)	209,653				
Certificates of participation	<u>25,855</u>				
Total debt applicable to limit	<u>2,131,273</u>				
Self-imposed debt margin	<u>\$ 5,223,095</u>				
	Fiscal Year (000s)				
	2009	2008	2007	2006	2005
(b) Debt service limit	\$ 335,364	332,217	322,551	303,501	279,878
Total debt service requirements applicable to limit (4)	276,105	267,624	253,433	239,326	224,544
Self-imposed debt service margin	\$ 59,259	64,593	69,118	64,175	55,334
Total debt service requirements applicable to limit as a percentage of the debt service limit	82.33%	80.56%	78.57%	78.86%	80.23%
Total debt service requirements applicable to limit as a percentage of annual general fund expenditures and transfers out	8.23%	8.06%	7.86%	7.89%	8.02%

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)					
2004	2003	2002	2001	2000	
4,324,646	3,888,560	3,432,734	3,045,171	2,791,309	Debt limit (2)
1,814,517	1,779,461	1,655,615	1,552,581	1,494,888	Total debt applicable to limit (3)
2,510,129	2,109,099	1,777,119	1,492,590	1,296,421	Self-imposed debt margin
41.96%	45.76%	48.23%	50.99%	53.56%	Total debt applicable to limit as a percentage of debt limit
1.26%	1.37%	1.45%	1.53%	1.61%	Total debt applicable to limit as a percentage of assessed value

Fiscal Year (000s)					
2004	2003	2002	2001	2000	
259,515	244,792	229,262	214,834	198,259	Debt service limit
213,027	212,107	190,098	183,740	176,004	Total debt service requirements applicable to limit (4)
46,488	32,685	39,164	31,094	22,255	Self-imposed debt service margin
82.09%	86.65%	82.92%	85.53%	88.77%	Total debt service requirements applicable to limit as a percentage of the debt service limit
8.21%	8.67%	8.29%	8.55%	8.88%	Total debt service requirements applicable to limit as a percentage of annual general fund expenditures and transfers out

COUNTY OF FAIRFAX, VA
**TABLE 3.5 - Pledged Revenue Coverage for the Integrated Sewer System
 Last Ten Fiscal Years**

Fiscal Year (1)	Gross Revenues (2) (000s)	Operating Expenses (3) (000s)	Net Available Revenue (000s)	Debt Service (4)			Coverage
				Principal (000s)	Interest (000s)	Total (000s)	
2009	\$ 122,532	85,307	37,225	11,778	17,888	29,666	1.25
2008	130,349	79,870	50,479	11,341	21,004	32,345	1.56
2007	121,193	73,663	47,530	10,859	17,489	28,348	1.68
2006	127,780	72,705	55,075	9,910	18,028	27,938	1.97
2005	121,476	67,226	54,250	8,939	18,351	27,290	1.99
2004	120,063	70,124	49,939	11,842	22,054	33,896	1.47
2003	112,515	70,579	41,936	10,249	23,457	33,706	1.24
2002	117,377	68,665	48,712	8,061	21,765	29,826	1.63
2001	122,905	61,787	61,118	7,157	21,412	28,569	2.14
2000	122,197	57,447	64,750	5,205	21,682	26,887	2.41

Source: Fairfax County Department of Finance

Notes:

- (1) Certain amounts for fiscal years 2000 and 2001 have been reclassified and/or adjusted for comparability.
- (2) Gross revenues include all revenues, except the amortization of deferred gain on bond refundings.
- (3) Operating expenses do not include depreciation and amortization.
- (4) See Note K in the Notes to the Financial Statements for detailed information regarding the sewer revenue bonds issued by the Integrated Sewer System and the System's share of the revenue bonds issued by the Upper Occoquan Sewage Authority.

4.0 - Demographic and economic information is intended to assist users in understanding the socioeconomic environment within which a government operates and to provide information that facilitates comparisons of financial statement information over time and among governments. There are two tables presented in this section.

COUNTY OF FAIRFAX, VA

**TABLE 4.1 - Demographic and Economic Statistics
Last Ten Calendar Years**

Calendar Year	Population (1)	Personal Income (2) (000s)	Per Capita Personal Income (2)	Median Age (yrs) (3)	Pct. of People ≥ 25 Years Old with a Bachelor's Degree (3)	Public School Enrollment (4)	Unemployment Rate (5)
2008	1,050,315	74,060,459	70,822	39.4	58.5 %	166,307	3.4 %
2007	1,041,507	70,500,650	67,691	39.1	59.0	164,486	2.2
2006	1,037,311	67,111,947	64,698	38.4	58.7	164,284	2.2
2005	1,033,646	63,917,568	61,837	38.1	58.5	164,408	2.5
2004	1,022,298	58,830,183	57,547	37.6	57.4	164,195	2.7
2003	1,012,090	54,771,275	54,117	37.9	56.3	163,386	3.1
2002	1,004,435	52,744,891	52,512	37.3	55.9	161,385	3.4
2001	984,366	51,126,001	51,938	36.4	56.2	158,331	2.5
2000	969,749	48,522,361	50,036	36.0	54.8	154,523	1.6
1999	946,371	44,769,027	47,306	NA	NA	151,418	1.5

Notes:

- (1) Population data includes the Cities of Fairfax and Falls Church and is obtained from U.S. Census Bureau's American Fact Finder.
- (2) Personal income data is obtained from the Bureau of Economic Analysis, U.S. Department of Commerce and includes the Cities of Fairfax and Falls Church. Data for only Fairfax County is not available, however, it is believed that the inclusion of these Cities does not significantly affect the County's data. Fairfax County data for 2008 is estimated using percent change in per capita personal income from 2006 to 2007.
- (3) Median age and educational attainment information are obtained from the U.S. Census Bureau's American Community Survey.
- (4) Public school enrollment is obtained from Fairfax County Public Schools.
- (5) Unemployment rates are obtained from the Virginia Employment Commission, Annual Unemployment Statistics for the calendar year, not seasonally adjusted.

COUNTY OF FAIRFAX, VA
TABLE 4.2 - Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2009 (1)			Fiscal Year 2000		
	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	23,014	1	4.02 %	19,463	1	3.75 %
Federal Government	15,393	2	2.69	11,802	2	2.27
Fairfax County Government	11,393	3	1.99	10,243	3	1.97
Inova Health System	7,000-10,000	4	1.49	4,000-5,000	10	0.87
Booz Allen Hamilton	7,000-10,000	5	1.49	-	-	-
Northrop Grumman	7,000-10,000	6	1.49	4,000-5,000	9	0.87
Science Applications International Corporation	4,000-6,999	7	0.96	5,000-6,000	8	1.06
Lockheed Martin	4,000-6,999	8	0.96	-	-	-
Federal Home Loan Mortgage	4,000-6,999	9	0.96	-	-	-
General Dynamics	1,000-3,999	10	0.44	-	-	-
Kaiser Permanente	-	-	-	10,000-11,000	4	2.02
Mobil Corporation	-	-	-	6,000-7,000	5	1.25
Computer Science Corporation	-	-	-	6,000-7,000	6	1.25
TRW, Inc.	-	-	-	5,000-6,000	7	1.06
Totals			<u>16.49 %</u>			<u>16.37 %</u>

Source: Fairfax County Economic Development Authority (using Virginia Employment Commission data); Fairfax County Public Schools; Fairfax County Department of Management and Budget

Notes:

- (1) Employment information for fiscal year 2009, excluding data for Fairfax County Government and Fairfax County Public Schools, is from the 1st quarter of calendar year 2009, which represents the most recent data available. Employment information for fiscal year 2000 is from third quarter 1999 through second quarter 2000, 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 2009 is estimated at 572,000. Data covers only 3Q and 4Q 2008 (July-December). Average total County employment for fiscal year 2000 was estimated at 519,450, according to VEC.



5.0 - Operating information is intended to provide contextual information about a government’s operations and resources to assist readers in using financial statement information to understand and assess a government’s economic condition. There are three tables presented in this section.

COUNTY OF FAIRFAX, VA
TABLE 5.1 - Full Time Equivalent County Government Employees by Function
Last Ten Fiscal Years

Function/Program	Full-Time Equivalent Employees as of June 30				
	2009	2008	2007	2006	2005
<u>Primary Government:</u>					
General government administration	1,466.5	1,446.5	1,437.5	1,426.5	1,417.5
Judicial administration	391.0	384.0	381.0	370.0	370.0
Public safety	4,331.0	4,321.0	4,297.8	4,163.4	4,000.4
Public works	1,118.5	1,129.5	1,128.5	1,103.5	1,100.5
Health and welfare	2,913.3	2,922.3	2,986.3	2,867.1	2,818.2
Community development	531.0	495.0	487.0	469.0	447.5
Parks, recreation, and cultural	641.5	636.2	605.5	599.5	585.0
Total	11,392.8	11,334.5	11,323.6	10,999.0	10,739.1
<u>Component Units:</u>					
<i>Public Schools:</i>					
Education	23,014.3	22,994.2	22,706.8	22,561.8	22,246.5
<i>Redevelopment and Housing Authority:</i>					
Community development	238.0	238.0	236.0	234.0	234.0
<i>Park Authority:</i>					
Parks, recreation, and cultural	620.0	618.0	615.5	611.3	609.7

Sources: Fairfax County Department of Management and Budget; Fairfax County Public Schools; Fairfax County Redevelopment and Housing Authority; Fairfax County Park Authority

Full-Time Equivalent Employees as of June 30					Function/Program
2004	2003	2002	2001	2000	
					<u>Primary Government:</u>
1,415.0	1,415.0	1,421.0	1,392.0	1,375.0	General government administration
370.0	376.0	382.0	365.0	355.0	Judicial administration
3,941.9	3,865.2	3,808.2	3,749.2	3,663.7	Public safety
1,133.5	1,137.5	1,146.5	1,168.5	1,140.5	Public works
2,808.3	2,840.4	2,817.9	2,761.5	2,663.8	Health and welfare
403.1	431	444.0	435.0	459.0	Community development
590.5	571.9	572.9	586.4	585.7	Parks, recreation, and cultural
10,662.3	10,637.0	10,592.5	10,457.6	10,242.7	Total
					<u>Component Units:</u>
					<i>Public Schools:</i>
21,770.1	21,291.7	21,044.9	20,445.3	19,462.7	Education
					<i>Redevelopment and Housing Authority:</i>
234.0	235.0	235.0	231.0	226.0	Community development
					<i>Park Authority:</i>
592.3	586.3	587.3	576.8	564.8	Parks, recreation, and cultural

COUNTY OF FAIRFAX, VA
TABLE 5.2 - Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2009	2008	2007	2006	2005
<i>Primary Government:</i>					
<i>General government administration:</i>					
Real property parcels assessed	358,179	357,180	354,830	349,995	345,338
Personal property vehicles assessed	947,698	940,437	941,788	947,135	955,658
Businesses licensed	47,750	47,768	47,556	48,074	47,248
Best qualified job applicants forwarded to departments	11,028	19,343	20,336	23,850	20,207
<i>Judicial administration:</i>					
Cases filed in General District Court	345,240	336,776	308,118	314,964	306,347
Booking transactions	55,806	54,134	53,389	52,069	52,120
Probation program new enrollment	1,819	1,455	1,369	1,092	1,181
<i>Public safety:</i>					
<i>Police:</i>					
Recruits graduating Criminal Justice Academy	41	108	89	76	96
Total cases assigned	11,078	11,200	11,224	10,752	10,407
Total cases cleared	6,158	7,850	6,937	6,182	6,839
Parking tickets issued	66,003	66,962	66,993	77,459	81,881
<i>Sheriff:</i>					
Court cases heard annually	459,836	459,543	458,358	488,453	496,080
Average daily Adult Detention Center inmate population	1,309	1,155	1,095	1,046	1,031
<i>Fire and rescue:</i>					
Fire investigations conducted	276	331	380	395	380
Fire inspection activities conducted	24,641	26,830	18,942	17,396	20,052
EMS incidents	65,662	64,433	64,088	62,036	61,636
Animals impounded	5,176	5,899	5,202	5,753	7,013
<i>Public works:</i>					
Gross square feet of facilities maintained	8,079,711	8,569,129	7,720,206	7,620,961	7,564,973
Tons of County waste disposed	845,541	917,463	1,008,263	1,020,009	1,006,837
Total tons recycled	491,113	488,240	498,139	424,923	437,235
Total average daily wastewater flow treated (million gallons)	101	99	107	102	104
<i>Health and welfare:</i>					
<i>Persons served through Community Services Board programs:</i>					
Mental health	11,318	12,006	11,191	11,165	11,006
Alcohol and drug services	5,136	5,397	5,456	5,684	5,290
Mental retardation	2,685	2,808	2,297	1,890	1,809
Infant Toddler Connection	2,374	2,044	1,314	1,719	1,541
Senior home-delivered meals	624,745	624,745	570,614	505,520	462,049
Food Stamp applications processed	15,412	11,057	9,363	9,343	8,611
Medicaid/FAMIS applications processed	18,700	17,298	15,621	14,548	13,359
Primary care clinic visits	50,012	50,054	47,022	48,032	47,616
Child immunization vaccines given at clinics	36,062	39,587	44,775	39,762	32,644
<i>Community development:</i>					
Building inspections	130,492	144,388	180,471	218,631	256,659
Building permits issued	49,783	59,662	73,719	82,029	91,416
Zoning permits processed	14,379	18,435	24,611	24,555	28,991
Fairfax Connector bus passengers	10,901,053	9,810,228	9,717,392	9,529,056	8,474,143
<i>Parks, recreation, and cultural:</i>					
Senior Center attendance	278,054	276,326	246,946	249,966	209,963
Teen Center attendance	90,600	103,357	99,445	116,033	85,610
Community Center attendance	211,781	190,397	175,908	157,512	142,531
Library visits	6,128,289	5,794,036	5,334,827	5,225,404	5,265,176
Circulation of all library materials	13,931,027	13,065,309	11,942,788	11,279,972	11,232,817

Fiscal Year					Function/Program
2004	2003	2002	2001	2000	
<i>Primary Government:</i>					
<i>General government administration:</i>					
341,651	337,350	333,209	330,252	326,244	Real property parcels assessed
942,860	949,061	921,716	900,730	861,826	Personal property vehicles assessed
47,176	40,649	39,568	38,960	39,474	Businesses licensed
17,777	14,863	18,289	21,126	20,125	Best qualified job applicants forwarded to departments
<i>Judicial administration:</i>					
281,002	249,708	260,214	285,911	281,725	Cases filed in General District Court
51,972	48,395	47,158	41,297	42,031	Booking transactions
768	742	631	613	576	Probation program new enrollment
<i>Public safety:</i>					
<i>Police:</i>					
154	135	113	88	142	Recruits graduating Criminal Justice Academy
11,257	10,890	11,550	10,157	NA	Total cases assigned
7,949	7,556	7,991	6,671	NA	Total cases cleared
32,743	21,367	27,188	28,498	34,463	Parking tickets issued
<i>Sheriff:</i>					
456,574	425,022	447,545	NA	NA	Court cases heard annually
1,044	1,034	859	778	740	Average daily Adult Detention Center inmate population
<i>Fire and rescue:</i>					
372	465	469	512	444	Fire investigations conducted
20,816	21,330	21,660	21,668	NA	Fire inspection activities conducted
62,420	60,306	60,685	57,800	NA	EMS incidents
5,773	6,447	8,619	7,430	7,050	Animals impounded
<i>Public works:</i>					
7,525,059	7,460,673	6,781,380	6,564,880	NA	Gross square feet of facilities maintained
965,119	883,088	855,812	809,690	715,658	Tons of County waste disposed
514,220	386,019	401,368	405,539	336,921	Total tons recycled
108	106	97	102	102	Total average daily wastewater flow treated (million gallons)
<i>Health and welfare:</i>					
<i>Persons served through Community Services Board programs:</i>					
10,641	10,438	10,551	11,270	11,948	Mental health
5,665	6,323	6,224	5,954	6,183	Alcohol and drug services
1,926	1,985	1,882	1,716	2,139	Mental retardation
1,434	1,254	1,189	1,094	NA	Infant Toddler Connection
456,735	451,152	452,241	427,681	430,823	Senior home-delivered meals
9,645	9,327	9,299	7,965	8,688	Food Stamp applications processed
14,376	15,499	13,737	14,006	13,310	Medicaid/FAMIS applications processed
47,899	39,733	44,005	44,319	NA	Primary care clinic visits
44,537	52,395	59,360	56,293	42,128	Child immunization vaccines given at clinics
<i>Community development:</i>					
237,073	222,546	261,811	275,022	292,259	Building inspections
78,703	78,078	82,100	82,911	97,407	Building permits issued
27,963	33,410	32,860	38,985	46,180	Zoning permits processed
7,990,825	7,595,138	6,831,313	6,110,611	5,586,462	Fairfax Connector bus passengers
<i>Parks, recreation, and cultural:</i>					
191,794	180,692	191,009	186,688	182,439	Senior Center attendance
61,866	53,265	48,822	58,514	NA	Teen Center attendance
116,185	119,685	137,600	NA	NA	Community Center attendance
5,283,497	5,261,448	5,349,847	5,063,274	4,821,447	Library visits
11,435,007	11,566,681	12,114,743	11,492,624	10,813,448	Circulation of all library materials

continued

COUNTY OF FAIRFAX, VA
TABLE 5.2 - Operating Indicators by Function (concluded)
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2009	2008	2007	2006	2005
<u>Component Units:</u>					
<i>Public Schools:</i>					
Combined SAT scores (1)	1,664	1,654	1,639	1,643	1,114
Number of lunches served daily	83,385	81,432	82,273	82,169	81,672
Number of breakfasts served daily	10,456	10,555	10,889	10,202	10,830
Student enrollment	169,538	166,307	164,486	164,284	164,408
Special education enrollment	14,071	13,499	13,265	12,665	12,420
ESOL enrollment	22,001	21,783	21,369	20,963	20,646
<i>Redevelopment and Housing Authority:</i>					
Residents housed through subsidized rental programs:					
Federal Public Housing	2,863	8,264	8,108	8,676	10,140
Federal Housing Choice Vouchers	8,454	2,878	2,924	2,933	3,165
County Rental Program	6,398	4,941	3,876	1,355	1,378
Homes sold in First-Time Homebuyer Program	120	152	142	92	114
<i>Park Authority:</i>					
REC Center attendance	1,847,391	1,778,914	1,773,319	1,775,980	1,658,377
Golf course rounds	298,631	322,175	318,117	319,595	296,750
Visits to natural, cultural, historic, and interpretive sites	606,411	566,815	526,975	574,127	479,533
Class, camp, and program participation	157,590	161,213	158,449	151,019	131,379

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.

Fiscal Year					Function/Program
2004	2003	2002	2001	2000	
<u>Component Units:</u>					
<i>Public Schools:</i>					
1,105	1,110	1,096	1,093	1,098	Combined SAT scores (1)
81,166	79,012	76,423	74,873	72,816	Number of lunches served daily
11,410	10,665	10,029	10,004	9,765	Number of breakfasts served daily
164,195	163,386	161,385	158,331	154,523	Student enrollment
12,148	11,751	10,839	10,444	10,282	Special education enrollment
19,921	19,346	17,128	14,941	12,657	ESOL enrollment
<i>Redevelopment and Housing Authority:</i>					
Residents housed through subsidized rental programs:					
10,534	10,185	9,229	8,869	8,570	Federal Public Housing
2,940	2,967	2,897	2,899	2,922	Federal Housing Choice Vouchers
1,494	2,068	2,117	2,046	2,187	County Rental Program
97	147	111	253	114	Homes sold in First-Time Homebuyer Program
<i>Park Authority:</i>					
1,582,774	1,532,537	1,514,138	1,362,501	1,425,064	REC Center attendance
321,381	285,392	375,711	350,290	373,491	Golf course users
469,774	459,828	418,561	445,511	410,667	Visitors to natural, cultural, historic, and interpretive sites
133,202	132,461	115,901	81,337	81,324	Class, camp, and program participation

COUNTY OF FAIRFAX, VA
TABLE 5.3 - Capital Asset Statistics by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2009	2008	2007	2006	2005
Primary Government:					
<i>General government administration:</i>					
Government office buildings (square feet)	3,836,771	3,393,794	3,080,056	3,027,973	3,027,973
Vehicle maintenance facilities	4	4	4	4	4
<i>Judicial administration:</i>					
Correctional facilities (inmate capacity)	1,260	1,260	1,260	1,260	1,260
Courtrooms	35	34	35	35	35
<i>Public safety:</i>					
<i>Police:</i>					
Stations	8	8	8	8	8
Vehicles	1,290	1,280	1,280	1,326	1,283
Helicopters	2	2	2	2	2
Criminal justice academy (trainee capacity)	240	240	230	230	230
<i>Fire and rescue:</i>					
County-operated fire and rescue stations	26	24	22	21	20
Volunteer fire and rescue stations	11	13	13	11	11
Combination stations	4	4	4	4	4
Vehicles	495	496	462	458	447
Boats	2	2	2	2	2
Training facilities (trainee capacity)	186	186	177	177	152
Animal shelters (animal capacity)	158	158	158	158	158
<i>Public works:</i>					
Miles of sanitary sewer lines	3,378	3,353	3,328	3,306	3,289
Sewer pumping stations	65	65	65	65	64
Refuse collection, recycling, and disposal vehicles	254	289	229	229	228
Miles of stormwater drainage lines	1,575	1,554	1,758	1,520	1,507
Stormwater retention ponds	1,303	1,267	1,222	1,196	1,146
Landfills and transfer stations	3	3	3	3	3
<i>Health and welfare:</i>					
Health-related clinics	5	5	5	5	5
Family shelters	6	4	3	3	3
Community Services Board centers	10	9	9	9	9
<i>Community development:</i>					
Community centers	7	5	5	5	5
Bus shelters	184	181	74	57	53
Transit centers and park & ride lots	51	48	19	8	6
Fairfax Connector buses	220	212	202	170	170
<i>Parks, recreation, and cultural:</i>					
Libraries	22	21	21	21	21
Community centers	2	3	3	3	3
Trails and walkways (miles)	634	696	605	596	631

Fiscal Year					Function/Program
2004	2003	2002	2001	2000	
<u>Primary Government:</u>					
<i>General government administration:</i>					
3,027,973	3,027,973	2,962,899	2,802,005	2,802,005	Government office buildings (square feet)
4	4	4	4	4	Vehicle maintenance facilities
<i>Judicial administration:</i>					
1,260	1,260	1,260	1,012	589	Correctional facilities (inmate capacity)
35	35	35	35	35	Courtrooms
<i>Public safety:</i>					
<i>Police:</i>					
8	7	7	7	7	Stations
1,248	1,334	1,298	1,173	958	Vehicles
2	2	2	2	2	Helicopters
230	230	230	230	230	Criminal justice academy (trainee capacity)
<i>Fire and rescue:</i>					
20	20	20	20	19	County-operated fire and rescue stations
11	11	11	11	11	Volunteer fire and rescue stations
4	4	4	4	4	Combination stations
431	397	407	403	393	Vehicles
2	2	2	2	2	Boats
152	152	152	152	152	Training facilities (trainee capacity)
158	158	158	158	158	Animal shelters (animal capacity)
<i>Public works:</i>					
3,267	3,240	3,213	3,177	3,139	Miles of sanitary sewer lines
64	61	61	63	60	Sewer pumping stations
224	222	222	215	214	Refuse collection, recycling, and disposal vehicles
1,044	835	815	754	692	Miles of stormwater drainage lines
1,116	1,060	1,004	976	932	Stormwater retention ponds
3	3	3	3	3	Landfills and transfer stations
<i>Health and welfare:</i>					
5	5	5	5	5	Health-related clinics
3	3	3	3	3	Family shelters
9	9	9	9	9	Community Services Board centers
<i>Community development:</i>					
5	5	5	5	5	Community centers
42	28	13	NA	NA	Bus shelters
6	7	7	NA	NA	Transit centers and park & ride lots
170	163	163	163	154	Fairfax Connector buses
<i>Parks, recreation, and cultural:</i>					
21	21	21	21	20	Libraries
3	3	3	3	3	Community centers
626	616	606	546	486	Trails and walkways (miles)

continued

COUNTY OF FAIRFAX, VA
TABLE 5.3 - Capital Asset Statistics by Function (concluded)
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2009	2008	2007	2006	2005
<u>Component Units:</u>					
<i>Public Schools:</i>					
Elementary schools	137	137	137	136	136
Middle schools	22	22	22	22	22
High/secondary schools	25	25	25	25	24
Special education centers	9	10	11	13	15
Alternative high schools	3	3	3	3	3
<i>Redevelopment and Housing Authority:</i>					
Housing units owned under programs:					
Federal Public Housing	1,065	1,065	1,065	1,065	1,065
County Rental Program	1,442	1,437	736	702	683
Senior Housing Program	494	494	494	460	400
Partnership Program	689	689	689	491	491
<i>Park Authority:</i>					
Acres of park land	24,277	24,149	23,976	23,687	23,517
Athletic fields	289	289	288	288	275
Trail miles	312	299	297	211	204
Play areas and tot lots	201	201	194	192	205
Tennis courts	229	229	229	229	225
Multi-use courts	132	132	132	128	119
Recreational centers	9	9	9	9	9
Golf courses	9	9	9	9	8
Historic sites	67	64	64	64	65
Nature/visitor centers	7	7	7	7	7
Marinas	3	3	3	3	3

Sources: Fairfax County Department of Finance, Fairfax County Public Schools, Fairfax County Redevelopment and Housing Authority, Fairfax County Park Authority

Fiscal Year					Function/Program
2004	2003	2002	2001	2000	
<u>Component Units:</u>					
<i>Public Schools:</i>					
136	132	132	131	133	Elementary schools
22	22	21	21	21	Middle schools
24	24	24	24	23	High/secondary schools
20	21	24	25	28	Special education centers
3	3	3	3	3	Alternative high schools
<i>Redevelopment and Housing Authority:</i>					
Housing units owned under programs:					
1,065	1,065	1,065	1,065	1,065	Federal Public Housing
670	666	666	666	666	County Rental Program
400	400	400	340	340	Senior Housing Program
491	491	491	491	491	Partnership Program
<i>Park Authority:</i>					
22,987	22,644	22,621	20,063	19,326	Acres of park land
274	274	295	295	295	Athletic fields
204	204	204	204	190	Trail miles
205	201	201	201	197	Play areas and tot lots
223	222	222	222	222	Tennis courts
118	119	143	143	135	Multi-use courts
8	8	8	8	8	Recreational centers
8	8	8	8	8	Golf courses
65	60	60	60	54	Historic sites
7	7	7	7	7	Nature/visitor centers
3	3	3	3	3	Marinas





**Fairfax County Government Center
12000 Government Center Parkway
Fairfax, VA 22035
www.fairfaxcounty.gov**



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