

County of Fairfax, Virginia

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2012



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2012



DEPARTMENT OF FINANCE
12000 Government Center Parkway, Suite 214
Fairfax, Virginia 22035
(703) 324-3120, TTY 711
www.fairfaxcounty.gov



COUNTY OF FAIRFAX, VIRGINIA
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 19, 2012

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 of the County of Fairfax, Virginia (the County) for the fiscal year ended June 30, 2012, 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, the Small District Five and the Mosaic Community Development Authority 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.

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: a 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.

Department of Finance
12000 Government Center Parkway
Suite 214
Fairfax, Virginia 22035
703-324-3120, TTY 711
www.fairfaxcounty.gov

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.

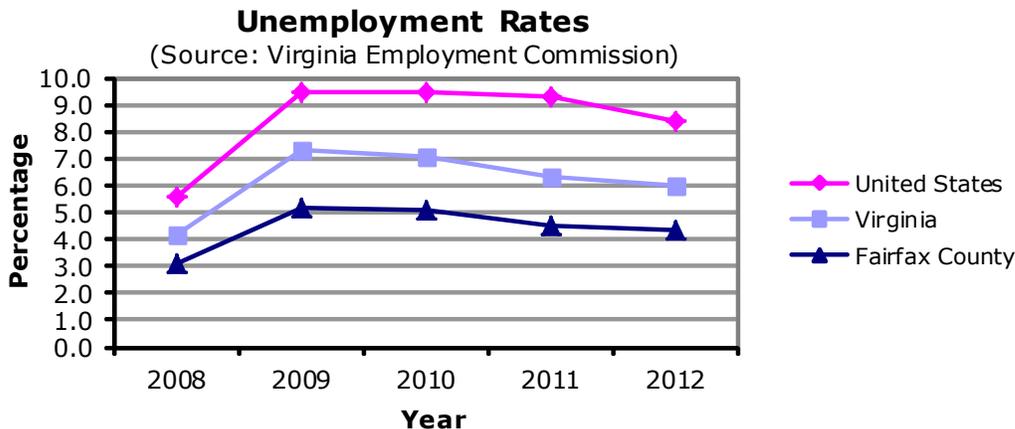
The incorporated towns of Clifton, Herndon, and Vienna are underlying units of government within the County. The ordinances and regulations of the County, with certain limitations prescribed by state law, are in effect. Properties in these towns are subject to County taxation, and the County provides 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 local economy continues to improve. Stabilization in the region's resale housing market has continued into 2012. Based on the Case-Shiller home price index for the Washington Metropolitan Area, average home prices posted a moderate increase of 3.7 percent in July 2012 from a year earlier. In the same period, the Case-Shiller home price index for the nation increased 1.2 percent. Real estate data from the Metropolitan Regional Information System through August 2012 show that the average home sales price in Fairfax County is up almost 4.0 percent over the same period last year. The average number of days to sell a home in Fairfax has returned to near pre-recession levels. Foreclosures in the County have fallen in each of the last nine months.

The Northern Virginia area's labor market indicators remain strong and the area has more than regained jobs lost during the recession. The area added 25,000 jobs in 2011, an increase of 1.9 percent over 2010. This was the highest rate of growth since 2005 when job creation rose 2.5 percent. Job growth has continued through the third quarter of 2012, with almost 25,000 more jobs in Northern Virginia in September 2012 than in September 2011. The unemployment rate in Fairfax County remains low at 4.0 percent in August 2012, down from 4.4 percent in August 2011. The graph below shows the June unemployment rate information for the past five years with Fairfax County being consistently below the national and state averages for unemployment rates, primarily due to job growth in the areas of information technology, and biotechnology.



Continued economic recovery in Fairfax is also evident from increased consumer spending. In fiscal year 2012, tax receipts from retail sales in the County increased 5.2 percent, following an increase of 3.5 percent

in fiscal year 2011. Reflecting the sustained improvement in the local economic conditions, revenue from Business, Professional and Occupational License taxes in Fairfax County also rose in fiscal year 2012.

Economic Development

Economic development promotes a vibrant and diversified economy and business community, which also increases the commercial tax base. Economic development activities of the County are carried out through the Fairfax County Economic Development Authority (EDA), whose commissioners are appointed by the Board of Supervisors. The EDA promotes Fairfax County as a preferred location for business start-up, relocation, and expansion; capital investment; and business travel and events. It works with new and existing businesses to help identify their facility and site needs and to assist in resolving County-related issues. In fiscal year 2012, the EDA worked with 166 companies that will add approximately 6,000 jobs to Fairfax County's primary economy. Companies, such as Volkswagen Group of America, Acentia, and Citibank relocated or expanded in Fairfax County, along with dozens of other U.S., foreign-owned, and small and minority-owned businesses.

The total inventory of office space in the County was more than 113 million square feet at the end of calendar year 2011, making Fairfax County the second largest suburban office market in the nation. It is also the largest office market in the Commonwealth of Virginia. Industrial/flex inventory in the County is estimated at 38.9 million square feet. In 2011, the vacancy rates (including sublet space) for the office market and industrial/flex markets were 15.6% and 11.9%, respectively.

To promote Fairfax County as the place to locate for a United States presence, the EDA has 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 2011, the EDA assisted 37 foreign-owned businesses with their decision to locate or expand in Fairfax County. More than 390 foreign-owned firms from 40 countries are doing business in the County.

Employment

Over 34,000 payroll businesses, including corporate and regional headquarters, information technology firms, sales and marketing offices, and business services are located in Fairfax County. Local businesses create employment in such diverse areas as computer software development and systems integration; telecommunications; Internet-related services; wholesale and retail trade; defense and homeland security; and financial services. A 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. Eighteen firms made Inc. Magazine's list of 500 fastest growing U.S. companies in 2012. Thirty-three Fairfax-based companies were represented on the Washington Business Journal list of the 50 fastest growing companies in the region, including five of the top ten. Fairfax County is home to ten Fortune 500 companies.

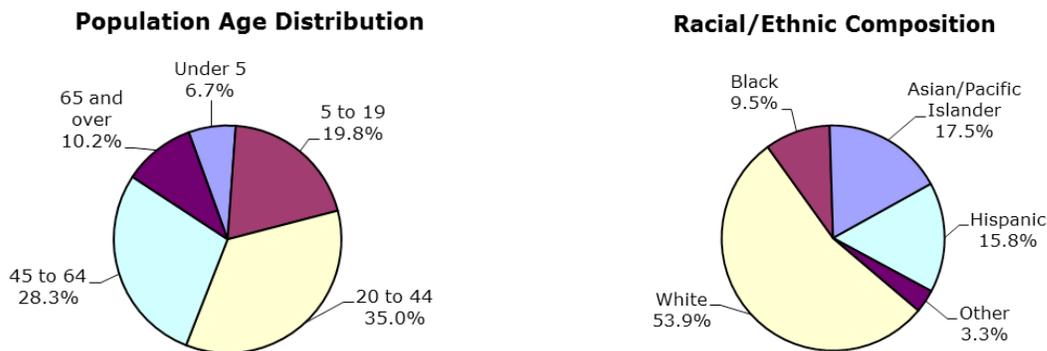
The County hosts a large and lively mix of technology-driven enterprises that deliver a wide spectrum of high-end services and solutions to government, industry, and consumer markets worldwide. Over 6,500 technology establishments directly employ more than 143,000 people. Technology firms specialize in aerospace, biotech/biomedical, energy environment, engineering/R&D, enterprise software, systems integration, technology consulting, and telecommunications. Of technology companies with more than four hundred employees, more than twenty-five of these firms have corporate or North American headquarters in Fairfax County.

Demographic Information

Based on U.S. Census Bureau data for 2011, the County’s population was 1,100,962. 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. Since 1990, Fairfax County has been the most populous jurisdiction in the metropolitan area. The population of Fairfax is anticipated to grow to 1.2 million by the year 2025.

As reported in the American Community Survey, Fairfax County had an annual median household income of \$105,797 in 2011, compared with \$61,882 in the Commonwealth of Virginia and \$50,502 in the United States.

As illustrated below, the composition of the County’s population is quite diverse. In 2011, approximately 38.5 percent of the population was 45 years of age or older, while about 26.5 percent of the population was under 19 years old. Over 46 percent of the County’s population consisted of ethnic minorities, and more than 37 percent of all County residents speak a language other than English at home.



Source: U.S. Census Bureau, 2011 American Community Survey

Public Schools

Fairfax County Public Schools (FCPS), with a student population of 177,918, is the largest educational system in the Commonwealth of Virginia. The School Board comprises 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 County’s general fund 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 194 schools and centers.

In the 2012 U.S. News and World Report ranking of America’s Best High Schools, Thomas Jefferson High School for Science and Technology is ranked as the number two gold medal school in the nation. In total, FCPS received thirteen gold, one silver, and one bronze medal ranked designation. Based on the 2012 Washington Post rankings, FCPS schools are in the top nine percent of all American high schools as measured

by their student participation in Advanced Placement or International Baccalaureate exams. Every eligible FCPS high school made the list.

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 2011-2012 school year, the Fairfax campus of GMU had an enrollment of over 27,000; NVCC enrollment on the four campuses in Fairfax exceeded 43,000 students.

Some of the other institutions of higher education located in Fairfax County include Averett University, DeVry University-the Keller Graduate School of Management, ITT Technical Institute, Marymount University, Strayer University, National-Louis University, and the University of Phoenix. The University of Virginia, and the Virginia Polytechnic Institute and State University (the latter two located in the Northern Virginia Graduate Center), and the University of Virginia - Darden School of Business. American University, Catholic University, George Washington University, and Virginia Commonwealth University also operate programs in the County's secondary schools and on military installations within the County. These institutions aid business growth by providing workers and professionals with educations in a wide range of fields.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

Development Initiatives

The County has approved plans for redevelopment of Tysons into a major residential and commercial center. The plans take advantage of the four new Metro stations coming to Tysons in 2013. By 2050, Tysons will be transformed into a walkable, urban center, home to up to 100,000 residents and 200,000 jobs. Currently the area employs over 100,000 people with only 17,000 residents, creating significant amounts of traffic as people commute to and from work. Tysons is envisioned as Fairfax County's "downtown" or a 24-hour urban center where people live, work and play. Three-quarters of future growth will be within a half-mile of the Metro stations. Many offices and homes will be less than a six-minute walk from the stations, allowing people to get around on foot, bicycle, bus or subway. During 2012, steps toward implementing this vision included the completion of transportation studies and recommendations for public-private funding mechanisms for transportation improvements. Progress has been made toward achieving necessary public facilities and progress or approval of various development applications.

The County created the Mosaic Community Development Authority (CDA) to facilitate the economic development of a thirty-one acre area in Merrifield. The facilities to be constructed by the CDA include public roads, parks, a parking facility and other infrastructure improvements. These improvements will facilitate the creation of an urban downtown area for the surrounding area. Plans include approximately 500,000 square feet of retail space, 114 townhomes, a theatre, and a 150-room hotel, as well as two acres of park and open space. In September 2012, the Mosaic District celebrated its grand opening with the opening of the Angelika Arthouse Theatre, and a number of new retail establishments. Additional retail businesses are scheduled to open through the first quarter of 2013 and will include 350,000 square feet of retail, 73,000 square feet of office space, and the hotel.

Transportation Improvements

Improving transportation is a priority for the County, especially given the trend of rapid population growth and urbanization of the County. The 2011 American Community Survey estimated the average travel time to work as thirty-three minutes for County residents. Approximately seventy-three percent of working residents of the County drive alone to work.

Several major initiatives are underway to improve transportation in the County, these include:

The Dulles Corridor Metrorail Project is a 23-mile extension of the Metrorail system in the Dulles corridor, passing through the Tysons area to Washington Dulles International Airport and into Loudoun County. The project is being constructed in two phases due to federal funding constraints. Phase I which consists of rail from Vienna, through Tysons to Reston; Phase II extends rail from Reston to Dulles airport and into Loudoun County. The total project capital cost is estimated at \$5.9 billion. Fairfax County is responsible for funding 16.1% of the capital costs with federal, state, Loudoun County, Metropolitan Washington Airports Authority, and Dulles Toll Road funding the balance of the project. The Board approved the creation of two special tax districts for commercial and industrial properties to fund the majority of the County's share of the project. The two tax districts will provide \$730 million of the County's share for Phase I and II. The Phase I Tax District will provide \$400 million and the Phase II Tax District will provide \$330 million in funding. Phase I construction began in 2009 and is scheduled to be operational December 2013. Phase II is scheduled to begin construction in late 2013 with construction complete in 2018.

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

The Woodrow Wilson Bridge (WWB) Project includes improvements to a 7.5-mile corridor beginning in Maryland and connecting to Virginia by a bridge over the Potomac River. This \$2.4 billion multi-jurisdictional project consists of the replacement of the existing WWB and the upgrading of four interchanges to ease traffic congestion within the project area. Construction continues on the Telegraph Road interchange, which is the final construction contract for this project. The entire project is scheduled for completion in 2013.

Technology Initiatives

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 meeting growth and associated service demands. The strategy includes workforce mobility, which enhances productivity, system interoperability, business intelligence, and green computing.

In fiscal year 2010, Fairfax County government and school system embarked on a multi-year joint initiative to modernize the portfolio of enterprise systems that support financial management, human resources, budget, procurement and related administrative applications under a single, integrated platform. A major investment, the project known as the Fairfax County Unified System Project, provides an opportunity to transform and streamline administrative functions and related technology operations. In fiscal year 2012, Fairfax County government and school system accomplished a major milestone, implementing the accounting and procurement modules. The human resource module was brought online at the start of fiscal 2013.

The e-Government program is a multi-channel solution that includes the County's award winning Web site, Interactive Voice Response system, mobile access solutions, emergency alerts via text messaging, customer relationship management initiatives, and broadcast cable television. The County also has embraced social

media in its e-Government program. Residents now find podcasts, RSS newsfeeds, moderated discussion sessions, Newswire, and Fairfax County presence on YouTube, Facebook and Twitter. Specialized blogs are used by fourteen County agencies as key e-Government tools to reach extended audiences.

Expansion of telework opportunities is supported by building on secure telework capacity for County workers. In addition to providing flexibility and improving worker productivity, this technology is a key element of the County's continuity of operations needs. The County maintains PCI (Payment Card Industry) Compliance and Certification for e-commerce transactions. More information about County IT initiatives can be found in the annual IT Plan, www.fairfaxcounty.gov/DIT/ITplan.

Environmental Stewardship

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

Advances in technology continue to offer opportunities for advanced environmental stewardship. County projects completed through fiscal year 2012 included the consolidation and virtualization of the County's enterprise servers, assisting in the advancement of telework and PC power management objectives. Infrastructure projects associated with reduced power consumption included the retrofit of energy management control systems at four schools; the replacement of rooftop heating/cooling units and the installation of energy management control systems at three community centers; purchase and installation of an energy efficient chiller and pumps at the County's Juvenile Detention Center and installation of lighting controls at three large government buildings, over 20 outdoor athletic fields, and numerous parks.

Incremental cost savings associated with reduced fuel consumption has been realized from the purchase of a hybrid-electric school bus and a hydraulic launch-assist refuse truck. The vehicle fleet also includes five Chevrolet Volts, and 16 Ford Fusion hybrids. Additionally, the County implemented a residential energy education and outreach program, to educate residents and assist them with making sound decisions regarding energy efficiency in their homes.

Affordable Housing

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

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

Bridging Affordability Program: This program is designed to address the Housing Blueprint's homelessness and waiting list goals by funding non-profits for short- and long-term rental subsidies and providing capital for affordable housing acquisition. The first round of funding was awarded in June 2011 to a collaborative of nine local non-profits, led by Northern Virginia Family Service (NVFS). The Bridging Affordability program will provide rental subsidies to approximately 300 homeless individuals and families and households

on the County's affordable housing waiting lists over the three-year contract with NVFS. The second round of Bridging Affordability funding has been made available via a competitive procurement process; of the approximately \$7.5 million available, up to \$7 million is available for rental subsidies and/or capital acquisition and up to \$500,000 is available to fund supportive services in rental subsidy projects.

Workforce Housing Policy: Created by the Board of Supervisors in 2007, Fairfax County's Workforce Housing Policy is a proffer-based incentive system designed to encourage the voluntary development of new housing, affordable to a range of moderate-income workers in Fairfax County's high-rise/high density areas. The Comprehensive Plan provides for a density bonus of up to one unit for every workforce unit provided by a developer, with the expectation that at least 12 percent of units in new developments be affordable or workforce housing. As of June 2012, a total of 2,044 Workforce Dwelling Units had been committed by private developers in rezoning actions approved by the Board of Supervisors.

Affordable Housing Preservation: Preservation of affordable rental housing has long been a concern of the Board of Supervisors and the Fairfax County Redevelopment and Housing Authority (FCRHA). The stock of privately-owned subsidized units and non-subsidized rental housing with modest rents in the County has been declining as owners reposition their properties in the market. The centerpiece of the Board's Preservation initiative was the creation of the Penny for Affordable Housing Fund, which is the dedication of one penny of the real estate tax rate for affordable housing initiatives. Since its inception, the fund has provided \$104.9 million for the preservation and production of affordable housing in Fairfax County and the preservation of 2,470 units of affordable housing as of June 2012.

Affordable Dwelling Unit Program: An Affordable Dwelling Unit (ADU) Ordinance was incorporated in the Zoning Ordinance in 1990, requiring developers of certain housing developments to set aside up to 12.5 percent of new units as affordable housing (6.25 percent for multifamily rentals) in return for the grant of additional density. The FCRHA has the right to acquire one-third of the ADUs for sale and to lease up to one-third of the rental units. The remaining units are sold or rented to moderate income households. As of June 2012, a total of 2,477 units (1,135 rentals and 1,342 for-sale units) have been produced under the ADU program; the FCRHA has acquired 141 of the for-sale units, which are maintained as permanent affordable rental housing.

Quality Communities

Cultural programs and attractions in Fairfax County contribute greatly to the quality of the community. The Steven F. Udvar-Hazy Center, a component of the Smithsonian National Air and Space Museum boasts 270 rare and historic aircraft on display indoors, including the Space Shuttle Discovery, an SR 71 Blackbird, the Enola Gay, and a Concorde. In addition to the aircraft, the museum has a 164-foot tall observation tower from which visitors can observe airplanes on their final approach to Washington Dulles International Airport, a 479-seat IMAX theater, discovery stations, and flight simulation rides. Other wings are devoted to the care and preservation of the Museum's unparalleled collection of historic aircraft, spacecraft, artifacts, and archival materials.

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

The County prides itself on its parks and recreation facilities. The Fairfax County Park Authority manages 23,194 acres of park land, including 274 athletic fields, 8 golf courses, several lakes and historic sites, thus offering diverse recreational options. The County operates 8 regional libraries, 14 community libraries, and an access services center that provides services for residents with visual and physical disabilities. In fiscal

year 2011, more than 13 million items were borrowed from the Library's collection of nearly 3 million books, CDs, DVDs, magazines, and other items. Also in fiscal year 2011, over 5.4 million visits were made to the branches and 4.5 million visits were made to the Library's Web site. The Library has computers for access to the Internet, the catalog, e-books, 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 over seven thousand restaurants offering a variety of world cuisine, Fairfax County offers one of the best shopping and dining experiences on the East Coast. Tysons, the "downtown" of Fairfax County, is home to several malls that feature such retailers as Macy's, Neiman Marcus, Nordstrom, Saks Fifth Avenue, Tiffany and Company, and Bloomingdale's. Reston, an internationally-known planned community - the first post-war planned community in America - sparked a revival of the planned community concept. The Reston Town Center, now celebrating its twentieth anniversary, offers more than fifty retail shops and thirty restaurants. Fairfax Corner is a mixed-use development that offers main street style shopping at both national chains and local boutiques. It features a state of the art movie theater and one of the best mixes of restaurants in the area.

FINANCIAL INFORMATION

Ten Principles of Sound Financial Management

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

The County maintains a self-managed investment program under the direction and oversight of an Investment Committee. The committee is composed of the Chief Financial Officer, the Director of the Department of Finance, the Director of the Department of Tax Administration, 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 and subjected to annual peer review by the Association of Public Treasurers of the United States and Canada.

BUDGETARY AND ACCOUNTING CONTROLS

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

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

Since 1999, the County has maintained a Revenue Stabilization Fund, 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 as a financial tool only in the event of an economic downturn, and then within strict parameters. The Revenue Stabilization Fund has a targeted balance of three percent of General Fund disbursements and is separate and distinct from the County's two percent Managed Reserve, which was established initially in fiscal year 1983. The aggregate of both reserves will not exceed five percent. As of June 30, 2012, the Revenue Stabilization Fund and Managed Reserve balances were \$105,318,503 and \$70,755,734, 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, and the internal audit staff.

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, 2012, 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 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 May 2012, only 8 of 50 states, 39 of 3,143 counties, and 34 of 19,429 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 Comprehensive Annual Financial Report (CAFR) for fiscal year 2011. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. The County has received a Certificate of Achievement since 1977. Management believes that the current CAFR meets the Certificate of Achievement Program's requirements, and it will be submitted to the GFOA to determine its eligibility for another certificate.

Distinguished Budget Presentation Award

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

Investment Policy Award

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. This award has been received since 1999.

National Association of Clean Water Agencies Award

In fiscal year 2012, the County's Norman M. Cole, Jr. Pollution Control Plant received the Platinum Peak Performance Award from the National Association of Clean Water Agencies. The award recognizes plants that met 100 percent of federal standards for preventing pollution. The Norman M. Cole Jr. Plant has met this standard for more than 14 consecutive years. The plant's achievement helps protect the water quality of the County's streams and watersheds, and the Chesapeake Bay.

The County also received an Excellence in Management Award in recognition of commitment to excellence in utility management through the implementation of sustainable, successful programs that exemplify the attributes of an effectively managed utility.

Annual National Association of Counties (NACo) Awards

The NACo Achievement Awards are national recognition of significant innovative programs and activities that improve the organization, management, or service of county governments. NACo recognized seven County programs and projects with 2012 Achievement Awards.

Stormy the Raindrop: A public education campaign encourages children to appreciate and take better care of their environment, and to pass on this desire to their peers and parents. The campaign includes two Stormy-themed activity books, puppet shows and numerous appearances at county events and venues.

Creation of the Department of Code Compliance: The Department of Code Compliance, a consolidation of multiple code enforcement functions into a new agency, began operations on July 1, 2010. It responds with multiple and coordinated efforts to complaints and code violations in a ‘one-stop shop’ approach, in addition to community outreach and education.

PROGRESS Center: A multi-faceted approach that seeks to end the cycle of poverty starts at the Housing PROGRESS Center where those in housing programs are given job and employment training and counseling, financial planning resources and human service assistance if needed.

Embracing E-Books: A comprehensive digital media strategy that integrates e-books, e-audiobooks and e-video into every aspect of library service, from staff training and customer workshops to marketing and seeking non-governmental funding to expand the collection.

Feral Cats: Traps, Neuter and Return Program: A humane, cost-effective program to control feral cats. Box traps are provided to volunteer residents and the collected felines are neutered and given a rabies vaccination. When they are returned to their original outdoor colonies, with marks on their ears, they help create “kitten-free” and “rabies-buffer” zones.

Communications Toolkit: The Communications Toolkit ensures a common look and message in all County communications through a user-friendly Web portal that offers quick access to County guidelines. Developed by a committee of information officers and based on input from County staff, it can evolve with the County’s communications needs.

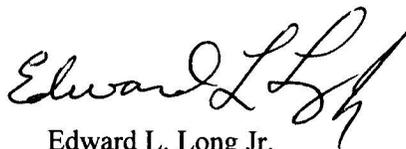
V-16: Volunteer Leave Initiative: Volunteer-activity leave is an innovative employee benefit that provides up to 16 hours of paid leave per year for each county employee to give back to the community. This program increases the capacity for enhancing employees’ overall sense of engagement, contributes to the local and regional community and gives the County a competitive recruitment advantage.

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 and businesses 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,



Edward L. Long Jr.
County Executive



Susan W. Datta
Chief Financial Officer



Victor L. Garcia
Director of Finance



**COUNTY OF FAIRFAX,
VIRGINIA**

Urban County Executive Form of Government
As of June 30, 2012

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

Catherine A. Chianese

COUNTY EXECUTIVE

Edward L. Long Jr.

DEPUTY COUNTY EXECUTIVES

Patricia D. Harrison

David J. Molchany

Robert A. Stalzer

DEPARTMENT OF MANAGEMENT AND BUDGET

Susan W. Datta, Chief Financial Officer

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

DIRECTOR

Victor L. Garcia, CPA

DEPUTY DIRECTOR

John D. Higgins

CAFR PROJECT TEAM

Richard M. Modie Jr., Chief, Financial Reporting Division
Wendy Zhi, CPA, Financial Reporting Manager
Betty A. Barnuevo, CPA, CAFR Coordinator

Sherry D. Ali
Janet Burns
Sue Donelson
Anand S. Goutam, CPA
Yin Jia, CPA
Clyde Prentice Jr.
Nanette A. Velasco
Heather Zhan

With the support and assistance of many others.

Special Thanks to:
Tanya D. Burrell, CPA, MPA
Franklin L. Fout, CPA

**GOVERNMENT
FINANCE
OFFICERS
ASSOCIATION
AWARD**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR for the fiscal year ended June 30, 2011. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Presented to

**County of Fairfax
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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.



Linda C. Davison

President

Jeffrey R. Emmer

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
Suite 12000
1801 K Street, NW
Washington, DC 20006

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, 2012, 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 represent 6.83%, 4.44%, and 16.30%, 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Fairfax, Virginia, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in Note N to the basic financial statements, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*, effective July 1, 2011.



In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2012 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.

U.S. generally accepted accounting principles require that 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 101 through 108 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare 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 certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

KPMG LLP

November 19, 2012

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 (UNAUDITED)

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, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Letter of Transmittal, located in the Introductory Section of the 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, net of special items.

- The County's assets exceeded liabilities by \$1,296.8 million on a government-wide basis at June 30, 2012.
- For the fiscal year, taxes and other revenues of the County's governmental activities amounted to \$3,864.9 million. Expenses amounted to \$3,988.4 million.
- For the fiscal year, revenues of the County's business-type activities were \$203.4 million, and expenses were \$162.9 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 a decrease in fund balance of \$29.0 million for fiscal year 2012, compared with an increase of \$148.1 million for fiscal year 2011.
- The County's General Fund reported a fund balance of \$353.7 million, a decrease of \$22.7 million, or 6.0 percent, from June 30, 2011.

General Financial Highlights

- In July 2011, the Economic Development Authority issued \$99.4 million of revenue bonds (Wiehle Avenue Metrorail Station Parking Project) Series 2011 to finance a portion of the costs of the construction of a public parking facility on public lands within Fairfax County to serve the Wiehle Avenue Metrorail Station.
- In February 2012, the County issued \$217.7 million of Series 2012A General Obligation Public Improvement to finance school, park, road, and other general County improvements. The County also issued \$192.4 million of Series 2012B general obligation refunding bonds to advance refund for multiple outstanding Series bonds, saving \$28.2 million in future debt service payments, with a \$24.7 million net present value.
- In April 2012, the Economic Development Authority issued \$47.7 million of revenue refunding bonds (Laurel Hill Public Facilities Projects) Series 2012A to advance refund the portion of the outstanding Series 2003 Laurel Hill revenue bonds, saving \$6.4 million of future debt service payments, with a \$5.2 million net present value.

- In May 2012, the Economic Development Authority issued \$66 million of facilities revenue bonds (Community Services Facilities Projects) Series 2012A to finance the improvement of certain properties to be used by Fairfax County as a mental health facility and as a neighborhood community center.

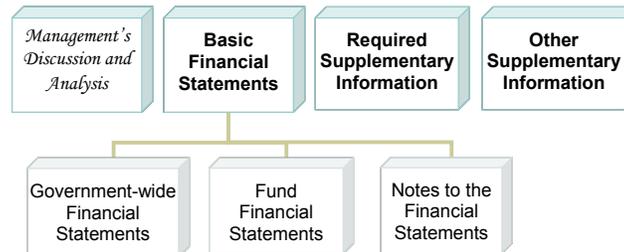
OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Components of the Financial Section



Government-wide Financial Statements

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

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

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

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

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; it is the largest of the governmental funds. All other governmental funds, that is, 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

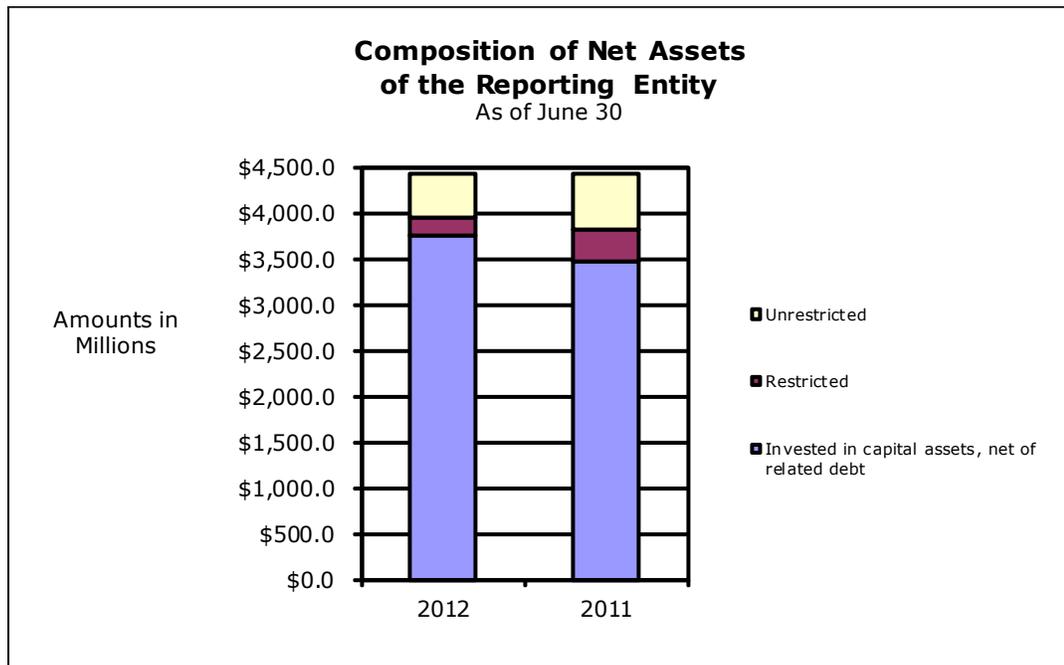
The following tables present a summary of the Statements of Net Assets for the reporting entity as of June 30, 2012 and 2011:

Summary of Net Assets As of June 30 (\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Assets:						
Current and other assets	\$ 4,307.6	4,201.4	\$ 211.7	222.6	\$ 4,519.3	4,424.0
Capital assets (net)	2,290.8	2,139.3	1,303.5	1,263.3	3,594.3	3,402.6
Total assets	6,598.4	6,340.7	1,515.2	1,485.9	8,113.6	7,826.6
Liabilities:						
Current liabilities	2,955.8	2,828.5	17.7	15.9	2,973.5	2,844.4
Long-term liabilities	3,283.6	3,033.2	559.7	572.7	3,843.3	3,605.9
Total liabilities	6,239.4	5,861.7	577.4	588.6	6,816.8	6,450.3
Net assets:						
Invested in capital assets, net of related debt	1,695.1	1,541.0	769.1	722.7	2,464.2	2,263.7
Restricted	226.4	308.3	51.1	93.4	277.5	401.7
Unrestricted (deficit)	(1,562.5)	(1,370.3)	117.6	81.2	(1,444.9)	(1,289.1)
Total net assets	\$ 359.0	479.0	\$ 937.8	897.3	\$ 1,296.8	1,376.3

Summary of Net Assets - continued As of June 30 (\$ in millions)								
	Total Primary Government		Component Units		Reclassifications		Total Reporting Entity	
	2012	2011	2012	2011	2012	2011	2012	2011
Assets:								
Current and other assets	\$ 4,519.3	4,424.0	\$ 881.7	831.7	\$ -	-	\$ 5,401.0	\$ 5,255.7
Capital assets (net)	3,594.3	3,402.6	2,809.7	2,733.7	-	-	6,404.0	6,136.3
Total assets	8,113.6	7,826.6	3,691.4	3,565.4	-	-	11,805.0	11,392.0
Liabilities:								
Current liabilities	2,973.5	2,844.4	259.6	216.8	-	-	3,233.1	3,061.2
Long-term liabilities	3,843.3	3,605.9	296.8	305.5	-	-	4,140.1	3,911.4
Total liabilities	6,816.8	6,450.3	556.4	522.3	-	-	7,373.2	6,972.6
Net assets:								
Invested in capital assets, net of related debt	2,464.2	2,263.7	2,631.3	2,549.8	(1,341.4)	(1,344.0)	3,754.1	3,469.5
Restricted	277.5	401.7	31.6	41.7	(112.0)	(87.2)	197.1	356.2
Unrestricted (deficit)	(1,444.9)	(1,289.1)	472.10	451.6	1,453.4	1,431.2	480.6	593.7
Total net assets	\$ 1,296.8	1,376.3	\$ 3,135.0	3,043.1	\$ -	-	\$ 4,431.8	4,419.4

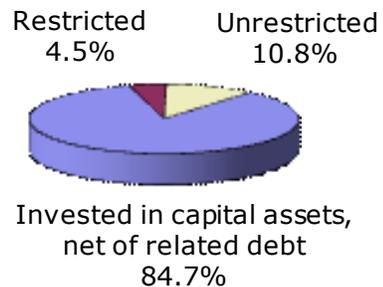
The Commonwealth of Virginia requires that counties, as well as their financially dependent component units, be financed under a single taxing structure. This results in counties issuing general obligation debt to finance capital assets, such as public schools, for their component units. The component 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 \$4,431.8 million at the end of fiscal year 2012, representing an increase of \$12.3 million from the net assets at June 30, 2011, as shown below.



As shown to the right, the largest portion of net assets is the investment in capital assets (e.g., land, buildings, infrastructure, and equipment, net of depreciation and amortization), less the outstanding debt that was used to acquire those assets. The restricted net assets portion represents resources that are subject to external restrictions on how they may be used. Net assets of the reporting entity are restricted for various uses, some of which include grant programs (\$41.9 million), community centers (\$18.1 million), sewer improvements (\$40.0 million), and housing (\$24.4 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, 2012



Statement of Activities

The following table summarizes the changes in net assets for the primary government for the fiscal years ended June 30, 2012 and 2011:

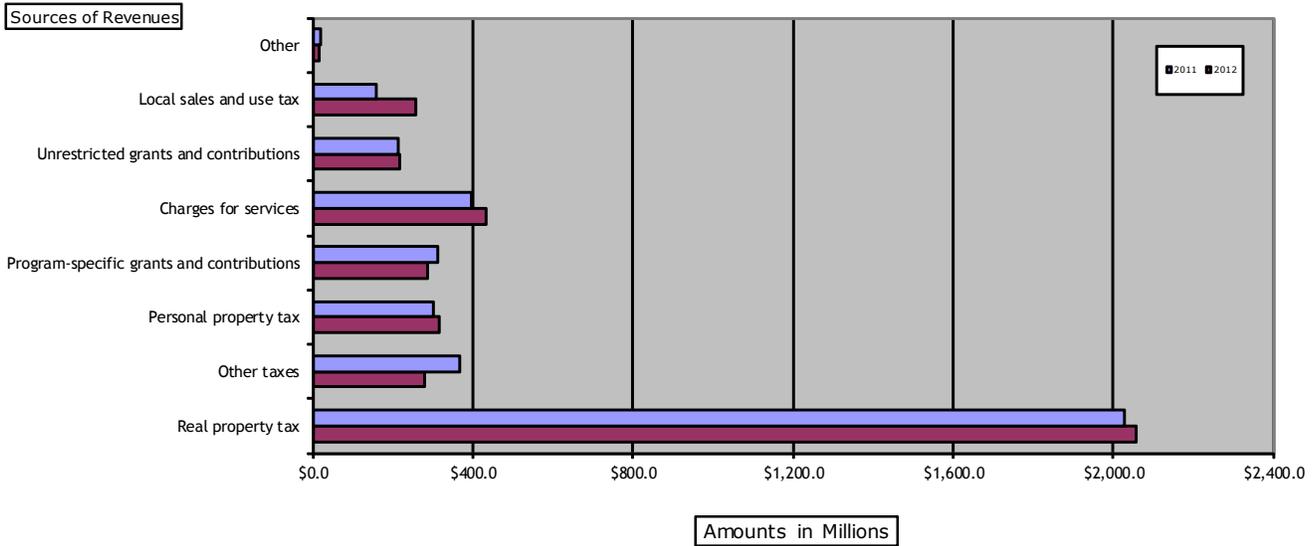
Summary of Changes in Net Assets For the Fiscal Years Ended June 30 (\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 432.9	395.7	\$ 188.9	154.0	\$ 621.8	549.7
Operating grants and contributions	256.1	292.9	-	-	256.1	292.9
Capital grants and contributions	29.7	17.0	14.0	12.4	43.7	29.4
General revenues:						-
Real property tax	2,057.9	2,028.4	-	-	2,057.9	2,028.4
Personal property tax	317.0	301.3	-	-	317.0	301.3
Business licenses tax	155.5	150.7	-	-	155.5	150.7
Local sales and use tax	257.8	158.8	-	-	257.8	158.8
Consumers utility tax	65.3	113.7	-	-	65.3	113.7
Other taxes	59.6	101.8	-	-	59.6	101.8
Unrestricted grants and contributions	218.3	211.8	-	-	218.3	211.8
Revenue from the use of money	14.8	18.6	0.5	1.1	15.3	19.7
Total revenues	3,864.9	3,790.7	203.4	167.5	4,068.3	3,958.2
Expenses:						
General government administration	182.3	139.0	-	-	182.3	139.0
Judicial administration	54.7	52.3	-	-	54.7	52.3
Public safety	621.9	618.8	-	-	621.9	618.8
Public works	176.7	192.1	162.9	157.1	339.6	349.2
Health and welfare	562.2	546.9	-	-	562.2	546.9
Community development	393.5	378.6	-	-	393.5	378.6
Parks, recreation, and cultural	114.8	105.3	-	-	114.8	105.3
Education	1,769.7	1,744.2	-	-	1,769.7	1,744.2
Interest on long-term debt *	112.6	98.6	-	-	112.6	98.6
Total expenses	3,988.4	3,875.8	162.9	157.1	4,151.3	4,032.9
Increase (decrease) in net assets before special item	(123.5)	(85.1)	40.5	10.4	(83.0)	(74.7)
Special items:						
Proceeds from the sale of land	3.5	7.3	-	-	3.5	7.3
Gain from sale of purchased capacity	-	-	-	16.8	-	16.8
Increase (decrease) in net assets	(120.0)	(77.8)	40.5	27.2	(79.5)	(50.6)
Beginning net assets	479.0	556.8	897.3	870.1	1,376.3	1,426.9
Ending net assets	\$ 359.0	479.0	\$ 937.8	897.3	\$ 1,296.8	1,376.3

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

Governmental Activities

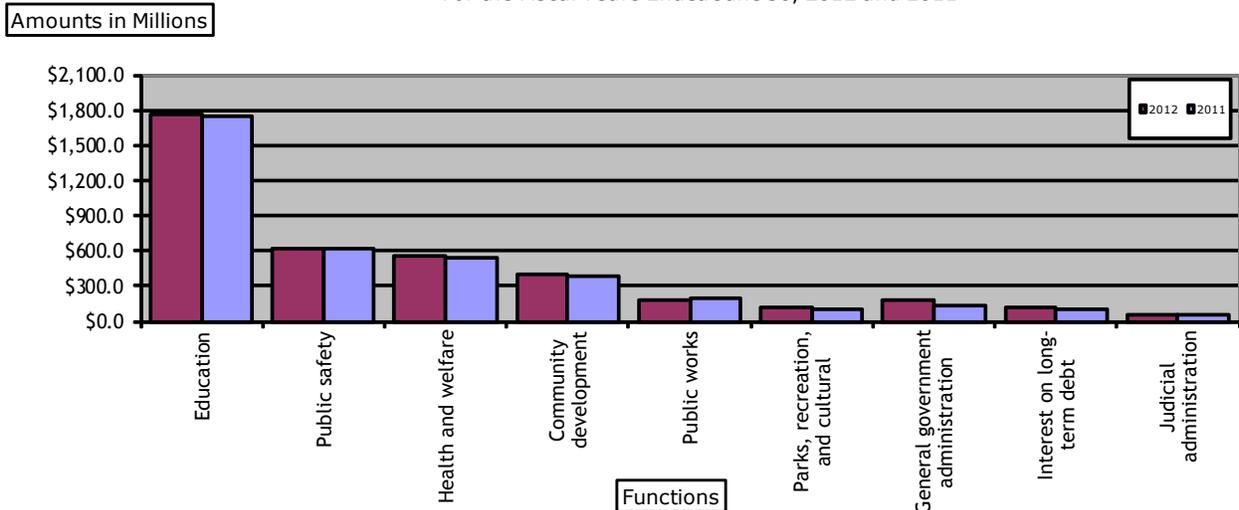
Revenues for the County's governmental activities were \$3,864.9 million for fiscal year 2012, representing an increase of \$74.2 million over fiscal year 2011. Sources of revenues for fiscal years 2012 and 2011 are shown below:

Governmental Activities - Revenues by Source
For the Fiscal Years Ended June 30, 2012 and 2011



Taxes constitute the largest source of County revenues, amounting to \$2,913.1 million for fiscal year 2012, an increase of \$58.4 million over fiscal year 2011, primarily due to real property taxes. Real property taxes (\$2,057.9 million) represent 70.6 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, 2012 and 2011



Total cost of all of the County's governmental activities for fiscal year 2012 was \$3,988.4 million, representing an increase of \$112.6 million over fiscal year 2011. As the chart below indicates, education continues to be the County's largest program. Education expenses totaled about \$1.77 billion in fiscal year 2012, supporting school operations and to service debt for bond-funded projects to build new schools and renew older facilities. Public safety expenses represent the second largest expense category, totaling \$621.9 million in fiscal year 2012. Public safety expenses increased \$3.1 million compared with \$14.6 million in fiscal year 2011, primarily due to savings associated with managing position vacancies.

The table on the right shows 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—and the net cost of each program (total cost less fees generated by the programs and program-specific intergovernmental aid).

Some of the cost of governmental activities was paid by those who directly benefited from the programs (\$432.9 million) and other governments and

organizations that subsidized certain programs with grants and contributions (\$391.5 million). Of the \$3,164.0 million net cost of services, the amount that taxpayers paid for these programs through County taxes was \$2,913.1 million.

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	
	2012	2011	2012	2011
Education	\$ 1,769.7	1,744.2	\$ 1,769.7	1,744.2
Public safety	621.9	618.8	504.0	493.8
Health and welfare	562.2	546.9	349.4	317.7
Community development	393.5	378.6	216.3	231.1
Public works	176.7	192.1	44.8	68.1
General government administration	182.3	139.0	32.1	107.9
Other	282.1	256.2	247.7	207.3
Total	\$ 3,988.4	3,875.8	\$ 3,164.0	3,170.1

Business-type Activities

The Sewer System recovers its costs primarily through user service charges and availability fees. For fiscal year 2012, the Sewer System reported an increase in net assets of \$40.5 million. Total revenues of the Sewer System increased \$35.9 million over fiscal year 2011. This increase was primarily the result of increases in service charges, availability charges, and contributions from Developers.

Total expenses of the Sewer System for fiscal year 2012 were \$162.9 million, increasing by \$5.8 million over fiscal year 2011. This increase resulted primarily from increases in the cost for contractual services 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. Due to the implementation of GASB Statement 54, fund balance classifications are now reported by purpose within these classifications; nonspendable, restricted, committed, assigned, and unassigned.

As of June 30, 2012, the County's governmental funds had a combined fund balance of \$1,124.5 million, compared with \$1,153.5 million at June 30, 2011. Of the fiscal year 2012 fund balance, \$29.1 million is assigned in the General Fund, 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 31.0 percent (\$109.7million) of the total 2012 General fund balance is unassigned,

representing resources not associated with a specified purpose. Of the total fund balance, 64.5 percent (\$724.9 million) has been restricted or committed to meet the program needs in the special revenue, capital projects, and debt service funds. Nonspendable prepaid expenditures and long-term loans are 4.4 percent (\$49.6 million) of the total fund balance. At June 30, 2012, \$176.1 million of the General Fund's committed fund balance of \$213.7 million is designated for the managed reserve and revenue stabilization fund based on Fiscal Year 2013 projections.

For the fiscal year ended June 30, 2012, fund balances for all governmental funds decreased by \$29.0 million, compared with the \$148.1 million increase for fiscal year ended June 30, 2011. Total revenues and other financing sources were \$5,150.4 million, and total expenditures and other financing uses were \$5,182.9 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 unassigned fund balance was \$109.7 million, which represents approximately 3.8 percent of the General Fund's total expenditures. Revenues of \$3,383.2 million, less expenditures of \$2,954.8 million and other financing uses of \$451.1 million, resulted in a net decrease in fund balance of \$22.7 million, primarily to support a market rate compensation increase for employees and required benefit expenses for retirement, health insurance, and Other Post-Employment Benefits (OPEB). It should be noted that some utilization of fund balance is generally expected each year as the County uses savings from prior years held in fund balance to offset disbursement requirements.

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 \$89.6 million or 2.7 percent. This increase is due primarily to the carryover of prior-year commitments. The final amended budget revenues and transfers exceeded the original budget by \$47.6 million or 1.4 percent, primarily because of projected increases in taxes.

Actual revenues exceeded final budget amounts by \$25.8 million, while actual expenditures were \$53.7 million less than final budget amounts. Highlights of the comparison of final budget to actual figures for the fiscal year ended June 30, 2012, include the following:

- Actual tax revenues exceeded budgeted amounts by \$14.7 million. The increase is primarily higher than projected collection rates on real estate and personal property and an overall improvement in the local economy.
- Intergovernmental revenues were \$6.5 million more than budgeted amounts primarily attributed to reimbursable expenditures associated with various public assistance programs, predominantly the Child Care Assistance and Referral program and reimbursements of administrative services.
- Revenues from the use of money and property were \$0.5 million less than budgeted amounts reflecting a decrease in Interest on Investments.
- Actual general government administration expenditures were \$5.0 million, or 4.8 percent, less than budgeted amounts as a result of position vacancies and encumbrances carried forward to the next fiscal year.
- Actual public safety expenditures were \$10.4 million, or 2.5 percent, less than budgeted amounts mainly as a result of savings associated with managing position vacancies and overtime, as well as the carryforward of encumbrances.

- Actual health and welfare expenditures were \$12.7 million, or 4.2 percent, less than budgeted amounts reflecting unanticipated vacancies in higher level positions, continued cost savings in Comprehensive Service Act (CSA) spending, and the maximization of Medicaid reimbursement, and encumbered carryover.
- Nondepartmental expenditures were \$10.3 million, or 3.8 percent, less than budgeted amounts primarily due to one-time funds received from the state for the Child Care Assistance and Referral program and savings in group health insurance, Social Security (FICA), contributions to the three County Retirement Systems and the Virginia Retirement System, unemployment compensation, and increased reimbursements from capital projects.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The County's investment in capital assets as of June 30, 2012, amounted to \$3.6 billion (net of accumulated depreciation and amortization), which represents an increase of \$191.7 million, or 5.6 percent, over last year. Capital assets as of June 30, 2012 and 2011, are summarized below:

Capital Assets As of June 30 (\$ in millions)							
	Governmental Activities		Business-type Activities		Total Primary Government		
	2012	2011	2012	2011	2012	2011	
Land	\$ 417.8	415.6	\$ 17.4	17.4	\$ 435.2	433.0	
Easements	3.6	8.3	0.4	0.4	4.0	8.7	
Buildings, improvements, and infrastructure	2,012.7	1,958.8	1,109.7	1,073.7	3,122.4	3,032.5	
Software	70.6	0.4	-	-	70.6	0.4	
Equipment and library collections	461.3	453.5	11.6	11.3	472.9	464.8	
Construction in progress	208.1	87.3	85.7	68.2	293.8	155.5	
Equipment under construction	21.3	30.6	-	-	21.3	30.6	
Software in development	4.4	43.6	-	-	4.4	43.6	
Purchased capacity	-	-	823.6	785.0	823.6	785.0	
Total capital assets	3,199.8	2,998.1	2,048.4	1,956.0	5,248.2	4,954.1	
Less: Accumulated depreciation and amortization	(909.1)	(858.8)	(744.8)	(692.7)	(1,653.9)	(1,551.5)	
Total capital assets, net	\$ 2,290.7	2,139.3	\$ 1,303.6	1,263.3	\$ 3,594.3	3,402.6	

The major capital asset activities for fiscal year 2012 included the following:

- The ongoing costs associated with the replacement of County and Schools legacy mainframe systems. This project will replace core operating systems in support of the human resources, budgeting, purchasing, and accounting functions. Fiscal year 2012 development included additional accounting and human resource functionality with expenditures of approximately \$39.4 million including software and infrastructure purchases, County and FCPS staff time, and consultant implementation costs.
- Fairfax County continues to invest in the Metrorail extension with fiscal year 12 expenditures of \$58.0 million for construction of the Wiehle Avenue Facility.

- Developers' contributions of sewer lines and manholes totaled \$3.7 million.
- The purchase of library books and audio/video materials totaled \$2.9 million, funded through general operating revenues.
- The ongoing construction costs associated with various sidewalks, trails, walkways, and other pedestrian improvements, totaled \$8.3 million, funded through general and special revenue funds as well as transportation construction bonds.
- The Sewer System's share of the upgrade costs of the Arlington County, City of Alexandria, Upper Occoquan Service Authority, and the District of Columbia's wastewater treatment facilities, which provide service to certain County residents, was \$2.3 million, \$7.9 million, \$3.9 million and \$24.4 million, respectively.

Additional information related to the County's capital assets can be found in Note F to the financial statements on page 68.

Long-term Debt

There is no legal limit on the amount of long-term indebtedness that the County can 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 2012, these percentages were 1.30 percent and 8.43 percent, respectively.

In February 2012, the County issued \$217.7 million of Series 2012A General Obligation Public Improvement Bonds with a true interest cost of 2.43 percent and a premium of \$23.8 million. Proceeds of \$217.7 million are being used to fund new facilities and improvements, as follows (in millions):

County facilities:	
Transportation facilities	\$ 13.9
Public safety facilities.....	9.0
Other purposes	9.8
Park facilities	12.2
Transportation facilities	32.3
Public Schools facilities.....	<u>140.5</u>
Total bonds issued for new projects.....	<u>\$217.7</u>

In February 2012, the County also issued \$192.4 million of Series 2012B General Obligation Refunding Bonds to advance refund for multiple outstanding Series bonds, thereby taking advantage of lower interest rates to reduce the County's debt service payments by \$28.2 million over the next twelve years and obtaining an economic gain of \$24.7 million.

In April 2012, the Economic Development Authority issued \$47.7 million of revenue refunding bonds (Laurel Hill Public Facilities Projects) Series 2012A to advance refund the portion of the outstanding Series 2003 Laurel Hill revenue bonds to reduce the County's debt service payments by \$6.4 million and obtaining an economic gain of \$5.2 million.

In May 2012, the Economic Development Authority issued \$66 million of facilities revenue bonds (Community Services Facilities Projects) Series 2012A to finance the improvement of certain properties to be used by Fairfax County as a mental health facility and as a neighborhood community center, with a true interest cost of 3.75 percent and a premium of \$7.2 million.

The following is a summary of the County's gross outstanding long-term debt as of June 30, 2012 and 2011:

Outstanding Long-term Debt As of June 30 (\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
General obligation bonds issued for:						
County facilities	\$ 347.0	375.6	\$ -	-	\$ 347.0	375.6
Public Schools facilities	1,286.0	1,260.5	-	-	1,286.0	1,260.5
Park Authority facilities	167.3	170.7	-	-	167.3	170.7
Washington Metropolitan Area Transit Authority	101.1	82.0	-	-	101.1	82.0
Northern Virginia Regional Park Authority	17.8	15.2	-	-	17.8	15.2
Commonwealth of Virginia (roads)	98.2	92.2	-	-	98.2	92.2
Revenue bonds	716.7	557.8	-	-	716.7	557.8
Sewer revenue bonds	-	-	552.2	565.1	552.2	565.1
Capital leases and other	43.4	48.4	-	-	43.4	48.4
Total County outstanding debt	\$ 2,777.5	2,602.4	\$ 552.2	565.1	\$ 3,329.7	3,167.5

Additional information related to the County's long-term debt can be found in Note J to the financial statements on page 86.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following economic factors are reflected in the General Fund budget for fiscal year 2013:

- The assessed value of all real property increased by \$6.3 billion, or 3.27 percent, over the fiscal year 2012 value. This resulted from new construction and rising occupancy rates for nonresidential real estate.
- Equalized residential property assessments for fiscal year 2013 rose up to .71 percent. Values of existing residential properties rose in fiscal year 2012 for the first time since fiscal year 2007; continued rise in fiscal year 2013 suggests a sustainable rebound in this housing market.

- Non-residential equalization increased 8.21 percent for fiscal year 2013. Much of this increase was the result of Office Elevator properties and multi-family apartment properties. Office Elevator properties increased 11.34 percent and apartment values rose 12.60 percent.
- Personal property tax revenue is projected to increase 5.9 percent in fiscal year 2013. The total vehicle volume is forecast to increase 1.9 percent in fiscal year 2013. The slight increase is due to an increase in new vehicle purchases.
- Revenue from investments is expected to decrease due to a decline in the anticipated yield earned on the County's investment portfolio.

The fiscal year 2013 Adopted Budget includes revenues of \$3.47 billion, or a 3.6 percent increase over the fiscal year 2012 Revised Budget Plan. Real and personal property taxes represent the majority of budgeted revenues, comprising approximately 76.8 percent of the fiscal year 2013 General Fund revenues. Revenue from real property taxes alone makes up 60.9 percent of total revenues, as compared with approximately 61.6 percent in the fiscal year 2012 Adopted Budget.

Budgeted disbursements, which include expenditures and transfers out, are \$3.54 billion, a 2.0 percent increase over the fiscal year 2012 level. County funding for Public Schools is \$1.85 billion – approximately 52.2 percent of the County's total General Fund budget. This funding supports operating costs, school construction, and debt service. Total direct expenditure funding increased by \$7.8 million, or 0.6 percent, over fiscal year 2012.

The following tax rate and fee adjustments were approved for fiscal year 2013:

- Real estate tax rate was increased from \$1.07 to \$1.075 per \$100 of assessed value.
- Commercial real estate tax rate for County transportation remains at \$0.11 per \$100 of assessed value, levied on commercial and industrial properties.
- Special real estate tax rate collected on all properties within Small District 1, Dranesville for the McLean Community Center decreased to \$0.022 per \$100 of assessed value. The rate collected on all properties within Small District 5, Hunter Mill for the Reston Community Center remains at \$0.047 per \$100 of assessed value.
- The sewer availability charge for new single-family homes remains at \$7,750 per unit.
- Sewer service rate increases from \$6.01 to \$6.55 per 1,000 gallons of water consumption.
- Refuse collection rate for County collection sanitation districts remains at \$345 per household and the refuse disposal rate remains at \$60 per ton.
- The Stormwater Services rate increases from \$0.015 to \$0.02 per \$100 of assessed value.

The County has added no new major initiatives for fiscal year 2013. The Board has maintained the dedication of one-half penny of the real estate tax rate for the preservation of Affordable Housing. Funding adjustments and strategies have been incorporated in the fiscal year 2013 Adopted Budget Plan to continue to address the County's commitment to achieving the strategic priorities of a strong investment in education; public safety and gang prevention; affordable housing; environmental protection; transportation improvements; and revenue diversification to reduce the burden on the homeowner.

Other potentially significant matters

During fiscal year 2010, the Commonwealth of Virginia initiated certain responsive actions to the economic downturn that will continue to affect Fairfax County Public Schools (FCPS), a discretely presented component unit of Fairfax County. Through changes in certain actuarial assumptions for VRS sponsored retirement plans, which were affected by legislation passed by the General Assembly, the Commonwealth was able to defer rate increases requested by the VRS Trustees, and an increase in the local employer share of these pension contributions was similarly deferred. Repayment of the deferred costs will begin starting in fiscal year 2013 and will continue until fully replenished in fiscal year 2021. Ultimately, it is likely that there will be significant increases in the local employer costs to be funded in order to meet the VRS's ability to meet its future payment obligations. Additional information regarding this or other matters that may impact FCPS may be found in the FCPS Comprehensive Annual Financial Report. Information regarding the relationship of FCPS to the County and how to request component unit reports may be found on page 36. Information regarding participation in VRS may be found beginning on page 78.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, 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 web site 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, 2012

	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
ASSETS			
Equity in pooled cash and temporary investments	\$ 1,235,955,943	90,468,581	1,326,424,524
Cash in banks	-	-	-
Investments	-	-	-
Receivables (net of allowances):			
Accounts	25,426,669	154,025	25,580,694
Accrued interest	3,578,818	5,613	3,584,431
Property taxes:			
Delinquent	19,676,083	-	19,676,083
Not yet due	2,330,706,251	-	2,330,706,251
Business license taxes - delinquent	3,699,057	-	3,699,057
Loans	55,453,420	-	55,453,420
Notes	-	-	-
Other	28,565	-	28,565
Due from intergovernmental units (net of allowances):			
Property tax relief:			
Property tax relief - not yet due	211,313,944	-	211,313,944
Other	85,872,176	45,623,919	131,496,095
Due from primary government	-	-	-
Due from component units	334,999	-	334,999
Loan to component unit	13,042,200	-	13,042,200
Lease to component unit	52,840,000	-	52,840,000
Interfund receivables	255,182	(255,182)	-
Inventories of supplies	2,089,090	426,944	2,516,034
Prepaid and other assets	3,342,231	-	3,342,231
Restricted assets:			
Equity in pooled cash and temporary investments	40,238,924	46,649,882	86,888,806
Cash with fiscal agents	202,476,174	11,042,564	213,518,738
Certificates of deposit - performance bonds	34,402	-	34,402
Investments	-	16,547,900	16,547,900
Net OPEB Asset	2,041,610	-	2,041,610
Deferred bond issuance costs (net of amortization)	19,137,654	1,037,765	20,175,419
Land held for sale	-	-	-
Capital assets:			
Non-depreciable/non-amortizable:			
Land	417,792,216	17,370,540	435,162,756
Easements	3,605,076	371,381	3,976,457
Construction in progress	208,056,448	85,651,793	293,708,241
Equipment under construction	21,337,570	-	21,337,570
Software in development	4,377,149	-	4,377,149
Depreciable/amortizable:			
Equipment	377,402,681	11,617,382	389,020,063
Software	70,637,283	-	70,637,283
Library collections	83,928,314	-	83,928,314
Purchased capacity	-	823,610,880	823,610,880
Buildings and improvements	1,320,382,984	1,109,742,974	2,430,125,958
Infrastructure	692,432,866	-	692,432,866
Accumulated depreciation	(909,112,322)	(515,408,986)	(1,424,521,308)
Accumulated amortization	-	(229,434,178)	(229,434,178)
Total assets	\$ 6,598,383,657	1,515,223,797	8,113,607,454

See accompanying notes to the financial statements.

EXHIBIT A

Total Component Units	Reclassifications (See Note A-12)	Total Reporting Entity	
ASSETS			
587,911,946	-	1,914,336,470	Equity in pooled cash and temporary investments
9,726,190	-	9,726,190	Cash in banks
4,755,000	-	4,755,000	Investments
-	-	-	Receivables (net of allowances):
5,202,189	-	30,782,883	Accounts
365,498	-	3,949,929	Accrued interest
-	-	-	Property taxes:
-	-	19,676,083	Delinquent
-	-	2,330,706,251	Not yet due
-	-	3,699,057	Business license taxes - delinquent
-	-	55,453,420	Loans
26,596,675	-	26,596,675	Notes
-	-	28,565	Other
-	-	-	Due from intergovernmental units (net of allowances):
-	-	-	Property tax relief:
-	-	211,313,944	Property tax relief - not yet due
61,985,990	-	193,482,085	Other
2,385,201	-	2,385,201	Due from primary government
-	-	334,999	Due from component units
-	-	13,042,200	Loan to component unit
-	-	52,840,000	Lease to component unit
-	-	-	Interfund receivables
3,104,761	-	5,620,795	Inventories of supplies
33,662,912	-	37,005,143	Prepaid and other assets
-	-	-	Restricted assets:
109,110,270	-	195,999,076	Equity in pooled cash and temporary investments
16,842,844	-	230,361,582	Cash with fiscal agents
3,825,985	-	3,860,387	Certificates of deposit - performance bonds
4,322,833	-	20,870,733	Investments
10,054,877	-	12,096,487	Net OPEB Asset
1,350,550	-	21,525,969	Deferred bond issuance costs (net of amortization)
1,407,320	-	1,407,320	Land held for sale
-	-	-	Capital assets:
-	-	-	Non-depreciable/non-amortizable:
451,884,674	-	887,047,430	Land
17,016,009	-	20,992,466	Easements
205,952,800	-	499,661,041	Construction in progress
-	-	21,337,570	Equipment under construction
4,843,645	-	9,220,794	Software in development
-	-	-	Depreciable/amortizable:
270,274,424	-	659,294,487	Equipment
4,187,036	-	74,824,319	Software
33,477,414	-	117,405,728	Library collections
-	-	823,610,880	Purchased capacity
3,473,865,456	-	5,903,991,414	Buildings and improvements
-	-	692,432,866	Infrastructure
(1,650,165,329)	-	(3,074,686,637)	Accumulated depreciation
(1,629,917)	-	(231,064,095)	Accumulated amortization
3,692,317,253	-	11,805,924,707	Total assets

continued

COUNTY OF FAIRFAX, VIRGINIA
Statement of Net Assets
June 30, 2012

	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
LIABILITIES			
Accounts payable and accrued liabilities	\$ 114,880,701	3,195,681	118,076,382
Accrued salaries and benefits	32,357,649	679,086	33,036,735
Contract retainages	9,345,778	7,980,447	17,326,225
Accrued interest payable	33,083,135	5,832,955	38,916,090
Due to primary government	-	-	-
Due to component units	2,385,201	-	2,385,201
Deferred revenue:			
Property taxes not yet due	2,639,717,011	-	2,639,717,011
Other	42,219,075	-	42,219,075
Performance and other deposits	81,832,769	-	81,832,769
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds payable, net	190,849,653	-	190,849,653
Revenue bonds payable, net	25,613,171	17,375,698	42,988,869
Notes payable	28,287,238	-	28,287,238
Compensated absences payable	64,956,182	1,216,936	66,173,118
Obligations under capital leases and installment purchases	3,817,870	-	3,817,870
Insurance and benefit claims payable	34,553,426	-	34,553,426
Loan from primary government	-	-	-
Deferred Rent	-	-	-
Other	9,472,264	-	9,472,264
Portion due or payable after one year:			
General obligation bonds payable, net	1,932,108,197	-	1,932,108,197
Revenue bonds payable, net	715,056,965	540,195,964	1,255,252,929
Notes payable	8,062,500	-	8,062,500
Compensated absences payable	40,916,909	940,605	41,857,514
Landfill closure and postclosure obligation	64,349,670	-	64,349,670
Obligations under capital leases and installment purchases	7,415,908	-	7,415,908
Insurance and benefit claims payable	24,202,248	-	24,202,248
Net pension obligation	103,184,231	-	103,184,231
Loan from primary government	-	-	-
Deferred Rent	-	-	-
Other	30,712,220	-	30,712,220
Total liabilities	6,239,379,971	577,417,372	6,816,797,343
NET ASSETS			
Invested in capital assets, net of related debt	1,695,143,766	769,135,097	2,464,278,863
Restricted for:			
Grant programs	41,886,480	-	41,886,480
Sewer improvements	-	40,012,810	40,012,810
Repair and replacement	-	-	-
Community centers	18,116,465	-	18,116,465
Housing	-	-	-
Transportation	166,406,340	-	166,406,340
Capital projects	-	-	-
Debt service	-	11,042,564	11,042,564
Unrestricted (deficit)	(1,562,549,365)	117,615,954	(1,444,933,411)
Total net assets	\$ 359,003,686	937,806,425	1,296,810,111

See accompanying notes to the financial statements.

EXHIBIT A
concluded

Total Component Units	Reclassifications (See Note A-12)	Total Reporting Entity	
LIABILITIES			
48,120,233	-	166,196,615	Accounts payable and accrued liabilities
145,798,319	-	178,835,054	Accrued salaries and benefits
4,548,409	-	21,874,634	Contract retainages
5,118,947	-	44,035,037	Accrued interest payable
334,999	-	334,999	Due to primary government
-	-	2,385,201	Due to component units
-	-	2,639,717,011	Deferred revenue:
-	-		Property taxes not yet due
50,823,336	-	93,042,411	Other
4,880,843	-	86,713,612	Performance and other deposits
-	-	190,849,653	Long-term liabilities:
-	-		Portion due or payable within one year:
1,337,357	-	44,326,226	General obligation bonds payable, net
5,244,033	-	33,531,271	Revenue bonds payable, net
26,219,027	-	92,392,145	Notes payable
12,332,298	-	16,150,168	Compensated absences payable
28,202,024	-	62,755,450	Obligations under capital leases and installment purchases
210,000	-	210,000	Insurance and benefit claims payable
82,112	-	82,112	Loan from primary government
-	-	9,472,264	Deferred Rent
-	-	1,932,108,197	Other
-	-	1,287,888,410	Portion due or payable after one year:
32,635,481	-	72,519,060	General obligation bonds payable, net
64,456,560	-	54,359,635	Revenue bonds payable, net
12,502,121	-	64,349,670	Notes payable
-	-	82,616,266	Compensated absences payable
75,200,358	-	47,410,303	Landfill closure and postclosure obligation
23,208,055	-	103,184,231	Obligations under capital leases and installment purchases
-	-	12,832,200	Insurance and benefit claims payable
12,832,200	-	2,322,597	Net pension obligation
2,322,597	-	30,712,220	Loan from primary government
-	-		Deferred Rent
556,409,309	-	7,373,206,652	Other
			Total liabilities
NET ASSETS			
2,631,339,336	(1,341,363,468)	3,754,254,731	Invested in capital assets, net of related debt
-	-	41,886,480	Restricted for:
-	-	40,012,810	Grant programs
700,000	-	700,000	Sewer improvements
-	-	18,116,465	Repair and replacement
24,380,902	-	24,380,902	Community centers
-	-	166,406,340	Housing
4,582,726	(112,020,512)	(107,437,786)	Transportation
1,972,833	-	13,015,397	Capital projects
472,932,147	1,453,383,980	481,382,716	Debt service
3,135,907,944	-	4,432,718,055	Unrestricted (deficit)
			Total net assets

COUNTY OF FAIRFAX, VIRGINIA
Statement of Activities
For the fiscal year ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government administration	\$ 182,306,989	26,601,379	8,594,474	9,388,032
Judicial administration	54,731,149	14,336,010	2,411,986	-
Public safety	621,850,677	62,860,108	54,944,161	-
Public works	176,714,926	110,804,240	2,148,526	18,956,618
Health and welfare	562,237,332	68,152,942	144,704,272	-
Community development	393,528,633	135,064,411	40,769,869	1,351,838
Parks, recreation, and cultural	114,767,984	15,089,922	2,608,876	-
Education - for Public Schools	1,769,700,781	-	-	-
Interest on long-term debt	112,604,312	-	-	-
Total governmental activities	3,988,442,783	432,909,012	256,182,164	29,696,488
Business-type activities:				
Public works - Sewer	162,918,142	188,917,214	-	13,974,206
Total business-type activities	162,918,142	188,917,214	-	13,974,206
Total primary government	4,151,360,925	621,826,226	256,182,164	43,670,694
Component units:				
Public Schools	2,446,209,600	106,786,532	235,073,145	161,268,337
Redevelopment and Housing Authority	109,166,869	41,444,562	59,191,152	5,983,387
Park Authority	88,384,683	43,324,989	-	13,811,586
Economic Development Authority	9,363,306	-	-	-
Total component units	\$ 2,653,124,458	191,556,083	294,264,297	181,063,310

General revenues:

Taxes:

- Real property
- Personal property
- Business licenses
- Local sales and use
- Consumers utility
- Recordation

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

Special items:

- Proceeds from the sale of land
- Total general revenues
- Change in net assets
- Net assets, July 1, 2011
- Net assets, June 30, 2012

See accompanying notes to the financial statements.

EXHIBIT A-1

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Total	
Governmental Activities	Business-type Activities	Total Primary Government	Component Units	Functions/Programs
				Primary government:
				Governmental activities:
(137,723,104)	-	(137,723,104)	-	General government administration
(37,983,153)	-	(37,983,153)	-	Judicial administration
(504,046,408)	-	(504,046,408)	-	Public safety
(44,805,542)	-	(44,805,542)	-	Public works
(349,380,118)	-	(349,380,118)	-	Health and welfare
(216,342,515)	-	(216,342,515)	-	Community development
(97,069,186)	-	(97,069,186)	-	Parks, recreation, and cultural
(1,769,700,781)	-	(1,769,700,781)	-	Education - for Public Schools
(112,604,312)	-	(112,604,312)	-	Interest on long-term debt
(3,269,655,119)	-	(3,269,655,119)	-	Total governmental activities
				Business-type activities:
-	39,973,278	39,973,278	-	Public works - Sewer
-	39,973,278	39,973,278	-	Total business-type activities
(3,269,655,119)	39,973,278	(3,229,681,841)	-	Total primary government
				Component units:
-	-	-	(1,943,081,586)	Public Schools
-	-	-	(2,547,768)	Redevelopment and Housing Authority
-	-	-	(31,248,108)	Park Authority
-	-	-	(9,363,306)	Economic Development Authority
-	-	-	(1,986,240,768)	Total component units
				General revenues:
				Taxes:
2,057,935,398	-	2,057,935,398	-	Real property
316,966,006	-	316,966,006	-	Personal property
155,480,677	-	155,480,677	-	Business licenses
257,770,918	-	257,770,918	-	Local sales and use
65,254,197	-	65,254,197	-	Consumers utility
26,223,747	-	26,223,747	-	Recordation
33,360,801	-	33,360,801	-	Occupancy, tobacco, and other
218,287,716	-	218,287,716	415,418,086	Grants and contributions not restricted to specific programs
14,807,663	521,755	15,329,418	418,896	Revenue from the use of money
-	-	-	1,661,547,786	Revenue from primary government
-	-	-	1,684,971	Other
3,499,567	-	3,499,567	-	Special items:
3,149,586,690	521,755	3,150,108,445	2,079,069,739	Proceeds from the sale of land
(120,068,429)	40,495,033	(79,573,396)	92,828,971	Total general revenues
479,072,115	897,311,392	1,376,383,507	3,043,078,973	Change in net assets
\$ 359,003,686	937,806,425	1,296,810,111	3,135,907,944	Net assets, July 1, 2011
				Net assets, June 30, 2012

COUNTY OF FAIRFAX, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2012

EXHIBIT A-2

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Equity in pooled cash and temporary investments	\$ 527,442,900	565,108,439	1,092,551,339
Receivables (net of allowances):			
Accounts	10,766,747	14,206,329	24,973,076
Accrued interest	192,382	3,382,621	3,575,003
Property taxes:			
Delinquent	19,676,083	-	19,676,083
Not yet due	2,330,706,251	-	2,330,706,251
Business license taxes - delinquent	3,699,057	-	3,699,057
Loans	-	55,453,420	55,453,420
Due from intergovernmental units (net of allowances):			
Not yet due	211,313,944		211,313,944
Other	54,867,999	28,840,670	83,708,669
Due from component units	334,999	-	334,999
Loan to component unit	-	13,042,200	13,042,200
Lease to component unit	-	52,840,000	52,840,000
Interfund receivables	4,806,532	2,326,715	7,133,247
Prepaid and other assets	1,463,515	1,867,838	3,331,353
Restricted assets:			
Equity in pooled cash and temporary investments	-	40,238,924	40,238,924
Cash with fiscal agents	633,291	201,655,883	202,289,174
Certificates of deposit - performance bonds	34,402	-	34,402
Total assets	\$ 3,165,938,102	978,963,039	4,144,901,141
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 34,718,673	74,014,890	108,733,563
Accrued salaries and benefits	26,216,368	5,353,829	31,570,197
Contract retainages	-	9,345,778	9,345,778
Accrued interest payable	-	1,026,351	1,026,351
Due to component units	1,882,693	502,508	2,385,201
Interfund payables	-	7,329,929	7,329,929
Deferred revenue:			
Property taxes not yet due	2,639,717,011	-	2,639,717,011
Other	42,876,588	95,616,219	138,492,807
Performance and other deposits	66,855,603	14,977,166	81,832,769
Total liabilities	\$ 2,812,266,936	208,166,670	3,020,433,606

EXHIBIT A-2

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances:			
Nonspendable:			
Prepaid amounts	\$ 1,129,586	519,231	1,648,817
Long-term loan	-	47,994,490	47,994,490
Total Nonspendable	<u>1,129,586</u>	<u>48,513,721</u>	<u>49,643,307</u>
Restricted for:			
Public safety, courts, and judicial	-	27,523,681	27,523,681
General public works	-	111,824,012	111,824,012
Stormwater management	-	22,913,537	22,913,537
Transportation	-	166,890,510	166,890,510
Social services, health and welfare	-	10,076,810	10,076,810
Housing and community development	-	29,737,856	29,737,856
Parks, recreation, and cultural	-	18,690,717	18,690,717
Debt service	-	17,655,664	17,655,664
Capital projects	-	163,612,255	163,612,255
Other purposes	-	878,867	878,867
Total Restricted	<u>-</u>	<u>569,803,909</u>	<u>569,803,909</u>
Committed to:			
Revenue stabilization	105,318,503	-	105,318,503
Managed reserves	70,755,734	-	70,755,734
Public safety, courts, and judicial	982,168	12,738,099	13,720,267
Transportation	-	41,747,934	41,747,934
Social services, health and welfare	1,428,524	2,319,565	3,748,089
Housing and community development	25,410	17,936,740	17,962,150
Parks, recreation, and cultural	1,766,904	-	1,766,904
Debt service	-	15,191,550	15,191,550
Capital projects	-	65,149,259	65,149,259
Other purposes	<u>33,441,542</u>	<u>-</u>	<u>33,441,542</u>
Total Committed	<u>213,718,785</u>	<u>155,083,147</u>	<u>368,801,932</u>
Assigned to:			
Public safety, courts, and judicial	9,380,167	-	9,380,167
General public works	4,207,814	-	4,207,814
Social services, health and welfare	7,813,457	-	7,813,457
Housing and community development	2,587,625	-	2,587,625
Parks, recreation, and cultural	792,935	-	792,935
Other purposes	<u>4,298,157</u>	<u>-</u>	<u>4,298,157</u>
Total Assigned	<u>29,080,155</u>	<u>-</u>	<u>29,080,155</u>
Unassigned:			
	<u>109,742,640</u>	<u>(2,604,408)</u>	<u>107,138,232</u>
Total fund balances	<u>353,671,166</u>	<u>770,796,369</u>	<u>1,124,467,535</u>
Total liabilities and fund balances	\$ 3,165,938,102	978,963,039	4,144,901,141

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, 2012

EXHIBIT A-2
concluded

Fund balances - Total governmental funds \$ 1,124,467,535

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

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

Non-depreciable/non-amortizable assets:		
Land	\$ 415,853,528	
Easements	3,555,058	
Construction in progress	208,056,448	
Equipment under construction	21,337,570	
Software in development	3,907,287	
Depreciable/amortizable assets:		
Equipment	253,385,405	
Software	69,080,799	
Library collections	83,928,314	
Buildings and improvements	1,298,808,020	
Infrastructure	<u>689,776,871</u>	
Total capital assets	3,047,689,300	
Less accumulated depreciation/amortization	<u>(824,793,212)</u>	2,222,896,088

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	\$ 17,691,153	
Business license	3,699,057	
Sales and use and other taxes	18,780,424	
EMS transport and other charges for services	3,263,095	
Lease to component unit	<u>52,840,000</u>	96,273,729

Certain other receivables are accrued only in the government-wide statements 2,163,507

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. 19,137,654

OPEB costs are recognized as expenditures in the fund statements, but are deferred in the government-wide statements. 2,041,610

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	\$ 146,925,849	
Capital assets	152,263,287	
Less accumulated depreciation/amortization	(84,319,110)	
Liabilities	<u>(71,323,731)</u>	143,546,295

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

General obligation bonds payable, net	\$ (2,122,957,850)	
Revenue bonds payable, net	(740,670,136)	
Notes payable	(36,349,738)	
Compensated absences payable	(102,813,281)	
Landfill closure and postclosure obligation	(64,349,670)	
Obligations under capital leases and installment purchases	(8,956,561)	
Net pension obligation	(103,184,231)	
Other long-term liabilities	(40,184,484)	
Accrued interest on long-term debt	<u>(32,056,781)</u>	<u>(3,251,522,732)</u>

Net assets of governmental activities \$ 359,003,686



COUNTY OF FAIRFAX, VIRGINIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2012

EXHIBIT A-3

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 2,881,577,799	26,328,004	2,907,905,803
Permits, privilege fees, and regulatory licenses	36,843,892	23,091,904	59,935,796
Intergovernmental	347,750,676	152,313,252	500,063,928
Charges for services	66,804,146	256,347,682	323,151,828
Fines and forfeitures	17,147,019	83,350	17,230,369
Developers' contributions	-	1,351,838	1,351,838
Revenue from the use of money and property	19,624,211	18,489,121	38,113,332
Recovered costs	12,351,649	7,942,919	20,294,568
Gifts, donations, and contributions	1,145,815	1,855,976	3,001,791
Total revenues	3,383,245,207	487,804,046	3,871,049,253
EXPENDITURES			
Current:			
General government administration	134,174,444	8,708,328	142,882,772
Judicial administration	48,614,484	1,456,739	50,071,223
Public safety	540,295,384	53,969,347	594,264,731
Public works	83,525,370	111,238,892	194,764,262
Health and welfare	362,790,788	194,864,849	557,655,637
Community development	54,506,493	130,708,487	185,214,980
Parks, recreation, and cultural	34,383,659	16,864,521	51,248,180
Intergovernmental:			
Community development	9,828,749	185,586,124	195,414,873
Parks, recreation, and cultural	31,890,125	24,483,160	56,373,285
Education - for Public Schools	1,610,974,578	158,726,203	1,769,700,781
Capital outlay:			
General government administration	38,902,298	6,927,335	45,829,633
Judicial administration	120,744	373,155	493,899
Public safety	496,518	27,745,281	28,241,799
Public works	336,125	29,044,318	29,380,443
Health and welfare	525,254	146,003	671,257
Community development	8,943	103,501,879	103,510,822
Parks, recreation, and cultural	2,959,225	4,771,442	7,730,667
Debt service:			
Principal retirement	431,927	198,767,722	199,199,649
Interest and other charges	71,724	122,923,708	122,995,432
Total expenditures	2,954,836,832	1,380,807,493	4,335,644,325
Excess (deficiency) of revenues over (under) expenditures	428,408,375	(893,003,447)	(464,595,072)
OTHER FINANCING SOURCES (USES)			
Transfers in	12,571,043	534,987,688	547,558,731
Transfers out	(463,707,216)	(88,063,851)	(551,771,067)
General obligation bonds issued	-	217,655,000	217,655,000
Premium on general obligation bonds issued	-	23,797,492	23,797,492
Revenue bonds issued	-	184,065,000	184,065,000
Premium on revenue bonds issued	-	9,244,490	9,244,490
General obligation refunding bonds issued	-	192,350,000	192,350,000
Premium on general obligation refunding bonds issued	-	50,178,549	50,178,549
Lease revenue refunding bonds issued	-	47,745,000	47,745,000
Premium on lease revenue refunding bonds issued	-	6,741,590	6,741,590
General obligation payments to refunded bonds escrow agent	-	(241,681,789)	(241,681,789)
Lease revenue bond payments to refunded bonds escrow agent	-	(53,783,433)	(53,783,433)
Total other financing sources (uses)	(451,136,173)	883,235,736	432,099,563
SPECIAL ITEM			
Proceeds from the sale of land	-	3,499,567	3,499,567
Net change in fund balances	(22,727,798)	(6,268,144)	(28,995,942)
Fund balances, July 1, 2011	376,398,964	777,064,513	1,153,463,477
Fund balances, June 30, 2012	\$ 353,671,166	770,796,369	1,124,467,535

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, 2012

EXHIBIT A-3
concluded

Net change in fund balances - Total governmental funds \$ (28,995,942)

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

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

Capital outlays	\$ 215,858,520	
Less depreciation/amortization expense	<u>(70,619,166)</u>	145,239,354

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. (25,594,403)

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. 24,396,618

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	\$ 1,049,346	
Delinquent business license taxes	14,461	
Sales and use and other taxes	1,210,584	
EMS transport and other charges for services	<u>2,309,589</u>	4,583,980

The receipt of principal payments for the lease to the component unit does not result in a revenue in the statement of activities. (1,305,000)

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 2012A General Obligation Public Improvement	\$ (241,452,492)	
Series 2012B General Obligation Refunding Bonds	(242,528,549)	
EDA Series 2012 Revenue Bonds	(193,309,490)	
EDA Series 2012 Revenue Refunding Bonds	<u>(54,486,590)</u>	(731,777,121)

The costs incurred from the issuance of long-term debt are recognized as expenditures in the fund statements, but are deferred and amortized in the government-wide statements, resulting in a net difference. 3,713,477

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. 6,721,000

Certain other long-term liabilities are recognized only in the government-wide statements, resulting in a net difference. 832,033

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	\$ 196,472,647	
Payment to escrow agent to refund bonds	295,465,222	
Principal payments of capital leases and installment purchases	<u>2,727,001</u>	494,664,870

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	\$ (4,652,291)	
Amortization of bond premiums and discounts	23,251,369	
Amortization of deferred losses on bond refundings	<u>(11,792,849)</u>	6,806,229

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	\$ (548,936)	
Compensated absences	(3,567,519)	
Net pension obligation	(14,177,267)	
Other	<u>(7,175,000)</u>	(25,468,722)

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. 6,115,198

Change in net assets of governmental activities \$ (120,068,429)

COUNTY OF FAIRFAX, VIRGINIA
 Statement of Net Assets
 Proprietary Funds
 June 30, 2012

	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	\$ 90,468,581	143,404,604
Accounts receivable	154,025	453,593
Accrued interest receivable	5,613	3,815
Due from intergovernmental units (net of allowance)	45,623,919	-
Interfund receivables	-	776,869
Inventories of supplies	426,944	2,089,090
Prepaid and other assets	-	10,878
Total unrestricted current assets	<u>136,679,082</u>	<u>146,738,849</u>
Restricted assets:		
Equity in pooled cash and temporary investments	46,649,882	-
Cash with fiscal agents	11,042,564	187,000
Investments	16,547,900	-
Total restricted current assets	<u>74,240,346</u>	<u>187,000</u>
Total current assets	<u>210,919,428</u>	<u>146,925,849</u>
Long-term assets:		
Capital assets:		
Non-depreciable/non-amortizable:		
Land	17,370,540	1,938,688
Easements	371,381	50,018
Construction in progress	85,651,793	-
Software in development	-	469,862
Depreciable/amortizable:		
Equipment	11,617,382	124,017,276
Software	-	1,556,484
Purchased capacity	823,610,880	-
Buildings and improvements	1,109,742,974	21,574,964
Infrastructure	-	2,655,995
Accumulated depreciation	(515,408,986)	(84,319,110)
Accumulated amortization	(229,434,178)	-
Total capital assets, net	<u>1,303,521,786</u>	<u>67,944,177</u>
Other long-term asset		
Deferred Bond issuance Costs (net of amortization)	<u>1,037,765</u>	-
Total other long-term assets	<u>1,037,765</u>	-
Total long-term assets	<u>1,304,559,551</u>	<u>67,944,177</u>
Total assets	<u>\$ 1,515,478,979</u>	<u>214,870,026</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	\$ 3,195,681	6,147,138
Accrued salaries and benefits	679,086	787,452
Contract retainages	7,980,447	-
Interfund payables	255,182	296,440
Accrued interest payable	5,832,955	-
Revenue bonds payable, net	17,375,698	-
Compensated absences payable	1,216,936	1,674,704
Obligations under capital leases	-	1,113,042
Insurance and benefit claims payable	-	34,553,426
Total current liabilities	36,535,985	44,572,202
Long-term liabilities:		
Revenue bonds payable, net	540,195,964	-
Compensated absences payable	940,605	1,385,106
Obligations under capital leases	-	1,164,175
Insurance and benefit claims payable	-	24,202,248
Total long-term liabilities	541,136,569	26,751,529
Total liabilities	577,672,554	71,323,731
NET ASSETS		
Invested in capital assets, net of related debt	769,135,097	65,666,960
Restricted for:		
Sewer improvements	40,012,810	-
Debt service	11,042,564	-
Unrestricted	117,615,954	77,879,335
Total net assets	\$ 937,806,425	143,546,295

COUNTY OF FAIRFAX, VIRGINIA
 Statement of Revenues, Expenses, and Changes in Net Assets
 Proprietary Funds
 For the fiscal year ended June 30, 2012

EXHIBIT A-5

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
OPERATING REVENUES:		
Sales of services		
Charges for services	\$ 159,957,639	273,481,266
Intergovernmental	-	674,646
Other	-	190,275
Total operating revenues	159,957,639	274,346,187
OPERATING EXPENSES:		
Personnel services	24,735,872	27,926,066
Materials and supplies	13,974,834	1,319,868
Equipment operation and maintenance	-	57,645,587
Risk financing and benefit payments	-	153,434,981
Depreciation and amortization	52,429,103	10,164,617
Professional consultant and contractual services	46,744,132	12,015,167
Other	-	10,181,921
Total operating expenses	137,883,941	272,688,207
Operating gain	22,073,698	1,657,980
NONOPERATING REVENUES (EXPENSES):		
Availability fees	28,959,575	-
Interest revenue	521,755	251,546
Interest expense	(25,227,137)	(128,592)
Amortization expense for bond issuance costs	(45,476)	-
Amortization of deferred gain on bond refunding	229,931	-
Gain (loss) on disposal of capital assets	8,481	(643,813)
Total nonoperating revenues (expenses)	4,447,129	(520,859)
Gain before contributions, special item, and transfers	26,520,827	1,137,121
Capital contributions	13,974,206	765,741
Transfers in	-	4,212,336
Change in net assets	40,495,033	6,115,198
Total net assets, July 1, 2011	897,311,392	137,431,097
Total net assets, June 30, 2012	\$ 937,806,425	143,546,295

See accompanying notes to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended June 30, 2012

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	\$ 152,155,755	-
Receipts from interfund services provided	-	273,145,884
Payments to suppliers and contractors	(58,766,499)	(73,333,108)
Payments to employees	(24,560,058)	(27,708,889)
Claims and benefits paid	-	(150,092,432)
Payments for interfund services used	-	(4,483,181)
Intergovernmental revenue received	-	674,646
Net cash provided by operating activities	<u>68,829,198</u>	<u>18,202,920</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	-	4,212,336
Net cash provided by noncapital financing activities	<u>-</u>	<u>4,212,336</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Availability fees received	28,959,575	-
Capital grants received	10,270,459	-
Principal payments on sewer revenue bonds	(16,445,122)	-
Interest payments on sewer revenue bonds	(25,417,608)	-
Proceeds from sale of capital assets	22,637	131,237
Purchase of capital assets, other than purchased capacity	(50,709,075)	(17,650,056)
Acquisition of purchased capacity	(34,601,590)	-
Principal payments on obligations under capital leases	-	(1,064,155)
Interest payments on obligations under capital leases	-	(128,592)
Net cash provided (used) by capital and related financing activities	<u>(87,920,724)</u>	<u>(18,711,566)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of restricted investments	16,371,746	-
Purchases of investments	(16,497,464)	-
Interest received	528,384	254,880
Net cash provided by investing activities	<u>402,666</u>	<u>254,880</u>
Net decrease in cash and cash equivalents	(18,688,860)	3,958,570
Cash and cash equivalents, July 1, 2011	<u>155,807,323</u>	<u>139,633,034</u>
Cash and cash equivalents, June 30, 2012	<u>\$ 137,118,463</u>	<u>143,591,604</u>
Reconciliation of operating to net cash provided by operating activities:		
Operating income	<u>\$ 22,073,698</u>	<u>1,657,980</u>
Adjustments to reconcile operating to net cash provided by operating activities:		
Depreciation and amortization	52,429,103	10,164,617
Change in assets and liabilities:		
Decrease in accounts receivable	-	(453,337)
(Increase) decrease in intergovernmental receivables	(7,801,884)	-
(Increase) in interfund receivables	-	(61,442)
(Increase) decrease in inventories of supplies	16,664	(199,515)
(Increase) decrease in other assets	17,916	288,193
Increase (decrease) in accounts payable and accrued liabilities	1,917,887	6,587,452
Increase in accrued salaries and benefits	151,826	190,617
Increase (decrease) in interfund payables	23,988	28,355
Total adjustments to operating	<u>46,755,500</u>	<u>16,544,940</u>
Net cash provided by operating activities	<u>\$ 68,829,198</u>	<u>18,202,920</u>
Noncash investing, capital, and financing activities:		
Capital contributions - sewer lines, manholes, and equipment	\$ 3,703,747	765,741
Net increase in long-term debt resulting from the issuance of loans/revenue bonds by UOSA	3,598,942	-
Increase in fair value of investments not classified as cash and cash equivalents	16,154	-

See accompanying notes to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA
 Statement of Fiduciary Net Assets
 June 30, 2012

EXHIBIT A-7

	Pension Trust Funds	OPEB Trust Fund	Agency Funds
ASSETS			
Equity in pooled cash and temporary investments	\$ 13,088,843	10,409,763	2,248,797
Cash collateral for securities lending	58,346,454	-	-
Accounts receivable	-	-	159,998
Contributions receivable	9,009,207	-	-
Accrued interest and dividends receivable	14,778,681	21,435	-
Receivable from sale of investments	155,291,403	-	-
Equipment	9,062	-	-
Investments, at fair value:			
U.S. Government and agency securities	134,742,724	-	-
Asset-backed securities	387,108,855	-	-
Corporate and other bonds	575,213,209	-	-
Common and preferred stock	1,291,806,683	-	-
Short-term investments	405,796,597	-	-
Investment in pooled funds	2,668,328,845	103,269,939	-
Equipment	-	-	-
Total assets	<u>5,713,520,563</u>	<u>113,701,137</u>	<u>\$ 2,408,795</u>
LIABILITIES			
Accounts payable and accrued liabilities	14,763,171	2,696	-
Accrued salaries and benefits	81,642	3,700	-
Interfund payable	27,633	932	-
Payable for purchase of pension investments	241,333,234	-	-
Liabilities for collateral received under securities lending agreements	58,346,454	-	-
Liabilities under reimbursement agreements	-	-	2,408,795
Total liabilities	<u>314,552,134</u>	<u>7,328</u>	<u>\$ 2,408,795</u>
NET ASSETS			
Held in trust for pension/OPEB benefits	\$ <u>5,398,968,429</u>	<u>113,693,809</u>	

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, 2012

EXHIBIT A-8

	Pension Trust Funds	OPEB Trust Fund
ADDITIONS		
Contributions:		
Employer	\$ 196,734,563	41,538,764
Plan members	52,414,240	-
Other	-	1,495,907
Total contributions	<u>249,148,803</u>	<u>43,034,671</u>
Investment income:		
From investment activities:		
Net appreciation in fair value of investments	128,962,370	758,785
Interest	88,155,428	43,181
Dividends	42,387,157	-
Total income from investment activities	<u>259,504,955</u>	<u>801,966</u>
Less investment activities expenses:		
Management fees	23,157,010	74,909
Other	1,761,998	500
Total investment activities expenses	<u>24,919,008</u>	<u>75,409</u>
Net income from investment activities	<u>234,585,947</u>	<u>726,557</u>
From securities lending activities:		
Securities lending income	1,279,884	-
Less securities lending expenses:		
Management fees	389,152	-
Total securities lending activities expenses	<u>389,152</u>	<u>-</u>
Net income from securities lending activities	<u>890,732</u>	<u>-</u>
Net investment income	<u>235,476,679</u>	<u>726,557</u>
Total additions	<u>484,625,482</u>	<u>43,761,228</u>
DEDUCTIONS		
Benefits	318,908,098	16,979,009
Refunds of contributions	4,738,586	-
Administrative expenses	2,431,947	138,579
Total deductions	<u>326,078,631</u>	<u>17,117,588</u>
Net increase	158,546,851	26,643,640
Net assets, July 1, 2011	5,240,421,578	87,050,169
Net assets, June 30, 2012	<u>\$ 5,398,968,429</u>	<u>113,693,809</u>

See accompanying notes to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Net Assets
Component Units
June 30, 2012

	Public Schools	Redevelopment and Housing Authority
ASSETS		
Equity in pooled cash and temporary investments	\$ 518,348,053	30,846,658
Cash in banks	-	9,726,190
Investments	-	4,755,000
Receivables (net of allowances):		
Accounts	3,706,076	1,488,901
Accrued interest	100,827	237,089
Notes	-	26,596,675
Due from intergovernmental units	61,760,990	-
Due from primary government	277,227	-
Interfund receivables	-	-
Inventories of supplies	3,104,761	-
Prepaid and other assets	29,034,266	4,361,881
Restricted assets:		
Equity in pooled cash and temporary investments	103,827,544	-
Cash with fiscal agents	-	16,842,844
Certificates of deposit - performance bonds	-	3,825,985
Investments	-	2,350,000
Net OPEB Asset	10,054,877	-
Deferred bond issuance costs (net of amortization)	-	1,125,468
Property held for sale	-	1,407,320
Capital assets:		
Non-depreciable/non-amortizable:		
Land	44,869,395	42,096,776
Easements	-	-
Construction in progress	194,676,267	885,043
Software in development	4,843,645	-
Depreciable/amortizable:		
Equipment	254,773,604	1,943,111
Software	4,187,036	-
Library collections	33,477,414	-
Buildings and improvements	2,902,505,715	217,117,252
Accumulated depreciation	(1,364,327,182)	(113,347,562)
Accumulated amortization	(1,629,917)	-
Total assets	<u>\$ 2,803,590,598</u>	<u>252,258,631</u>

See accompanying notes to the financial statements.

EXHIBIT A-9

Park Authority	Economic Development Authority	Total Component Units	
ASSETS			
38,717,235	-	587,911,946	Equity in pooled cash and temporary investments
-	-	9,726,190	Cash in banks
-	-	4,755,000	Investments
			Receivables (net of allowances):
7,212	-	5,202,189	Accounts
27,582	-	365,498	Accrued interest
-	-	26,596,675	Notes
225,000	-	61,985,990	Due from intergovernmental units
1,893,092	214,882	2,385,201	Due from primary government
-	-	-	Interfund receivables
-	-	3,104,761	Inventories of supplies
266,765	-	33,662,912	Prepaid and other assets
			Restricted assets:
5,282,726	-	109,110,270	Equity in pooled cash and temporary investments
-	-	16,842,844	Cash with fiscal agents
-	-	3,825,985	Certificates of deposit - performance bonds
1,972,833	-	4,322,833	Investments
-	-	10,054,877	Net OPEB Asset
225,082	-	1,350,550	Deferred bond issuance costs (net of amortization)
-	-	1,407,320	Land held for sale
			Capital assets:
			Non-depreciable/non-amortizable:
364,918,503	-	451,884,674	Land
17,016,009	-	17,016,009	Easements
10,391,490	-	205,952,800	Construction in progress
-	-	4,843,645	Software in development
			Depreciable/amortizable:
13,510,516	47,193	270,274,424	Equipment
-	-	4,187,036	Software
-	-	33,477,414	Library collections
353,474,528	767,961	3,473,865,456	Buildings and improvements
(172,224,187)	(266,398)	(1,650,165,329)	Accumulated depreciation
-	-	(1,629,917)	Accumulated amortization
635,704,386	763,638	3,692,317,253	Total assets

continued

COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Net Assets
Component Units
June 30, 2012

	Public Schools	Redevelopment and Housing Authority
LIABILITIES		
Accounts payable and accrued liabilities	\$ 39,045,002	6,566,132
Accrued salaries and benefits	142,998,905	474,051
Contract retainages	4,367,800	-
Accrued interest payable	797,822	4,160,467
Due to primary government	-	133,867
Deferred revenue	43,441,371	1,938,543
Performance and other deposits	1,811,063	2,271,607
Long-term liabilities:		
Portion due or payable within one year:		
Revenue bonds payable, net	-	667,317
Notes payable	-	5,244,033
Compensated absences payable	22,962,524	579,542
Landfill closure and postclosure costs	-	-
Obligations under capital leases and installment purchases	12,332,298	-
Insurance and benefit claims payable	28,202,024	-
Loan from primary government	-	-
Deferred rent	-	-
Portion due or payable after one year:		
Revenue bonds payable, net	-	26,000,206
Notes payable	-	64,456,560
Compensated absences payable	9,841,082	518,755
Obligations under capital leases and installment purchases	75,200,358	-
Insurance and benefit claims payable	23,208,055	-
Loan from primary government	-	-
Deferred rent	1,333,296	-
Total liabilities	405,541,600	113,011,080
NET ASSETS		
Invested in capital assets, net of related debt	1,986,757,990	75,320,412
Restricted for:		
Repair and replacement	-	-
Housing	-	24,380,902
Capital projects	-	-
Debt service	-	-
Unrestricted (deficit)	411,291,008	39,546,237
Total net assets	\$ 2,398,048,998	139,247,551

See accompanying notes to the financial statements.

EXHIBIT A-9

concluded

Park Authority	Economic Development Authority	Total Component Units	
			LIABILITIES
2,434,399	74,700	48,120,233	Accounts payable and accrued liabilities
2,185,181	140,182	145,798,319	Accrued salaries and benefits
180,609	-	4,548,409	Contract retainages
160,658	-	5,118,947	Accrued interest payable
201,132	-	334,999	Due to primary government
5,443,422	-	50,823,336	Deferred revenue
798,173	-	4,880,843	Performance and other deposits
			Long-term liabilities:
			Portion due or payable within one year:
670,040	-	1,337,357	Revenue bonds payable, net
-	-	5,244,033	Notes payable
2,489,695	187,266	26,219,027	Compensated absences payable
-	-	-	Landfill closure and postclosure costs
-	-	12,332,298	Obligations under capital leases and installment purchases
-	-	28,202,024	Insurance and benefit claims payable
210,000	-	210,000	Loan from primary government
-	82,112	82,112	Deferred rent
			Portion due or payable after one year:
6,635,275	-	32,635,481	Revenue bonds payable, net
-	-	64,456,560	Notes payable
2,069,966	72,318	12,502,121	Compensated absences payable
-	-	75,200,358	Obligations under capital leases and installment purchases
-	-	23,208,055	Insurance and benefit claims payable
12,832,200	-	12,832,200	Loan from primary government
-	989,301	2,322,597	Deferred rent
36,310,750	1,545,879	556,409,309	Total liabilities
			NET ASSETS
568,712,178	548,756	2,631,339,336	Invested in capital assets, net of related debt
			Restricted for:
700,000	-	700,000	Repair and replacement
-	-	24,380,902	Housing
4,582,726	-	4,582,726	Capital projects
1,972,833	-	1,972,833	Debt service
23,425,899	(1,330,997)	472,932,147	Unrestricted (deficit)
599,393,636	(782,241)	3,135,907,944	Total net assets

COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Activities
Component Units
For the fiscal year ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Public Schools:				
Education	\$2,446,209,600	106,786,532	235,073,145	161,268,337
Redevelopment and Housing Authority:				
Community development	109,166,869	41,444,562	59,191,152	5,983,387
Park Authority:				
Parks, recreation, and cultural	88,384,683	43,324,989	-	13,811,586
Economic Development Authority:				
Community development	<u>9,363,306</u>	-	-	-
Total component units	\$2,653,124,458	191,556,083	294,264,297	181,063,310

General revenues:

- Grants and contributions not restricted to specific programs
- Revenue from the use of money
- Share of Commonwealth's lottery proceeds
- Revenue from primary government
- Other

Total general revenues

Change in net assets

Net assets, July 1, 2011

Net assets, June 30, 2012

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
(1,943,081,586)	-	-	-	(1,943,081,586)
-	(2,547,768)	-	-	(2,547,768)
-	-	(31,248,108)	-	(31,248,108)
-	-	-	(9,363,306)	(9,363,306)
(1,943,081,586)	(2,547,768)	(31,248,108)	(9,363,306)	(1,986,240,768)
389,429,118	-	25,988,968	-	415,418,086
60,504	253,332	105,060	-	418,896
-	-	-	-	-
1,610,834,722	-	41,388,498	9,324,566	1,661,547,786
1,684,971	-	-	-	1,684,971
2,002,009,315	253,332	67,482,526	9,324,566	2,079,069,739
58,927,729	(2,294,436)	36,234,418	(38,740)	92,828,971
2,339,121,269	141,541,987	563,159,218	(743,501)	3,043,078,973
\$ 2,398,048,998	139,247,551	599,393,636	(782,241)	3,135,907,944



COUNTY OF FAIRFAX, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

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 of Supervisors 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. The County has assumed the responsibility for the management 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. The District is governed by the members of the Board of Supervisors representing the property owners within the district. The Board of Supervisors, 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.

Dulles Rail Phase II Transportation Improvement District - The Board of Supervisors created the Dulles Rail Phase II Transportation Improvement District in 2009 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. The District is governed by the members of the Board of Supervisors representing the property owners within the district. The Board of Supervisors, has the ability to impose its will on the district. Separate financial statements are not prepared for the Dulles Rail Phase II Transportation Improvement District.

Mosaic District Community Development Authority (CDA) - The CDA is an independent authority legally authorized by an act of the Virginia General Assembly and was formally created by the Board of Supervisors in April 2009. The CDA's purpose is to assist in the development of infrastructure improvements within the district. This authority is presented as a special revenue fund because the services provided exclusively benefit the County. Separate financial statements are not prepared for the CDA.

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). 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 2012, Fairfax Water collected approximately \$127.7 million on behalf of the County, and as of June 30, 2012, the County has receivables of approximately \$27.4 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 County Construction 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 J-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 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 debt service and major capital projects) that are legally restricted or committed to expenditure 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 uncollectable 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, 2012, 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, 2012, interest earned by these funds and assigned directly to the County’s General Fund is as shown on the right.

Primary Government	
Nonmajor Governmental Funds	\$ 2,990,773
Internal Service Funds	200,284
Total primary government	3,191,057
Component Units	
Public Schools	2,207,162
FCRHA	37,852
Park Authority	13,694
Total component units	2,258,708
Total reporting entity	\$ 5,449,765

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 ownership is recorded as of the trade date. Transactions are finalized and money movement occurs on the settlement date. For the retirement system, 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 2012, 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, the Systems hold off-financial statement derivatives. As of June 30, 2012, the ERS held futures with net exposure of \$487.2 million. URS held S&P futures with a net exposure of \$104.8 million. PORS held S&P futures with a net exposure of \$85.4 million. Gains and losses on derivative securities are determined based upon fair values and recorded in the Statements of Changes in Plan Net Assets.

During the fiscal year, consistent with standard accounting principle guidelines, the ERFC invested in currency forward derivatives that were not reported on the financial statements as of June 30, 2012. These derivatives are used for hedging non-USD denominated physical instruments back to the base currency. As of June 30, 2012 exposure to the currency forward contracts was \$(43,286).

In addition, the ERFC had indirect investments in derivatives through its ownership interest in EB DV

Large Capital Stock Fund and Emerging Markets Debt Fund, plus with two of the Private Real Estate managers. These portfolios are commingled funds in which ERFC has a percentage ownership. Derivatives in these portfolios consisted of interest rate swaps which reduce the effect of interest rate fluctuations by converting floating rate financing into fixed rate loans for real estate investments. Futures, because they are more liquid than over the counter derivatives, have among the lowest transaction costs available, carry minimal counterparty risk and are de facto currency hedged. Non Deliverable Forward's (NDF's) obtain exposure to a currency and its interest rate where the actual purchase of onshore debt is difficult. The interest rate exposure comes through the difference between the spot F/X rate and the forward F/X rate, and through investing the USD cash used as collateral in short dated US bonds. At June 30, 2012, exposure to interest rate swaps was \$2.8 million, exposure to futures contracts was \$0.02 million and exposure to NDF's was \$3.1 million.

8. Inventories

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

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

9. Restricted Assets

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

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

In accordance with the provisions of the 1985 General Bond Resolution as modified through July 2009, certain assets of the Sewer System are restricted for specific future uses, such as repayment of debt obligations, payments on construction projects, and extensions and improvements. Certain assets are restricted to fund the construction of nitrogen removal facilities. As of June 30, 2012, the Sewer System has cash and investments that are restricted for the following uses:

Restricted Assets of the Sewer System	
Extensions and improvements	\$ 40,012,810
Nitrogen removal facilities	
Long-term debt service requirements	23,184,972
Current debt service requirements	11,042,564
Total restricted assets	\$ 74,240,346

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

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

10. Capital Assets

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

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

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

Capital Assets	Useful Lives
Infrastructure	10 - 50 years
Sewer lines	50 years
Buildings	20 - 50 years
Purchased capacity	99 years
Improvements	15 - 25 years
Equipment	5 - 20 years
Library collections	5 years
Software	5 - 20 years

No depreciation is taken in the year of acquisition for library collections; depreciation/amortization on other capital assets commences when the assets are purchased or are substantially complete and ready for use. For constructed assets, all associated costs necessary to bring such assets to the condition and location necessary for their intended use, including interest on related debt with respect to the Sewer System, are initially capitalized as construction in progress and are transferred to buildings, improvements, and equipment 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, 2012, the primary government had \$277.5 million in restricted net assets, of which \$184.5 million was restricted by enabling legislation. Net assets which are neither restricted nor related to capital assets, are reported as unrestricted net assets.

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

Because this debt is related to capital assets and restricted assets of the reporting entity as a whole, the debt amount of \$1,453.4 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	Total Reclassification of Debt Issued	
Invested in capital assets, net of related debt	\$ 2,464,278,863	2,631,339,336	(1,178,600,414)	(162,763,054)	(1,341,363,468)	3,754,254,731
Restricted	277,464,659	31,636,461	(107,437,786)	(4,582,726)	(112,020,512)	197,080,608
Unrestricted	(1,444,933,411)	472,932,147	1,286,038,200	167,345,780	1,453,383,980	481,382,716
Total net assets	\$ 1,296,810,111	3,135,907,944	-	-	-	4,432,718,055

13. Fund Balance Classification

The Board of Supervisors, as the highest level of authority within the County, establishes the commitment of fund balance to purposes through the approval of the annual budget plan by resolution, in conjunction with the resolutions associated with the establishment of fee and tax rates, and acceptance or appropriation of funds. All subsequent changes to the budget plan to add, reduce, or redirect resources to other purposes are also accomplished by board resolution. As a result, all unrestricted amounts directed toward a purpose are shown as committed. Balances shown as assigned in the general fund represent encumbrances which would otherwise be unassigned.

The County considers restricted balances to be expended first in cases where both restricted and unrestricted amounts are available. When utilizing unrestricted balances, committed balances are applied first, followed by assigned then unassigned balances.

14. 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. Funds with significant encumbrance balances are as follows:

	Encumbrance Balance
Primary Government	
General Fund	
Public safety, courts, and judicial	\$ 9,380,167
General public works	4,207,814
Social services, health and welfare	7,813,457
Housing and community development	2,587,625
Parks, recreation, and cultural	792,935
Other purposes	<u>12,685,255</u>
Total General Fund	<u>37,467,253</u>
Capital Projects Funds	
Capital Project	<u>\$ 55,386,506</u>

15. Stabilization and Managed Reserve

In 1983, through resolution the Board of Supervisors established a policy to maintain a managed reserve in the general fund at a level sufficient for temporary financing of unforeseen emergency needs or to permit orderly adjustment to changes resulting from the termination of revenue sources through actions of other governmental bodies. The reserve is maintained at a level of not less than 2.0 percent of total general fund disbursements. The balance is adjusted as a part of the quarterly budget review process.

In 1999, the Board of Supervisors passed a resolution establishing the revenue stabilization fund. The revenue stabilization fund is included in the general fund for reporting purposes. The purpose of the revenue stabilization fund is 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. Three specific criteria must be met to draw from this fund. Projected revenues must reflect a decrease greater than 1.5% from the current year estimate, withdrawals must not exceed one-half of the fund balance in any fiscal year and withdrawals must be used in conjunction with spending cuts or other measures.

16. 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.

17. Intermunicipal Agreements

The Sewer System has entered into several intermunicipal agreements for the purpose of sharing sewage flow and treatment facility costs (see Note K). 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, intellectual disability 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.

18. Deficit fund balance

The Fairfax-Falls Church Community Services Board Fund had a deficit fund balance at June 30, 2012, of \$2.6 million. This fund is primarily funded from a transfer from the County General Fund, with additional revenue from the Virginia Department of Behavioral Health and Developmental Services, Medicaid, and Program and Client Fees. The deficit fund balance will be eliminated through a transfers from the County General Fund. Detailed information regarding this fund may be found in Exhibits D and D-1.

19. Use of Estimates

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

B. DEPOSITS AND INVESTMENTS**1. Deposit and Investment Policies**

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

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

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

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

The 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 sponsored by the Virginia Municipal League and the Virginia Association of Counties (VML/VACo). The primary government's and component unit's respective shares in this pool are reported on the face of 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, 919 East Main Street, Suite 1100, 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, 2012, are summarized at fair value as shown below:

Investment Type	Fair Value	Weighted Average Maturity (Days)
Primary Government - Pooled Investments:		
Pooled Investments:		
Agency discount notes	\$ 175,243,815	5.43
Commercial paper	533,220,015	28.94
Corporate Notes	57,356,868	5.59
Money market funds	148,508,084	0.19
Negotiable certificates of deposit	<u>573,582,754</u>	45.59
Total fair value	<u>\$ 1,487,911,536</u>	
Portfolio weighted average maturity		85.74
Component Units - Pooled Investments:		
Agency discount notes	\$ 67,570,185	5.43
Commercial paper	205,597,985	28.94
Corporate Notes	22,115,555	5.59
Money market funds	57,261,472	0.19
Negotiable certificates of deposit	<u>221,160,975</u>	45.59
Total fair value	<u>\$ 573,706,172</u>	
Portfolio weighted average maturity		85.74

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, 2012, 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	\$82,542,298	6.3
	39,567,050	6.8
	12,633,376	11.3
Corporate and other bonds	387,260,815	4.3
	86,664,584	5.6
	101,287,810	5.3
Asset-backed securities *	196,599,979	2.9
	82,627,172	3.2
	107,881,704	3.1
Short-term investments	302,599,224	0.1
	24,038,761	0.1
	<u>79,158,611</u>	0.1
Total fair value	<u>\$1,502,861,384</u>	
Component Unit - Pension Trust Fund:		
U.S. Treasuries	\$ 96,213,074	3.3
Agencies	13,401,442	1.6
Asset-backed securities *	117,654,884	1.3
Cash and Cash equivalents	700,857	0.0
Corporate bonds	152,590,020	6.1
Municipal bonds	8,567,425	4.8
Foreign bonds	54,314,347	2.1
Convertible and preferred bonds	12,226,409	7.2
Emerging markets	49,369,406	4.5
Other	<u>22,927,786</u>	0.1
Total fair value	<u>\$ 527,965,650</u>	

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

minimum rating of Prime 1 and A-1, respectively.

- Prime quality commercial paper shall be rated by at least two of the following: Moody’s, with a rating of P-1; S&P, A-1; Fitch Investor’s Services, Inc. (Fitch), F-1; or by Duff and Phelps, Inc., D-1.
- Mutual funds must have a rating of AAA or better by S&P, Moody’s, or another nationally recognized rating agency.
- Bank deposit notes must have a rating of at least A-1 by S&P and P-1 by Moody’s.
- Banker’s acceptances shall be rated by at least two of the following: Moody’s, with a rating of P-1; S&P, A-1; Fitch Investor’s Services, Inc. (Fitch), F-1; or by Duff and Phelps, Inc., D-1.
- Corporate notes must have a rating of at least Aa by Moody’s and a rating of at least AA by S&P.

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

3. Credit Risk

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

- U.S. government sponsored enterprise instruments shall be rated by both Moody’s and S&P with a

As of June 30, 2012, 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	- %	4.9 %	12.0 %	- %	- %	- %	- %	17.2 ** %
Asset-backed commercial paper	-	-	-	-	-	-	-	-
Banker's acceptances	-	-	-	-	-	-	-	-
Money market funds	-	-	-	-	-	-	-	9.5 **
Corporate notes	-	3.5	-	-	-	-	-	0.2
Certificates of deposit:								
Negotiable	-	5.1	31.5	-	-	-	-	-
Non-negotiable	-	-	-	-	-	-	-	-
Insured	-	-	-	-	-	-	-	4.8 **
Agency discount note	-	11.3	-	-	-	-	-	-
Pension Trust Funds:								
U.S. Government securities	- %	9.0 %	- %	- %	- %	- %	- %	- %
Corporate and other bonds	1.5	2.1	7.1	3.5	6.1	9.3	1.9	6.8
Asset-backed securities	0.9	12.9	0.6	0.1	0.2	0.6	7.9	2.6
Short-term investments	-	1.2	-	-	-	-	-	25.7
Component Units								
Pooled Investments:								
Commercial paper	- %	4.9 %	12.0 %	- %	- %	- %	- %	17.2 ** %
Asset-backed commercial paper	-	-	-	-	-	-	-	-
Banker's acceptances	-	-	-	-	-	-	-	-
Money market funds	-	-	-	-	-	-	-	9.5 **
Corporate notes	-	3.5	-	-	-	-	-	0.2
Certificates of deposit:								
Negotiable	-	5.1	31.5	-	-	-	-	-
Non-negotiable	-	-	-	-	-	-	-	-
Insured	-	-	-	-	-	-	-	4.8 **
Agency discount note	-	11.3	-	-	-	-	-	-
Pension Trust Fund:								
Government securities/agencies	14.4 %	3.2 %	- %	- %	- %	- %	- %	- %
Mortgage	0.9	16.1	-	-	-	-	-	0.3
Municipals	-	0.4	-	-	-	-	-	-
Corporate bonds	5.6	0.7	9.6	11.4	1.9	3.3	0.5	1.7
Foreign bonds	2.7	0.9	11.8	2.5	2.2	-	0.7	3.0
Other bonds	-	-	-	0.5	0.6	-	-	1.0
Other	-	-	-	-	-	-	-	4.1

* Credit quality ratings are determined using S&P's long-term rating schema, which approximates the greatest degree of risk as of June 30, 2012.

** Insured CD's are not rated by rating agencies. Though not rated on S&P long term, the 17.2% of Commercial Paper and 9.5% of Money Market Funds held in pooled investments are rated A1 and AAA-m, respectively, on S&P short-term schema.

4. Concentration of Credit Risk

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

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

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

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

5. Custodial Credit Risk

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

therefore, funds deposited in accordance with the requirements of the Act are considered to be fully insured.

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

The Boards of Trustees of the pension trust funds permit the funds to participate in a securities lending program, which is administered by a custodian. Under this program, certain securities are loaned to approved broker/dealers who borrow the securities and provide collateral in the form of cash, U.S. Treasury or government agency securities, letters of credit, and other securities as specified in the securities lending agreement. The value of the collateral for domestic securities must equal 102 percent of the market value of the security and 105 percent of the market value of the foreign security. The custodian monitors the market value of the collateral on a daily basis. Cash collateral is invested in a fund which is maintained by the custodian or its affiliate. The pension trust funds did not impose any restrictions during the period on the amounts of loans security lending agents made on their behalf, and the agents have agreed to indemnify the pension trust funds by purchasing replacement securities, or returning the cash collateral thereof, in the event a borrower fails to return loaned securities or pay distributions thereon. There were no such failures by any borrower during the fiscal year, nor were there any losses during the period resulting from the default of a borrower or lending agent. At year end, the pension trust funds had no custodial credit risk exposure to borrowers because the amounts the pension trust funds owed the borrower exceeded the amounts the borrowers owed the pension trust funds. Information pertaining to the securities lending transactions as of June 30, 2012, 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	\$ -	-	-
Asset-backed securities	-	-	-
Corporate and other bonds	7,015,013	7,182,965	-
Common and preferred stock	48,915,485	51,163,489	-
Lent for securities collateral:			
U.S. Government securities	80,754,535	-	82,435,683
Corporate and other bonds	9,353,438	-	10,431,697
Common and preferred stock	144,306,606	-	158,633,286
Total securities lent	\$ 290,345,077	58,346,454	251,500,666
Component Unit - Pension Trust Fund:			
Lent for cash or securities collateral:			
Corporate and other bonds	\$ 2,673,223	2,739,526	-
Common stocks	15,986,074	16,369,114	-
International stock	4,073,374	4,926,333	-
Total securities lent	\$ 22,732,671	24,034,973	-

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, 2012, the fair value in U.S. dollars of the pension trust funds' foreign currency investments are as follows on the opposite page:

<u>International Securities</u>	Cash and Cash Equivalents	Equity	Convertible and Fixed Income	Total U.S. Dollars
Primary Government - Pension Trust Funds:				
Australian dollar	\$ 3,195,199	25,950,184	28,222,854	57,368,237
Brazil real	80,795	1,704,246	9,363,187	11,148,228
British pound sterling	5,859,480	79,035,723	17,453,453	102,348,655
Canadian dollar	4,729,258	12,228,538	2,295,481	19,253,278
Danish krone	81,244	6,359,834	-	6,441,078
Euro currency unit	6,672,915	89,430,883	5,382,036	101,485,833
Hong Kong dollar	764,925	37,817,948	-	38,582,874
Indonesian rupiah	-	1,277,244	-	1,277,244
Japanese yen	1,042,932	85,153,933	82,216	86,279,081
Malaysian ringgit	-	722,533	9,600,641	10,323,175
Mexican new peso	11,115	101,956	24,328,314	24,441,384
New Zealand dollar	3,075	229,667	7,283,557	7,516,299
Norwegian krone	35,910	4,628,905	-	4,664,814
Philippines peso	5,707	2,505,188	1,837,778	4,348,673
Polish zloty	532	-	13,026,074	13,026,607
Singapore dollar	4,634	14,707,612	-	14,712,246
South African comm rand	24	692,688	8,724,527	9,417,239
South Korean won	11,579	4,418,064	9,871,127	14,300,769
Swedish krona	273,201	11,752,972	-	12,026,172
Swiss franc	236,504	18,507,730	-	18,744,234
Thailand baht	-	2,462,203	-	2,462,203
Other currencies	17,793	1,617,138	9,261,993	10,896,924
Total fair value	<u>\$ 23,026,823</u>	<u>401,305,188</u>	<u>146,733,238</u>	<u>571,065,248</u>
Component Unit - Pension Trust Fund:				
Australian dollar	\$ (2,514,798)	5,888,686	3,925,748	7,299,636
Brazil real	8,835	1,816,790	1,481,028	3,306,653
Canadian dollar	3,172,085	10,145,811	6,687,668	20,005,564
Chinese Yuan Renminbi	2,236,522	-	-	2,236,522
Czech koruna	2	-	-	2
Danish krone	30,266	2,174,350	-	2,204,616
Euro currency unit	(15,838,074)	51,902,764	800,273	36,864,963
Forint	118,089	-	7,882,029	8,000,118
Hong Kong dollar	141,361	8,213,209	-	8,354,570
Indonesian rupiah	6,834	238,609	-	245,443
Israeli Shekel	-	34,955	-	34,955
Japanese yen	(3,737,079)	41,969,315	-	38,232,236
Lira	-	-	1,037,275	1,037,275
Malaysian ringgit	44,894	1,745,038	-	1,789,932
Mexican new peso	910,075	608,287	811,827	2,330,189
New Taiwan Dollar	651	2,770,308	-	2,770,959
New Turkish Lira	4,374	320,620	-	324,994
New Zealand dollar	202,344	-	8,938,057	9,140,401
Norwegian krone	2,885,248	3,716,876	2,897,498	9,499,622
Peso	251,021	-	9,495,472	9,746,493
Philippine peso	7,683	339,700	-	347,383
Polish zloty	32,832	1,046,919	8,590,684	9,670,435
Pound Sterling	3,276,966	40,358,440	288,593	43,923,999
Rand	65,233	-	5,225,162	5,290,395
Real	-	-	10,553,937	10,553,937
Ringgit	-	-	2,534,982	2,534,982
Rupee	3,001,225	-	-	3,001,225
Rupiah	4,553	-	1,024,788	1,029,341
South African comm rand	1,456,525	47,204	-	1,503,729
Shekel	-	-	3,025,077	3,025,077
Singapore dollar	59,699	4,940,456	4,405,310	9,405,465
South Korean Won	52,362	9,148,583	-	9,200,945
Swedish krona	5,482,010	2,864,280	-	8,346,290
Swiss franc	(2,334,187)	8,456,705	-	6,122,518
Thailand baht	-	2,975,401	-	2,975,401
Other currencies	13,529	-	-	13,529
Total fair value	<u>\$ (958,920)</u>	<u>201,723,306</u>	<u>79,605,408</u>	<u>280,369,794</u>

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, 2012, after allowances for uncollectible amounts, is \$19,676,083, of which \$1,984,929 has been included in tax revenue for fiscal year 2012 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 2012 as receivables (net of payments totaling \$97,696,816 received in advance of the due date) and deferred revenue because the County has an enforceable legal claim to these resources at June 30, 2012; however, these resources, which amount to \$2,639,717,011, will not be available to the County until fiscal year 2013.

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, 2012, consist of the following:

	General Fund	Nonmajor Governmental Funds	Enterprise Fund	Internal Service Funds	Total Primary Government (Exhibit A)
Receivables:					
Accounts	\$ 16,223,418	14,490,074	154,025	453,593	31,321,110
Accrued interest	192,382	3,382,621	5,613	3,815	3,584,431
Property taxes:					
Delinquent	34,682,389	-	-	-	34,682,389
Not yet due	2,335,699,087	-	-	-	2,335,699,087
Business license taxes - delinquent	7,989,468	-	-	-	7,989,468
Receivable from sale of pension investments	-	-	-	-	-
Loans	-	56,379,585	-	-	56,379,585
Other*	-	-	-	-	28,565
Total receivables	2,394,786,744	74,252,280	159,638	457,408	2,469,684,635
Allowances for uncollectibles:					
Accounts receivable	(5,456,671)	(283,745)	-	-	(5,740,416)
Property taxes:					
Delinquent	(15,006,306)	-	-	-	(15,006,306)
Not yet due	(4,992,836)	-	-	-	(4,992,836)
Business license taxes - delinquent	(4,290,411)	-	-	-	(4,290,411)
Loans	-	(926,165)	-	-	(926,165)
Total allowances for uncollectibles	(29,746,224)	(1,209,910)	-	-	(30,956,134)
Total net receivables	\$ 2,365,040,520	73,042,370	159,638	457,408	2,438,728,501

* 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, 2012, consist of the following:

	Public Schools	FCRHA	Park Authority	Total Component Units
Receivables:				
Accounts	\$ 3,706,076	1,610,261	7,212	5,323,549
Accrued interest	100,827	237,089	27,582	365,498
Notes	-	28,385,065	-	28,385,065
Total receivables	3,806,903	30,232,415	34,794	34,074,112
Allowances for uncollectibles	-	(1,909,750)	-	(1,909,750)
Total net receivables	\$ 3,806,903	28,322,665	34,794	32,164,362

Delinquent property taxes receivable from taxpayers in the General Fund as of June 30, 2012, consist of the following:

Year of Levy	Real Estate	Personal Property	Total
2011	\$ 7,152,130	6,345,125	13,497,255
2010	2,161,360	3,024,807	5,186,167
2009	1,171,597	2,524,794	3,696,391
Prior years	1,674,864	4,558,519	6,233,383
Total delinquent taxes	<u>12,159,951</u>	<u>16,453,245</u>	28,613,196
Penalty and interest			<u>6,069,193</u>
Total delinquent taxes, penalty and interest			34,682,389
Allowances for uncollectibles			<u>(15,006,306)</u>
Net delinquent tax receivables			<u>\$ 19,676,083</u>

Amounts due to the primary government and component units from other governmental units at June 30, 2012, include the following:

	Primary Government				Component Unit - Public Schools
	General Fund	Nonmajor Governmental Funds	Enterprise Fund	Total (Exhibit A)	
Federal government	3,507,774	12,795,115	752,360	17,055,249	42,663,705
State government:					
Property tax relief:					
Delinquent	-	-	-	-	-
Allowance for uncollectibles	-	-	-	-	-
Property tax relief - not yet due	211,313,944	-	-	211,313,944	-
Allowance for uncollectibles	-	-	-	-	-
Other	50,400,630	9,456,771	5,800,000	65,657,401	18,717,232
Local governments	959,595	6,588,784	39,071,559	46,619,938	380,053
Total intergovernmental units	<u>\$ 266,181,943</u>	<u>28,840,670</u>	<u>45,623,919</u>	<u>340,646,532</u>	<u>61,760,990</u>
Federal-Build America Bond subsidy				795,573	
Cable franchise fee				<u>1,367,934</u>	
Total (Exhibit A)				<u><u>342,810,039</u></u>	

E. INTERFUND BALANCES AND TRANSFERS

Payments for fringe benefits are made through the General Fund on behalf of all funds of the County. As a result, interfund payables primarily represent the portion of fringe benefits to be paid by certain other funds to the General Fund. Interfund receivables and payables are also recorded when funds overdraw their share of pooled cash. All amounts are expected to be paid within one year. The composition of interfund balances as of June 30, 2012, is as shown on the right.

	Interfund Receivables	Interfund Payables
Primary Government		
General Fund	\$ 4,806,532	-
Nonmajor Governmental Funds	2,326,715	7,329,929
Enterprise Fund	-	255,182
Internal Service Funds	776,869	296,440
Fiduciary Funds	-	28,565
Total primary government	<u>\$ 7,910,116</u>	<u>7,910,116</u>
Component Unit		
Public Schools:		
General Fund	\$ 9,989,000	-
Nonmajor Governmental Funds	-	8,831,000
Internal Service Funds	-	1,120,000
Fiduciary Funds	-	38,000
Total component units	<u>\$ 9,989,000</u>	<u>9,989,000</u>

Due to/from primary government and component units represent amounts paid by one entity on behalf of the other entity. Due to/from primary government and component units as of June 30, 2012, are as follows:

Receivable Entity	Payable Entity	Amount
Component Units	Primary Government	
Public Schools	General Fund	\$ 277,227
Park Authority	General Fund	1,390,584
Park Authority	Nonmajor Governmental Fund	502,508
EDA	General Fund	214,882
Total		\$ 2,385,201
Primary Government	Component Unit	
General Fund	FCRHA	133,867
General Fund	Park Authority	201,132
Total		\$ 334,999

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, 2012, are as follows:

	Transfers In	Transfers Out
Primary Government		
General Fund	\$ 12,571,043	463,707,216
Nonmajor Governmental Funds	534,987,688	88,063,851
Internal Service Funds	4,212,336	-
Total primary government	\$ 551,771,067	551,771,067
Component Unit		
Public Schools:		
General Fund	\$ -	22,206,368
Capital Projects Fund	7,438,659	-
Nonmajor Governmental Funds	14,767,709	-
Total component units	\$ 22,206,368	22,206,368

F. CAPITAL ASSETS

Capital assets activity for the primary government for the year ended June 30, 2012, is as follows:

	Balances July 1, 2011	Increases	Decreases	Balances June 30, 2012
Primary Government				
Governmental activities:				
Non-depreciable/non-amortizable:				
Land	\$ 415,635,442	13,571,254	(11,414,480)	417,792,216
Easements	8,293,364	3,605,076	(8,293,364)	3,605,076
Construction in progress	87,319,500	168,885,353	(48,148,405)	208,056,448
Equipment under construction	30,614,866	10,660,980	(19,938,276)	21,337,570
Software in development	43,593,686	19,106,664	(58,323,201)	4,377,149
Total non-depreciable/non-amortizable	585,456,858	215,829,327	(146,117,726)	655,168,459
Depreciable/amortizable:				
Equipment	372,473,142	64,287,804	(59,358,265)	377,402,681
Software	356,043	70,281,240	-	70,637,283
Library collections	80,977,972	2,950,342	-	83,928,314
Buildings	1,244,870,705	9,262,475	(54,110,378)	1,200,022,802
Improvements	127,311,246	29,724,783	(36,675,847)	120,360,182
Infrastructure	586,676,841	106,406,764	(650,739)	692,432,866
Total depreciable/amortizable	2,412,665,949	282,913,408	(150,795,229)	2,544,784,128
Less accumulated depreciation/amortization for:				
Equipment	(218,842,396)	(26,553,468)	33,637,575	(211,758,289)
Software	(64,819)	(941,141)	(930,464)	(1,936,424)
Library collections	(68,706,985)	(4,839,901)	-	(73,546,886)
Buildings	(334,559,740)	(26,470,440)	6,416,765	(354,613,415)
Improvements	(47,636,597)	(4,468,665)	3,259,108	(48,846,154)
Infrastructure	(188,989,734)	(17,510,168)	(11,911,252)	(218,411,154)
Total accumulated depreciation/amortization	(858,800,271)	(80,783,783)	30,471,732	(909,112,322)
Total capital assets, being depreciated/amortized, net	1,553,865,678	202,129,624	(120,323,497)	1,635,671,806
Total capital assets, net - Governmental activities	2,139,322,536	417,958,951	(266,441,223)	2,290,840,265
Business-type activities:				
Non-depreciable/non-amortizable:				
Land	17,370,540	-	-	17,370,540
Easements	365,709	5,672	-	371,381
Construction in progress	68,190,535	49,713,670	(32,252,412)	85,651,793
Total non-depreciable/non-amortizable	85,926,784	49,719,342	(32,252,412)	103,393,714
Depreciable/amortizable:				
Equipment	11,340,432	554,494	(277,544)	11,617,382
Purchased capacity	785,035,761	38,575,119	-	823,610,880
Buildings	58,235,773	30,163,059	-	88,398,832
Improvements	1,015,490,392	5,853,750	-	1,021,344,142
Total depreciable/amortizable	1,870,102,358	75,146,422	(277,544)	1,944,971,236
Less accumulated depreciation/amortization for:				
Equipment	(9,008,535)	12,903	263,389	(8,732,243)
Purchased capacity	(202,513,990)	(26,920,188)	-	(229,434,178)
Buildings	(34,924,296)	(2,096,125)	-	(37,020,421)
Improvements	(446,230,629)	(23,425,693)	-	(469,656,322)
Total accumulated depreciation/amortization	(692,677,450)	(52,429,103)	263,389	(744,843,164)
Total capital assets, being depreciated/amortized, net	1,177,424,908	22,717,319	(14,155)	1,200,128,072
Total capital assets, net - Business-type activities	1,263,351,692	72,436,661	(32,266,567)	1,303,521,786
Total capital assets, net - Primary government	\$ 3,402,674,228	490,395,612	(298,707,790)	3,594,362,051

Capital assets activity for the component units for the year ended June 30, 2012, is as follows:

	Balances June 30, 2011	Increases	Decreases	Balances June 30, 2012
Component Units				
Public Schools				
Non-depreciable/non-amortizable:				
Land	\$ 44,869,395	-	-	44,869,395
Construction in progress	193,161,346	93,915,419	(92,400,498)	194,676,267
Equipment under construction	462,929	-	(462,929)	-
Software in development	1,761,436	6,017,408	(2,935,199)	4,843,645
Total non-depreciable/non-amortizable	240,255,106	99,932,827	(95,798,626)	244,389,307
Depreciable/amortizable:				
Equipment	233,078,061	29,197,220	(7,501,678)	254,773,603
Software	3,876,221	310,815	-	4,187,036
Library collections	32,090,354	3,335,481	(1,948,421)	33,477,414
Buildings	1,129,845,981	48,524,974	-	1,178,370,955
Improvements	1,639,383,176	84,751,584	-	1,724,134,760
Total depreciable/amortizable	3,038,273,793	166,120,074	(9,450,099)	3,194,943,768
Less accumulated depreciation/amortization for:				
Equipment	(150,203,911)	(22,017,680)	3,590,496	(168,631,095)
Software	(846,324)	(783,593)	-	(1,629,917)
Library collections	(20,738,941)	(4,014,486)	-	(24,753,427)
Buildings	(456,519,844)	(22,722,475)	-	(479,242,319)
Improvements	(628,197,527)	(63,502,814)	-	(691,700,341)
Total accumulated depreciation/amortization	(1,256,506,547)	(113,041,048)	3,590,496	(1,365,957,099)
Total capital assets, being depreciated/amortized, net	1,781,767,246	53,079,026	(5,859,603)	1,828,986,669
Total capital assets, net - Public Schools	2,022,022,352	153,011,853	(101,658,229)	2,073,375,976
FCRHA				
Non-depreciable/non-amortizable:				
Land	42,050,011	46,765	-	42,096,776
Construction in progress	951,690	762,005	(828,652)	885,043
Total non-depreciable/non-amortizable	43,001,701	808,770	(828,652)	42,981,819
Depreciable/amortizable:				
Equipment	1,908,884	34,227	-	1,943,111
Buildings and improvements	216,409,039	828,653	(120,440)	217,117,252
Total depreciable/amortizable	218,317,923	862,880	(120,440)	219,060,363
Less accumulated depreciation/amortization for:				
Equipment	(5,038,278)	(20,218)	-	(5,058,496)
Buildings and improvements	(102,309,782)	(6,338,245)	358,961	(108,289,066)
Total accumulated depreciation/amortization	(107,348,060)	(6,358,463)	358,961	(113,347,562)
Total capital assets, being depreciated/amortized, net	110,969,863	(5,495,583)	238,521	105,712,801
Total capital assets, net - FCRHA	153,971,564	(4,686,813)	(590,131)	148,694,620
Park Authority				
Non-depreciable/non-amortizable:				
Land	341,478,663	23,540,017	(100,177)	364,918,503
Easements	16,844,494	171,515	-	17,016,009
Construction in progress	8,858,753	7,736,640	(6,203,903)	10,391,490
Total non-depreciable/non-amortizable	367,181,910	31,448,172	(6,304,080)	392,326,002
Depreciable/amortizable:				
Equipment	13,549,013	292,405	(330,902)	13,510,516
Buildings and improvements	339,167,331	14,307,197	-	353,474,528
Total depreciable/amortizable	352,716,344	14,599,602	(330,902)	366,985,044
Less accumulated depreciation/amortization for:				
Equipment	(11,840,751)	(487,458)	330,902	(11,997,307)
Buildings and improvements	(150,930,424)	(9,296,456)	-	(160,226,880)
Total accumulated depreciation/amortization	(162,771,175)	(9,783,914)	330,902	(172,224,187)
Total capital assets, being depreciated/amortized, net	189,945,169	4,815,688	-	194,760,857
Total capital assets, net - Park Authority	557,127,079	36,263,860	(6,304,080)	587,086,859
EDA				
Depreciable/amortizable:				
Equipment	56,234	-	(9,041)	47,193
Buildings and improvements	767,961	-	-	767,961
Total depreciable/amortizable	824,195	-	(9,041)	815,154
Less accumulated depreciation/amortization for:				
Equipment	(49,527)	(2,955)	9,041	(43,441)
Buildings and improvements	(148,638)	(74,319)	-	(222,957)
Total accumulated depreciation/amortization	(198,165)	(77,274)	9,041	(266,398)
Total capital assets, net - EDA	626,030	(77,274)	-	548,756
Total capital assets, net - Component units	\$ 2,733,747,025	184,511,626	(108,552,440)	2,809,706,211

Depreciation and amortization expense for the year ended June 30, 2012, 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	\$ 14,693,983	-	-
Judicial administration	4,342,037	-	-
Public safety	9,428,553	-	-
Public works	17,307,303	52,429,103	-
Health and welfare	3,757,574	-	-
Community development	13,091,126	-	-
Parks, recreation, and cultural	7,998,590	-	-
In addition, depreciation on capital assets held by the County's internal service funds is charged to the various functions based on asset usage.	10,164,617	-	-
Component Units			
Public Schools	-	-	113,041,048
FCRHA	-	-	6,563,356
Park Authority	-	-	9,783,914
EDA	-	-	77,274
Total depreciation and amortization expense	<u>\$ 80,783,783</u>	<u>52,429,103</u>	<u>129,465,592</u>

G. RETIREMENT PLANS

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

1. Fairfax County Employees' Retirement System

Plan Description

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

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

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

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

Funding Policy

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

The County is required to contribute at an actuarially determined rate; the rate for the year ended June 30, 2012, was 16.70 percent of annual covered payroll. The decision was made to commit additional funding and a rate of 17.20 percent was adopted for fiscal year 2012. 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, 2012, 2011, and 2010, the County's and Public Schools' annual pension costs and actual contributions are as follows:

	Annual Pension Costs and Actual Contributions for Years Ended June 30		
	2012	2011	2010
County	\$ 82,844,146	69,637,538	46,058,456
Public Schools	31,838,392	26,969,997	18,010,646
Total	\$ 114,682,538	96,607,535	64,069,102

For the years ended June 30, 2012, 2011, and 2010, the County's and Public Schools' annual required contributions (ARC) are as follows:

	ARC for Years Ended June 30		
	2012	2011	2010
County	\$102,784,539	88,254,921	66,692,265
Public Schools	39,501,819	34,180,344	26,079,267
Total	\$142,286,358	122,435,265	92,771,532

The ARC for the year ended June 30, 2012 was determined as part of the July 1, 2011, 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 1.0 percent in 2012, 3.0 percent thereafter.
- b. Projected annual salary increases of 4.0 to 10.0 percent, including an inflation component of 1.0 percent in 2012, 3.0 percent thereafter.
- c. Cost of living adjustments increases of 1.0 percent in 2012, 2.75 percent thereafter.

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, 2010 through June 30, 2012, the County’s Employees’ Retirement System funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (000) (a)	Actuarial Accrued Liability - 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)
7/1/2009	2,603,284	3,535,874	932,590	73.62	628,481	148.39
7/1/2010	2,636,052	3,771,060	1,135,008	69.90	629,249	180.38
7/1/2011	2,841,466	4,018,924	1,177,458	70.70	642,073	183.38

Concentrations

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

2. Fairfax County Police Officers Retirement System

Plan Description

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

Benefit provisions are established and may be amended by County ordinances. All benefits vest at five years of creditable service. To be eligible for normal retirement, an individual must meet the following criteria: (a) if employed before July 1, 1981; attain the age of 55 or have completed 20 years of creditable service, or (b) if employed on or after July 1, 1981; attain the age of 55 or have completed 25 years of creditable service. The normal retirement benefit is calculated using average final compensation and years (or partial years) of creditable service at date of termination. The plan

provides that unused sick leave credit may be used in the calculation of average final compensation by projecting the final salary during the unused sick leave period. To be eligible for early retirement, the employee must have 20 years of creditable service (does not apply if hired before July 1, 1981). The benefit for early retirement is actuarially reduced and payable at early termination.

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

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

Funding Policy

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

The County contributes at a fixed rate as determined by an annual actuarial valuation, unless the PORS's funding ratio falls outside of a pre-determined range. Once outside the range, the rate is either increased or decreased to accelerate or decelerate the funding until the ratio falls back within the range. The range for the PORS is a minimum funding ratio of 90 percent and a maximum funding ratio of 120 percent. The actuarial rate for the year ended June 30, 2012, was 30.34 percent of annual covered payroll. The decision was made to commit additional funding and a rate of 31.30 percent was adopted for fiscal year 2012.

Annual Pension Cost

Information related to the County's annual pension cost, ARC, actual contributions, and net pension obligation (NPO) for fiscal years 2012, 2011, and 2010 are as follows:

	2012	2011	2010
ARC, for the year ended June 30	\$ 39,408,110	36,872,751	30,759,259
Interest on NPO from prior year	3,581,943	3,033,289	2,532,811
Actuarial adjustment	(4,033,924)	(3,416,039)	(2,852,409)
Annual pension cost	38,956,129	36,490,001	30,439,661
Actual contributions	(31,700,690)	(29,174,611)	(23,766,626)
Increase in the NPO, for the year ended June 30	7,255,439	7,315,390	6,673,035
NPO, beginning of year	47,759,239	40,443,849	33,770,814
NPO, end of year	\$ 55,014,678	47,759,239	40,443,849
Percentage of annual pension cost contributed	81.38%	79.95%	78.08%

The ARC for the year ended June 30, 2012, was determined as part of the July 1, 2011, 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 1.0 percent in 2012, 3.0 percent thereafter.
- b. Projected annual salary increases of 4.8 to 11.0 percent, including an inflation component of 1.0 percent in 2012, 3.0 percent thereafter.
- c. Cost of living adjustments increases of 1.0 percent in 2012, 2.75 percent thereafter.

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 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, 2010 through June 30, 2012, the County's Police Officers Retirement System funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (000) (a)	Actuarial Accrued Liability (AAL) - Entry Age (000) (b)	Unfunded AAL (UAAL) (Funding Excess) (000) (b-a)	Funded Ratio (a/b)	Covered Payroll (000) (c)	UAAL (Funding Excess) as a Percentage of Covered Payroll ((b-a) / c)
7/1/2009	879,543	1,076,039	196,496	81.74	99,647	197.19
7/1/2010	899,543	1,135,015	235,472	79.25	100,500	234.30
7/1/2011	982,154	1,219,609	237,455	80.53	99,070	239.68

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, 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 Consolidated 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 County is required to contribute at an actuarially determined rate; the rate for the year ended June 30, 2012, was determined actuarially to be 32.99% of annual covered payroll. The decision was made to commit additional funding and a rate of 33.81% was adopted for fiscal year 2012.

Annual Pension Cost

Information related to the County's annual pension cost, ARC, actual contributions, and NPO for fiscal years 2012, 2011, and 2010 is presented on the following page:

	2012	2011	2010
ARC, for the year ended June 30	\$ 57,663,522	53,208,307	47,289,026
Interest on NPO from prior year	3,093,579	2,563,493	2,094,476
Actuarial adjustment	(3,483,937)	(2,886,962)	(2,358,764)
Annual pension cost	57,273,164	52,884,838	47,024,738
Actual contributions	(50,351,335)	(45,817,015)	(40,771,184)
Increase in the NPO, for the year ended June 30	6,921,829	7,067,823	6,253,554
NPO, beginning of year	41,247,724	34,179,901	27,926,347
NPO, end of year	\$48,169,553	41,247,724	34,179,901
Percentage of annual pension cost contributed	87.91%	86.64%	86.70%

The ARC for the year ended June 30, 2012, was determined as part of the July 1, 2011, 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 1.0 percent in 2012, 3.0 percent thereafter.
- b. Projected annual salary increases of 5.0 to 12.0 percent, including an inflation component of 1.0 percent in 2012, 3.0 percent thereafter.
- c. Cost of living adjustments increases of 1.0 percent in 2012, 2.75 percent thereafter.

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 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, 2010 through June 30, 2012, the County’s Uniformed Retirement System funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (000) (a)	Actuarial Accrued Liability (AAL) - Entry Age (000) (b)	Unfunded AAL (UAAL) (Funding Excess) (000) (b-a)	Funded Ratio (a/b)	Covered Payroll (000) (c)	UAAL (Funding Excess) as a Percentage of Covered Payroll ((b-a) / c)
7/1/2009	1,074,230	1,351,204	276,974	79.50	147,083	188.31
7/1/2010	1,095,080	1,427,617	332,537	76.71	146,777	226.56
7/1/2011	1,185,594	1,526,218	340,624	77.68	147,326	231.20

Concentrations

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

4. Educational Employees' Supplementary Retirement System of Fairfax County

Plan Descriptions

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

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

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

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

Funding Policy

The contribution requirements for ERFC and ERFC 2001 members are established and may be amended by the ERFC Board of Trustees with the approval of the School Board. All members are required to contribute 4.0 percent of their covered salaries. The employer is required to contribute at an actuarially determined rate. For fiscal year 2012, Public Schools is required to contribute 4.43 percent of annual covered payroll for educational employees and civil service employees.

Annual Pension Cost

For each of the years ended June 30, 2012, 2011, and 2010, the Public Schools' annual pension cost of \$52,934,245, \$47,118,111, and \$37,868,623, respectively, was equal to its ARC and actual contributions.

The ARC for the year ended June 30, 2012, was determined as part of the December 31, 2011, 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 3.75 to 9.05 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 closed payrolls over a future period, which has never exceeded 30 years. The remaining amortization period, which is closed at December 31, 2011, was 27 years.

For the fiscal years 2010 through 2012, the County’s Educational Employees’ Supplementary Retirement System funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (000) (a)	Actuarial Accrued Liability (AAL) - Entry Age (000) (b)	Unfunded AAL (UAAL) (Funding Excess) (000) (b-a)	Funded Ratio (a/b)	Covered Payroll (000) (c)	UAAL (Funding Excess) as a Percentage of Covered Payroll ((b-a) / c)
12/31/2009	1,769,540	2,314,282	544,742	76.46	1,208,093	45.09
12/31/2010	1,822,603	2,384,061	561,458	76.45	1,191,290	47.13
12/31/2011	1,866,952	2,470,964	604,012	75.56	1,246,973	48.44

Concentrations

ERFC’s investment guidelines limit the securities of any one issue to 10 percent at cost and 15 percent at market of each fixed income portfolio. These guidelines allow an exception for U.S. government securities and its agencies.

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 or a rate approved by the General Assembly. The approved rate for fiscal year 2012 was 3.9 percent of annual creditable compensation. This rate was less than the actuarial rate of 12.9 percent. The difference is a deferred amount which will be paid beginning in FY 2013. The FCPS Board committed \$60.6 million of June 30, 2012 fund balance toward this purpose. State statute may be amended only by the Commonwealth of Virginia Legislature. The combined FCPS employer and member contributions to VRS, including the Retiree Health Insurance Credit, for the years ended June 30, 2012, 2011, and 2010 were \$146,454,888; \$112,157,560; and \$144,109,311 respectively, equal to the required contributions for each year.

6. Current Plan Membership

At July 1, 2011 (December 31, 2011, 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	6,568	850	1,075	9,467
Terminated employees entitled to, but not yet receiving, benefits	1,427	34	43	2,861
DROP participants	531	59	106	n/a
Active employees	14,256	1,293	1,865	20,976
Total number of plan members	22,782	2,236	3,089	33,304

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 50 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 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, 919 East Main Street, Suite 1100, 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 2012, 2011 and 2010 are as follows:

	2012	2011	2010
ARC, for the year ended June 30	\$ 37,640,000	35,373,000	32,553,000
Interest on net OPEB asset from prior year	351,000	(713,000)	(1,787,000)
Actuarial adjustment	(291,000)	529,000	1,325,000
Annual OPEB cost	37,700,000	35,189,000	32,091,000
Actual contributions	(44,421,000)	(21,004,000)	(17,771,000)
(Increase) decrease in net OPEB asset, for the year ended June 30	(6,721,000)	14,185,000	14,320,000
Net OPEB asset, beginning of year	4,679,390	(9,505,610)	(23,825,610)
Net OPEB (asset) obligation, end of year	\$ (2,041,610)	4,679,390	(9,505,610)
Percentage of annual OPEB cost contributed	117.83%	59.69%	55.38%

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, 2012, 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)
7/1/2009	50,233	441,286	391,053	11.38	761,303	51.37
7/1/2010	60,473	489,203	428,730	12.36	777,040	55.17
7/1/2011	80,087	474,229	394,142	16.89	799,500	49.30

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 2012 was determined as part of the July 1, 2011, 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 8.5 percent initial Pre 65 and 7.5 percent Post 65, reduced by decrements to an ultimate rate of 5.0 percent, 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, 919 East Main Street, Suite 1100, 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 an open period not to exceed thirty years.

For the year ended June 30, 2012, 2011 and 2010, Public Schools' OPEB funding progress is presented on the following page:

	2012	2011	2010
ARC, for the year ended June 30	\$ 30,630,000	38,163,000	35,954,000
Interest on net OPEB asset from prior year	-	-	-
Actuarial adjustment	33,000	172,000	1,000
Annual OPEB cost	30,663,000	38,335,000	35,955,000
Actual contributions	(42,426,871)	(45,492,399)	(27,137,145)
(Increase) decrease in net OPEB asset, for the year ended June 30	(11,763,871)	(7,157,399)	8,817,855
Net OPEB obligation (asset), beginning of year	1,708,994	8,866,393	48,538
Net OPEB obligation (asset), end of year	\$ (10,054,877)	1,708,994	8,866,393
Percentage of annual OPEB cost contributed	138.37%	118.67%	75.48%

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, 2012, Public Schools' 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)
7/1/2009	17,520	466,324	448,804	3.76	1,377,000	32.59
7/1/2010	19,563	471,617	452,054	4.15	1,432,000	31.57
7/1/2011	40,051	431,303	391,252	9.29	1,005,000	38.93

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 2012 was determined as part of the July 1, 2011, 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, reduced by decrements of 0.5 percent for the next three years.

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, 2011, 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	4,411	8,636
Active employees	12,758	18,396
Total number of plan members	17,169	27,032

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 0.60 percent and 0.75 percent at June 30, 2012 and 2011, respectively, to reflect anticipated investment income. Changes in the balances of claims liabilities during fiscal years 2012 and 2011 are presented on the following page:

	Internal Service Funds			
	Primary Government		Component Unit - Public Schools	
	Self-Insurance	Health Benefits	Insurance	Health Benefits Trust
Liability balances, June 30, 2010	\$ 34,379,609	12,826,006	22,749,849	17,325,000
Claims incurred	-			
Claims and changes in estimates	28,276,128	118,161,357	14,675,042	264,685,432
Claims payments	(22,239,079)	(119,289,863)	(7,530,151)	(263,632,432)
Liability balances, June 30, 2011	40,416,658	11,697,500	29,894,740	18,378,000
Claims incurred				
Claims and changes in estimates	16,175,889	138,462,249	11,245,905	291,142,914
Claims payments	(15,098,834)	(132,897,788)	(9,390,566)	(289,860,914)
Liability balances, June 30, 2012	\$ 41,493,713	17,261,961	31,750,079	19,660,000

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. 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, 2012 (in thousands):

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Due Within One Year
Primary Government					
Governmental activities:					
General obligation bonds payable:					
Principal amount of bonds payable	\$ 1,996,210	410,005	(388,780)	2,017,435	174,370
Premium on bonds payable	98,673	73,976	(29,877)	142,772	21,208
Deferred amount on refundings	(33,789)	(14,339)	10,879	(37,249)	(4,728)
Revenue bonds payable:					
Principal amount of bonds payable	557,841	231,810	(72,951)	716,700	23,476
Premium on bonds payable	21,506	15,986	(4,258)	33,234	3,196
Discount on bonds payable	(917)	-	47	(870)	(46)
Deferred amount on refundings	(7,220)	(2,087)	913	(8,394)	(1,013)
Notes payable	9,353	-	(645)	8,708	645
Bond anticipation note:					
Principal amount of bonds anticipation note	28,905	-	(2,180)	26,725	26,725
Premium on bond anticipation note	1,679	-	(762)	917	917
Compensated absences payable	102,211	70,132	(66,470)	105,873	64,956
Landfill closure and postclosure obligation	63,801	64,350	(63,801)	64,350	-
Obligations under capital leases and installment purchases	15,025	-	(3,791)	11,234	3,818
Insurance and benefit claims payable	52,114	154,639	(147,996)	58,756	34,553
Net pension obligation	89,007	103,184	(89,007)	103,184	-
Net OPEB obligation	4,679	-	(4,679)	-	-
Other:					
HUD Section 108 loans	12,466	-	(311)	12,155	662
Obligations for claims and judgments	800	7,975	(800)	7,975	7,975
Library Exchange	20,887	-	(833)	20,054	835
Total governmental activities	3,033,231	1,115,631	(865,302)	3,283,559	357,549
Business-type activities:					
Sewer revenue bonds payable:					
Principal amount of bonds payable	565,099	3,600	(16,445)	552,254	17,147
Premium on bonds payable	9,674	-	(396)	9,278	395
Deferred amount on refundings	(4,126)	-	166	(3,960)	(166)
Compensated absences payable	2,090	1,246	(1,178)	2,158	1,217
Total business-type activities	572,737	4,846	(17,853)	559,730	18,593
Total long-term liabilities - Primary government	\$ 3,605,968	1,120,477	(883,155)	3,843,289	376,142
Component Units					
Public Schools					
Compensated absences payable	\$ 30,016	23,799	(21,011)	32,804	22,963
Obligations under capital leases and installment purchases	81,327	19,680	(13,474)	87,533	12,332
Insurance and benefit claims payable	48,273	29,157	(26,020)	51,410	28,202
Net OPEB obligation	1,709	-	(11,764)	(10,055)	-
Deferred rent	1,581	-	(248)	1,333	-
Total Public Schools	162,906	72,636	(72,517)	163,025	63,497
FCRHA					
Mortgage revenue bonds payable	34,583	-	(7,916)	26,667	667
Mortgage notes payable	78,154	2,764	(11,217)	69,701	5,244
Compensated absences payable	1,086	517	(505)	1,098	580
Total FCRHA	113,823	3,281	(19,638)	97,466	6,491
Park Authority					
Revenue bonds payable:					
Principal amount of bonds payable	8,440	-	(695)	7,745	725
Discount on bonds payable	(47)	-	5	(42)	(5)
Deferred amount on refundings	(448)	-	50	(398)	(50)
Loan from primary government	15,000	-	(1,958)	13,042	210
Compensated absences payable	4,513	2,511	(2,464)	4,560	2,490
Total Park Authority	27,458	2,511	(5,062)	24,907	3,370
EDA					
Compensated absences payable	235	25	-	260	187
Deferred rent	1,135	-	(64)	1,071	82
Total EDA	1,370	25	(64)	1,331	269
Total long-term liabilities - Component units	\$ 305,557	78,453	(97,281)	286,729	73,627

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 be 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, 2012, 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 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, 2012.

Bond Purpose	Amount
School improvements	\$ 584,415
Transportation improvements	169,452
Parks and park facilities	35,148
Commercial and redevelopment area improvements	6,630
Public safety facilities	93,580
Public library facilities	9,380
Total authorized but unissued bonds	<u>\$ 898,605</u>

In February 2012, the County issued \$217,655,000 of Series 2012A General Obligation Public Improvement and \$192,350,000 of Series 2012B refunding bonds with average interest rates of 3.58 percent and 4.81 percent, respectively. The Refunding Bonds, totaling \$192,350,000, were issued to advance refund \$58,490,000 of outstanding Series 2003B bonds, \$40,950,000 of outstanding Series 2004A bonds, \$37,080,000 of outstanding Series 2004B bonds, and \$82,110,000 of outstanding Series 2007A bonds. Proceeds of \$241,681,788 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 2007A bonds on April 1, 2015. The County refunded these bonds to reduce its total debt service payments over the next twelve years by approximately \$28.2 million and to obtain an economic gain of approximately \$24.7 million.

Detailed information regarding the general obligation bonds outstanding as of June 30, 2012, 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 April 2012, the Authority issued \$47,745,000 to advance refund a portion of the outstanding Series 2003 Laurel Hill revenue bonds. 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. In March 2010, the EDA issued \$43,390,000 of lease revenue bonds to current refund the FCRHA \$3,365,000 of outstanding Series 1996 lease revenue bonds, \$2,960,000 of outstanding Series 1998 lease revenue bonds, \$835,000 of outstanding Series 1999 lease revenue bonds, and to advance refund the FCRHA \$7,245,000 of outstanding Series 2004 lease revenue bonds, and the County's \$25,580,000 of outstanding Series 2000 certificate of participation bonds. In May 2011, the EDA issued \$205,705,000 of transportation district improvement revenue bonds (Silver Line Phase 1 Project) Series 2011 to finance a portion of the costs of the construction of the first phase of an extension of the Washington Metropolitan Area Transit Authority's mass transit system in Fairfax County. In July 2011, the Authority issued \$99,430,000 of revenue bonds Series 2011 to finance a portion of the costs of the construction of a public parking facility on public lands within Fairfax County, Virginia, to serve the Wiehle Avenue Metrorail Station. In May 2012, the Authority issued \$65,965,000 of revenue bonds Series 2012 to finance the improvement of certain properties to be used by Fairfax County as mental health facilities and as a 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 the bonds, have been recorded in the County's financial statements and not in those of EDA.

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

In November 2007, the FCRHA issued a \$105,485,000 bond anticipation note (Series 2007B) to finance a portion of the purchase price of a multi-family rental housing property as part of the County's affordable housing initiative. In October 2008, the FCRHA issued a \$104,105,000 bond anticipation note (Series 2008B) to repay the outstanding \$105,485,000 bond anticipation note (Series 2007B). In August 2009, the FCRHA issued a \$94,950,000 of revenue bonds to provide funds, together with other funds, sufficient to pay the outstanding \$104,105,000 short-term bond anticipation note (Series 2008B) that matured on October 1, 2009. The bonds bear an average interest rate of 4.53 percent and mature on October 1, 2039. As the County is responsible, under the related documents and subject to annual appropriation, to make payments to a trustee sufficient to pay principal and interest on these bonds, the related transactions, including the liability for these bonds, have been recorded in the County's financial statements and not in those of the FCRHA.

In June 2011, Community Development Authority (the "Authority") issued \$46,980,000 Revenue Bonds (Mosaic District Project) Series 2011A. In July 2011, the Authority issued \$18,670,000 Revenue Bonds (Taxable) Series 2011A-T. The bonds were issued to finance certain public infrastructure improvements within or serving the Authority district. The 2011 Bonds are limited obligations of the Authority, payable solely from and secured by a pledge of certain County Advanced Revenues and certain Special Assessment Revenues.

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, 2012 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, 2012, the outstanding bonds consist of \$147,430,000 of Series 2009 Revenue Bonds and \$79,280,000 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. In December 2010, UOSA issued \$85,180,000 of Regional Sewer System Revenue Bonds, of which the System's share is \$34,113,615, to finance the cost of certain capital improvements.

In July 2011, UOSA entered into VRA loan 2011A for \$6,100,000 to fund costs related to the Energy Service (ESCO) project. The outstanding loan balance at June 30, 2012 is \$502,280. In December 2011, UOSA entered into VRA loan 2011B for \$13,934,552 to fund Phase 1 of the Nutrient Compliance Improvement Project (PINR). The outstanding loan balance at June 30, 2012 is \$8,096,994. The System's total share at June 30, 2012, is \$3,598,942.

The Sewer System's share of UOSA's total outstanding debt at June 30, 2012, is \$273,056,094, 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, 2012, the outstanding principal for the 2001 and 2002 subordinated revenue bonds is \$22,384,157 and \$30,103,437 respectively.

Detailed information regarding the sewer revenue bonds outstanding as of June 30, 2012 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 notes 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. In May 2011, the FCRHA issued \$28,905,000 of bond anticipation notes to current refund \$30,215,000 of outstanding Series 2008A bond anticipation notes. The note matures on March 1, 2013. 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, 2012, 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, 2012, are comprised of the issues presented on the opposite page:

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 2003B	Public Improvement	5.00	05-15-03	06-01-13	3,330	66,490	3,330	166	3,496
Series 2004A	Public Improvement	4.00-5.25	04-14-04	04-01-24	815-3,180	63,530	15,247	3,160	18,407
Series 2004A	Refunding	4.50-5.25	04-14-04	04-01-17	1,898-5,605	67,200	21,138	2,641	23,779
Series 2004B	Public Improvement	4.00-5.00	10-19-04	10-01-24	28-3,460	69,120	17,735	3,352	21,087
Series 2004B	Refunding	4.50-5.00	10-19-04	10-01-19	825-2,565	30,375	16,900	2,800	19,700
Series 2005A	Public Improvement	4.00-5.00	08-16-05	10-01-25	4,155-4,315	85,655	51,145	15,745	66,890
Series 2005A	Refunding	4.25-5.00	08-16-05	10-01-21	3,045-10,155	117,505	84,028	17,138	101,166
Series 2007A	Public Improvement	4.00-5.00	02-07-07	04-01-27	5,389	107,780	43,112	13,351	56,463
Series 2008A	Public Improvement	4.00-5.00	01-30-08	04-01-28	4,955-4,960	99,155	79,315	30,616	109,931
Series 2009A	Public Improvement	3.50-5.00	01-28-09	04-01-29	2,450	49,000	41,500	15,790	57,440
Series 2009 B	Refunding	3.00	01-28-09	04-01-14	3,840-6,776	31,884	10,616	434	11,050
Series 2009 C	Refunding	3.00-5.00	10-28-09	10-01-19	3,019-14,578	48,527	48,527	12,097	60,624
Series 2009 D	Public Improvement	5.00	10-28-09	10-01-14	10,739-10,743	53,710	32,224	2,417	34,641
Series 2009 E	Public Improvement (BABs)	3.10-5.25	10-28-09	10-01-29	4,247	63,700	63,700	31,633	95,333
Series 2011 A	Public Improvement	4.00-5.00	02-10-11	04-01-31	2,400-2,415	47,880	45,630	20,918	66,548
Series 2011 A	Refunding	5.00	02-10-11	04-01-15	1,703-1,756	6,912	5,156	514	5,670
Series 2012 A	Public Improvement	2.00-5.00	02-02-12	04-01-32	3,855-3,860	77,185	77,185	28,983	106,168
Series 2012 B	Refunding	3.00-5.00	02-02-12	04-01-24	2,334-13,142	74,759	74,759	32,919	107,678
Total general obligation bonds - General County						1,160,367	731,397	234,674	966,071
Schools:									
Series 2003B	Public Improvement	5.00	05-15-03	06-01-13	6,435	128,680	6,435	322	6,757
Series 2004A	Public Improvement	4.00-5.25	04-14-04	04-01-24	1,543-6,010	120,215	28,833	5,975	34,808
Series 2004A	Refunding	4.50-5.25	04-14-04	04-01-17	2,027-6,515	78,165	24,392	3,029	27,421
Series 2004B	Public Improvement	4.00-5.00	10-19-04	10-01-24	47-5,815	116,280	29,835	5,635	35,470
Series 2004B	Refunding	4.50-5.00	10-19-04	10-01-19	2,600-8,100	96,035	53,405	8,850	62,255
Series 2005A	Public Improvement	4.00-5.00	08-16-05	10-01-25	5,085-5,275	104,685	62,515	19,251	81,766
Series 2005A	Refunding	4.25-5.00	08-16-05	10-01-21	5,820-20,335	235,740	170,012	34,929	204,941
Series 2007A	Public Improvement	4.00-5.00	02-07-07	04-01-27	6,341	126,820	50,728	15,709	66,437
Series 2008A	Public Improvement	4.00-5.00	01-30-08	04-01-28	6,765	135,320	108,240	41,791	150,031
Series 2009A	Public Improvement	3.50-5.00	01-28-09	04-01-29	7,525	150,510	127,925	48,499	176,424
Series 2009B	Refunding	3.00	01-28-09	04-01-14	3,190-5,629	26,487	8,819	360	9,179
Series 2009C	Refunding	3.00-5.00	10-28-09	10-01-19	5,081-24,052	83,273	83,273	20,259	103,532
Series 2009D	Public Improvement	5.00	10-28-09	10-01-14	2,636-2,637	13,185	7,911	593	8,504
Series 2009E	Public Improvement (BABs)	3.10-5.25	10-28-09	10-01-29	9,233	138,500	138,500	68,777	207,277
Series 2011 A	Public Improvement	4.00-5.00	02-10-11	04-01-31	6,225-6,230	123,515	118,365	54,294	172,659
Series 2011 A	Refunding	5.00	02-10-11	04-01-15	2,902-2,955	11,783	8,789	876	9,665
Series 2012 A	Public Improvement	2.00-5.00	02-02-12	04-01-32	7,020-7,025	140,470	140,470	52,740	193,210
Series 2012 B	Refunding	3.00-5.00	02-02-12	04-01-24	4,516-21,057	117,591	117,591	51,722	169,313
Total general obligation bonds - Schools						1,947,254	1,286,038	433,611	1,719,649
Total general obligation bonds						3,107,621	2,017,435	668,285	2,685,720
Revenue bonds:									
EDA revenue bonds:									
Series 2003		5.00	06-01-03	06-01-13	3,725	70,830	3,725	186	3,911
Series 2003	Refunding	5.00	10-01-03	11-15-18	5,740-7,885	85,650	46,915	9,670	56,585
Series 2005		4.00-5.00	01-27-05	04-01-35	1,360-3,615	60,690	52,840	34,000	86,840
Series 2010		2.00-5.00	03-10-10	04-01-32	1,280-2,785	43,390	38,335	13,888	52,223
Series 2011	Silver Line Phase 1 Project	2.00-5.00	05-26-11	04-01-36	4,840-13,685	205,705	199,515	145,316	344,831
Series 2011	Metrorail Station Parking Prc	2.00-5.00	07-28-11	08-01-34	3,275-7,225	99,430	99,430	60,723	160,153
Series 2012A	Refunding Laurel Hill Project	2.00-5.00	04-17-12	06-01-33	670-4,205	47,745	47,745	16,886	64,631
Series 2012A	Facilities Revenue Bonds	4.50-5.00	05-30-12	03-01-42	1,190-3,700	65,965	65,965	53,898	119,863
FCRHA lease revenue bonds:									
Series 2003		3.50	07-22-03	8-01-23	44-176	2,530	1,635	350	1,985
Series 2005		3.50-3.60	06-16-05	06-01-15	810	8,105	2,430	173	2,603
Series 2006		5.00	08-22-06	06-30-13	1,185	8,065	1,185	59	1,244
Series 2009		2.00-5.00	08-20-09	10-01-39	1,830-5,610	94,950	91,330	69,722	161,052
CDA revenue bonds:									
Series 2011A	Tax-Exempt	6.25-6.88	06-09-11	03-01-36	465-5,315	46,980	46,980	57,797	104,777
Series 2011A	Taxable	7.25	07-06-11	03-01-36	150-2,180	18,670	18,670	24,634	43,304
Total revenue bonds						858,705	716,700	487,302	1,204,002
Notes payable		3.65-4.29	12-27-05	12-31-25	323-645	12,900	8,708	2,517	11,225
HUD Section 108 loan #8		4.97-6.67	07-01-01	08-01-21	115	2,300	1,150	105	1,255
HUD Section 108 loan #11		Variable	06-29-09	06-29-29	184-334	5,040	4,470	2,185	6,655
HUD Section 108 loan #12		Variable	02-14-11	08-01-30	125-695	6,535	6,535	1,706	8,241
Total HUD Section 108 loans						13,875	12,155	3,996	16,151
Bond Anticipation Note Series 2011A		4.00	05-19-11	03-01-13	26,725	28,905	26,725	1,069	27,794
Total governmental activities						4,022,006	2,781,723	1,163,169	3,944,892
Business-type activities:									
Sewer revenue bonds:									
UOSA Bonds	Subordinated	2.00-6.00	01-12-95	07-01-43	1,828-16,616	277,621	273,056	174,570	447,626
Series 2001	Subordinated	4.10	06-01-01	02-01-21	2,103-2,910	40,000	22,384	4,609	26,993
Series 2002	Subordinated	3.75	09-01-02	03-01-22	2,532-3,538	50,000	30,104	6,275	36,379
Series 2004	Refunding	3.00-5.00	10-14-04	07-15-28	3,045-6,725	94,005	79,280	36,160	115,440
Series 2009	Revenue	2.50-5.00	06-17-09	07-15-40	2,540-9,415	152,255	147,430	122,835	270,265
Total business-type activities						613,881	552,254	344,449	896,703
Total County bond, note, and loan indebtedness						\$ 4,635,887	3,333,977	1,507,618	4,841,595

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, 2012, are as follows:

Fiscal Year	Governmental Activities						Business-Type		Total	
	General Obligation Bonds		Revenue Bonds		Notes and Loans		Sewer System Revenue Bonds			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	174,370	90,534	23,476	33,063	28,032	1,822	17,147	25,509	243,025	150,928
2014	165,970	82,345	22,815	32,938	1,312	712	18,551	24,741	208,648	140,736
2015	160,850	74,139	24,499	32,085	1,319	670	19,588	23,801	206,256	130,695
2016	156,660	65,909	27,814	30,939	1,326	626	20,653	22,870	206,453	120,344
2017	150,725	58,619	29,324	29,808	1,333	580	21,667	21,879	203,049	110,886
2018-2022	629,525	199,454	128,807	129,144	6,780	2,168	121,215	93,278	886,327	424,044
2023-2027	418,315	82,562	124,890	101,046	5,453	883	119,925	65,725	668,583	250,216
2028-2032	161,020	14,723	157,200	68,520	2,033	121	89,934	38,563	410,187	121,927
2033-2037	-	-	144,870	26,171	-	-	66,089	22,394	210,959	48,565
2038-2042	-	-	33,005	3,588	-	-	55,658	5,689	88,663	9,277
2043-2047	-	-	-	-	-	-	1,827	-	1,827	-
Totals	\$ 2,017,435	\$ 668,285	\$ 716,700	\$ 487,302	\$ 47,588	\$ 7,582	552,254	344,449	3,333,977	1,507,618

6. FCRHA Bonds, Notes, and Loans Payable

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

The table on the facing page, details all FCRHA bonds, notes (including a loan from the County), and loans payable as of June 30, 2012, 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	4,485
Tax-exempt revenue bonds	Herndon Harbor I - rental property	6.10	08-01-97	07-01-27	24-30	2,875	742
Multi-family revenue bonds	Castellani Meadows	6.15	04-01-98	03-01-28	20-26	1,700	667
Lease revenue refunding bonds	FCRHA revenues	4.71	06-15-98	06-15-18	180-220	3,630	1,470
Multi-family revenue bonds	Herndon Harbor II - rental property	4.875-5.50	05-01-99	05-01-29	44-56	2,000	1,580
Multi-family revenue bonds	Cedar Ridge Apartments	5.984	03-29-07	10-01-48	62-115	13,200	12,828
Multi-family revenue bonds	Olley Glen - senior rental property	3.15-5.75	08-26-08	08-01-51	30-355	12,220	4,895
Total mortgage bonds payable - FCRHA						41,965	26,667
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	54
	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	2,676
	East Market, Fair oaks, Bryson	6.14	12-06-07	12-01-22	15-22	856	782
	Stockwell, Northampton, Halstead I & II	6.11	07-24-09	07-01-24	15-22	868	819
Sun Trust Bank	United Community Ministries	4.71	08-25-98	04-01-13	30-36	400	31
	Creighton Square	7.10	06-25-99	07-01-12	50-62	550	5
	Leland Road Group Home property	5.55	10-06-99	04-01-17	34-43	615	233
	Hopkins Glen rental property	4.33	12-02-02	10-01-16	10-62	475	290
Bank of America	McLean Hills and Springfield Green rental properties	4.54	04-01-95	04-01-15	53-68	1,072	233
PNC Bank	Credit Line	1.04	03-01-12	03-01-14	-	1,834	1,834
U.S. Dept. of Housing and Urban Development	Various FCRHA rental properties	6.45-9.15	02-01-92	varies	285	5,690	-
	Various FCRHA rental properties	3.73-7.90	02-01-93	varies	110-115	3,100	230
	Various FCRHA rental properties	4.75-7.18	08-01-94	varies	195-205	3,775	335
	Various FCRHA rental properties	5.36-7.66	08-01-96	varies	5-50	1,080	100
	Various FCRHA rental properties	1.21-5.29	08-07-03	varies	35	500	216
	Olley Glen property	1.29-3.44	01-29-09	08-01-23	100-125	2,050	1,575
Virginia Housing Development Authority	Minerva Fisher-Hall Group Home property	8.07	07-01-79	06-01-19	2-16	437	195
	Penderbrook rental property	7.17	09-01-88	10-01-18	16-25	770	358
	First Stop Group Home property	8.00	01-01-93	04-01-22	5-15	246	316
The City of Fairfax	Various properties owned by note holder	9.00-12.50	varies	varies	5-6	65	47
Total mortgage notes payable - FCRHA						27,744	10,329
Total public housing bonds, notes, and loans payable - FCRHA primary government						\$ 69,709	36,996

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, 2012, are as follows:

Fiscal Year	Component Unit - FCRHA (Primary Government)					
	Housing Bonds Payable		Mortgage Notes Payable and Loan from County		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 667,317	1,441,883	959,132	444,702	1,626,449	1,886,585
2014	697,786	1,405,354	783,284	402,081	1,481,070	1,807,435
2015	744,195	1,366,721	2,450,088	367,778	3,194,283	1,734,499
2016	781,599	1,325,757	521,808	339,944	1,303,407	1,665,701
2017	825,060	1,282,330	462,681	311,970	1,287,741	1,594,300
2018-2022	3,658,977	5,772,484	3,456,195	1,192,737	7,115,172	6,965,221
2023-2027	4,581,343	4,620,657	1,695,497	136,566	6,276,840	4,757,223
2028-2032	2,190,787	3,585,546	-	-	2,190,787	3,585,546
2033-2037	2,516,282	3,004,735	-	-	2,516,282	3,004,735
2038-2042	3,346,086	2,250,745	-	-	3,346,086	2,250,745
2043-2047	4,449,832	1,245,594	-	-	4,449,832	1,245,594
2048-2052	2,208,259	202,049	-	-	2,208,259	202,049
Totals	\$ 26,667,523	27,503,855	10,328,685	3,195,778	36,996,208	30,699,633

7. Park Authority Bonds, Loans, and Notes Payable

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

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

The debt service requirements to maturity for the outstanding bonds and loan at June 30, 2012, are as follows:

Fiscal Year	Revenue Bonds			Loan from Primary Government			Total	
	Int. Rate	Principal	Interest	Int. Rate	Principal	Interest	Principal	Interest
2013	4.10	725,000	335,665	5.00	210,000	509,934	935,000	845,599
2014	4.20	750,000	305,053	5.00	243,700	499,434	993,700	804,487
2015	4.30	785,000	272,425	5.00	283,100	487,249	1,068,100	759,674
2016	4.40	815,000	237,618	5.00	327,900	473,094	1,142,900	710,712
2017	4.50	855,000	200,450	5.00	372,600	456,699	1,227,600	657,149
2018-2022	4.75	3,815,000	372,756	5.00	2,650,800	1,953,281	6,465,800	2,326,037
2022-2026	-	-	-	3.00-5.00	3,669,100	1,274,254	3,669,100	1,274,254
2027-2031	-	-	-	3.00-4.00	4,330,000	631,694	4,330,000	631,694
2032-2033	-	-	-	4.00	955,000	34,619	955,000	34,619
Totals		<u>\$ 7,745,000</u>	<u>1,723,967</u>		<u>\$ 13,042,200</u>	<u>6,320,258</u>	<u>20,787,200</u>	<u>8,044,225</u>

8. Conduit Debt Obligations

The FCRHA is empowered by the Commonwealth of Virginia to issue tax-exempt bonds on behalf of qualified businesses to develop or rehabilitate low income housing within the County. Principal and interest on the tax-exempt bonds are paid entirely by the owners of the properties, who have entered into binding contracts to develop or rehabilitate the subject properties. The terms of the tax-exempt bonds stipulate that neither the FCRHA nor the County guarantees the repayment of principal and interest to the bondholders. A bondholder’s sole recourse in the event of default on the tax-exempt bonds is to the subject property and third-party beneficiaries. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2012, approximately \$29 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, 2012, the cumulative amount of all IRBs outstanding was \$677.6 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, 2012, the principal amount of transportation contract revenue bonds outstanding was \$182.1 million.

In December 2005, the Park Authority issued two notes totaling \$12.9 million 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, 2012, \$8.7 million of these notes are outstanding.

9. Defeasance of Debt

During the fiscal year, the County has defeased certain outstanding bonds by placing the proceeds of newly issued bonds in an irrevocable escrow funds to provide for all future debt service payments on the old bonds. Accordingly, the escrow fund assets and the liabilities for the defeased bonds are not included in the financial statements. As of June 30, 2012, the outstanding bonds but considered defeased are \$355 million in general obligation bonds, and \$49.8 million in revenue bonds.

10. Sanitary Landfill Closure and Postclosure Obligation

State and federal laws require the County to place a final cover on its I-95 Sanitary Landfill when it stops accepting solid waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The existing Municipal Solid Waste unit was closed on December 31, 1995 and the placement of the final cap completed during 2008. The ash disposal unit continues to accept incinerator ash from the waste to energy facilities and the Norman Cole Pollution Prevention Plant. Closure expenditures have been incurred for approximately 70 percent of the total area involved. The County holds permits that allow it to continue using the landfill until approximately 2042.

The \$64.3 million reported as the landfill closure and post closure obligation at June 30, 2012, 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, 2012, are presented on the following page:

Asset Class	Primary Government - Governmental Activities	Component Unit - Public Schools
Land	\$ -	6,000,000
Buildings	-	56,910,185
Improvements	3,774,949	-
Equipment	19,163,464	52,528,923
Total assets, at cost	22,938,413	115,439,108
Accumulated depreciation	(11,484,196)	(29,995,350)
Total assets, net	<u>\$ 11,454,217</u>	<u>85,443,758</u>
Fiscal Year	Minimum Obligations	Minimum Obligations
2013	\$ 4,176,716	15,635,996
2014	4,176,716	14,771,647
2015	2,921,191	12,239,672
2016	303,451	7,036,936
2017	65,472	5,880,227
2018-2022	327,360	18,881,112
2023-2027	136,400	18,876,858
2028-2032	-	18,873,700
2033-2037	-	11,327,925
2037-2041	-	-
Total minimum obligations	12,107,306	123,524,073
Portion representing interest	(873,527)	(35,991,417)
Present value of minimum obligations	<u>\$ 11,233,779</u>	<u>87,532,656</u>

The County is the lessor in a direct financing lease with Public Schools for an administrative office building and related land. The lease is structured so that Public Schools will make annual lease payments over 30 years equal to the County’s required debt service payments on the Series 2005 Facilities Revenue Bonds (see Note J-2). The County will transfer ownership of the building to Public Schools once all the lease obligations are satisfied. The total future minimum lease payments receivable is \$52.8 million and deferred revenue in the amount of \$52.8 million is reported. Minimum lease payments for each of the five succeeding fiscal years are \$1,360,000, \$1,415,000, \$1,470,000, \$1,530,000, and \$1,590,000 respectively.

K. LONG-TERM COMMITMENTS

1. Washington Metropolitan Area Transit Authority (WMATA)

The County’s commitments to WMATA are comprised of agreements to make capital contributions for the construction of rail lines and for the acquisition, replacement, and renovation of transit equipment and facilities and to provide operating subsidies for its rail, bus, and paratransit systems. The County’s commitments in each of these areas are summarized 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 \$25.5 million for fiscal year 2012 was funded with \$20.9 million of County general obligation bond proceeds, and \$4.6 million of state aid provided through the Northern Virginia

Transportation Commission (NVTC). It is anticipated that the County's obligation for fiscal year 2013 will amount to \$25.8 million and be funded with \$3.2 million of state aid provided through the NVTC, and \$22.6 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 2012, the County's obligation of approximately \$81.6 million for operating subsidies was funded with \$9.2 million from the County's Metro Operations and Construction Fund, \$72.4 million from state aid and regional gasoline tax receipts provided through the NVTC. It is anticipated that the County's obligation for fiscal year 2013 will amount to \$87.4 million and be funded with \$78.3 million of state aid and regional gasoline tax receipts provided through the NVTC and \$9.1 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 2012 contribution to the VRE was \$4.9 million.

3. Operating Lease Commitments

The County, Public Schools, and the EDA have entered into various long-term lease agreements for real estate and equipment. Certain real estate leases contain provisions which allow for increased rentals based upon increases in real estate taxes and the Consumer Price Index. All lease obligations are contingent upon the Board of Supervisors appropriating funds for each fiscal year's payments. For fiscal year 2012, the County's, Public Schools', and EDA's total expenditures for these operating leases were \$17.9 million, \$4.3 million, and \$0.7 million, respectively. At June 30, 2012, 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
2013	17,144,159	3,702,459	695,266
2014	13,428,144	4,014,404	714,493
2015	11,383,950	4,115,582	734,162
2016	10,088,881	3,399,712	754,273
2017	9,616,470	1,538,847	775,047
2018-2022	19,761,627	2,515,048	1,894,633
2023-2027	5,855,468	-	-
2028-2032	3,382,393	-	-
2033-2037	1,142,754	-	-
2038-2039	485,665	-	-
Total	\$ 92,289,511	19,286,052	5,567,874

4. Intermunicipal Agreements

City of Alexandria, Virginia, Renew Enterprises

The Sewer System is obligated under an agreement with the City of Alexandria, Virginia, Renew Enterprises (ARE) 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 ARE 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 ARE.

The ARE facility is currently undergoing major improvements to meet new water quality standards. The Sewer System paid ARE \$7,951,553 for purchase capacity in fiscal year 2012, to fund its share of construction costs, and it estimates its share of the remaining construction costs to be \$132.7 million of which \$14.6 million, is expected to be incurred in fiscal year 2013 and the balance over fiscal years 2014 to 2021. In addition, the Sewer System made payments of \$12.8 million to the ARE during fiscal year 2012 for its share of the ARE'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 (DC Water). 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. DC Water 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 DC Water.

The Blue Plains Plant is currently undergoing a major renovation of its chemical additions and sludge disposal systems. The Sewer System paid DC Water \$24.4 million for purchase capacity during fiscal year 2012 to fund its share of construction costs, and it estimates its share of the remaining construction costs to be \$125.8 million, of which \$26.6 million is expected to be incurred in fiscal year 2013 and the balance over fiscal years 2014 to 2021. In addition, the Sewer System made payments of \$13.3 million for contractual services to DC Water during fiscal year 2012 for its share of the Plant's operating costs.

Upper Occoquan Sewage Authority

As described in Note A, 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 22.6 MGD, or approximately 42 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 contractual service payments to UOSA in fiscal year 2012 of \$12.0 million to pay its share of UOSA's operating costs.

Summarized UOSA financial information as of and for the years ended June 30, 2011, and 2010 (the most recent audited financial information available), is shown on the following page:

	2011	2010
Total assets	\$ 637,303,357	560,540,258
Total liabilities	(537,851,308)	(456,253,474)
Total net assets	\$ 99,452,049	104,286,784
Operating revenues	\$ 26,552,992	26,184,993
Operating expenses	(46,966,704)	(45,484,400)
Nonoperating revenues, net	5,842,390	9,977,724
Capital contributions	9,736,587	9,267,684
Decrease in net assets	\$ (4,834,735)	(53,999)

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 7.5 percent of the facility's total capacity of 40 MGD. The Sewer System has no significant influence over the management of the treatment facility. In addition, the Sewer System has no direct on-going equity interest in the facility's assets and liabilities.

The Arlington facility is currently undergoing a major upgrade to meet new water quality standards. The Sewer System paid Arlington \$2.3 million in fiscal year 2012 to fund its share of the construction costs, and it estimates its share of the remaining construction costs to be \$5.8 million, of which \$2.9 million is expected to be incurred in fiscal year 2013 and the balance over fiscal years 2014 to 2021. In addition, the Sewer System made payments of \$2.2 million for contractual services to Arlington during fiscal year 2012 for its share of Arlington's operating costs.

Loudoun County, Virginia

The Sewer System is obligated under an agreement with Loudoun County, Virginia, to share the construction and operating costs and debt service requirements for the sewage treatment facility owned and operated by Loudoun Water. Currently, the Sewer System has a capacity entitlement of 1.0 MGD, which is 9.0 percent of the facility's total capacity of 11 MGD. The Sewer System has no significant influence over the management of the treatment facility. Furthermore, the Sewer System has no direct on-going equity interest in the facility's assets and liabilities.

The System did not pay any operating cost to Loudoun Water in fiscal year 2012. The System will incur operating costs once it starts to deliver flows to Loudoun Water's facilities which is not expected to start in fiscal year 2013.

5. Long-term Contracts

At June 30, 2012, the primary government had contractual commitments of \$66,220,313 in the capital projects funds and \$62,713,000 in the Sewer System for construction of various sewer projects. At June 30, 2012, the component units had contractual commitments of \$87,166,365 and \$7,193,509 in

the capital projects funds of the Public Schools and the Park Authority, respectively, for construction of various projects.

L. CONTINGENT LIABILITIES

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

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

M. SUBSEQUENT EVENTS

In October, 2012, the Authority issued \$42,390,000 of Transportation District Improvement Revenue Bonds (Silver Line Phase I Project) Series 2012 for the purpose of financing a portion of the costs of the construction of the first phase of an extension of the Washington Metropolitan Area Transit Authority's mass transit system in Fairfax County, Virginia. The Series 2012 Bonds are limited obligations of the Authority, payable primarily from proceeds of a limited ad valorem real property tax (the "Special Improvements Tax") levied by the County in the Phase I Dulles Rail Transportation Improvement District at the request of the District's governing body. The Series 2012 Bonds are secured by a Reserve Subfund and a Revenue Stabilization Subfund.

In accordance with Fairfax County's funding agreement with the Metropolitan Washington Airports Authority (MWAA) who is overseeing construction of the project, the County, through the Dulles Rail Phase I Transportation Improvement Tax District is committed to pay \$400 million of capital construction costs for Phase I of the Dulles Metrorail Project.

On August 8, 2012, the System issued \$90,710,000 of Sewer Revenue Bonds (the Series 2012 Bonds). The bonds were issued to fund capital improvement costs allocable to the System at certain wastewater treatment facilities that are owned by, or that provide service to, the County, the purchase of additional capacity at certain wastewater treatment facilities for the benefit of the County, and the costs of certain additions, extensions, and improvements to the County's sewage collection, treatment, and disposal systems.

N. IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENTS

In Fiscal Year 2012, the County implemented GASB Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions". The implementation of the new standard did not have a material impact on the County's financial statements for Fiscal Year 2012.

Required

Supplementary Information

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

COUNTY OF FAIRFAX, VIRGINIA
Budgetary Comparison Schedule - General Fund (Budget Basis)
For the fiscal year ended June 30, 2012

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,830,486,261	2,866,904,288	2,881,577,799	14,673,511
Permits, privilege fees, and regulatory licenses	30,152,648	34,835,666	36,843,892	2,008,226
Intergovernmental	336,492,506	341,043,056	347,504,430	6,461,374
Charges for services	64,161,281	64,161,281	66,565,131	2,403,850
Fines and forfeitures	16,868,801	16,497,731	17,147,019	649,288
Revenue from the use of money and property	16,711,665	19,678,898	19,186,624	(492,274)
Recovered costs	12,079,289	11,399,344	11,508,316	108,972
Total revenues	3,306,952,451	3,354,520,264	3,380,333,211	25,812,947
EXPENDITURES				
General government administration	95,634,199	104,015,697	98,983,819	5,031,878
Judicial administration	31,582,238	32,094,041	31,015,900	1,078,141
Public safety	398,654,412	413,476,366	403,106,220	10,370,146
Public works	65,552,269	71,182,897	63,875,828	7,307,069
Health and welfare	285,560,130	306,344,879	293,629,492	12,715,387
Community development	43,846,569	47,750,410	42,766,679	4,983,731
Parks, recreation, and cultural	47,735,700	49,249,380	47,350,340	1,899,040
Nondepartmental	267,849,511	271,816,358	261,547,333	10,269,025
Total expenditures	1,236,415,028	1,295,930,028	1,242,275,611	53,654,417
Excess of revenues over expenditures	2,070,537,423	2,058,590,236	2,138,057,600	79,467,364
OTHER FINANCING SOURCES (USES)				
Transfers in from other primary government funds	6,901,043	6,901,043	6,901,043	-
Transfers out to other primary government funds	(528,240,409)	(558,263,790)	(558,263,790)	-
Transfers out to component units	(1,612,823,947)	(1,612,838,905)	(1,612,838,905)	-
Total other financing sources (uses)	(2,134,163,313)	(2,164,201,652)	(2,164,201,652)	-
Net change in fund balance	\$ (63,625,890)	(105,611,416)	(26,144,052)	79,467,364

See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Funding Progress
For the fiscal year ended June 30, 2012

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
7/1/2009	2,603,284	3,535,874	932,590	73.62	628,481	148.39
7/1/2010	2,636,052	3,771,060	1,135,008	69.90	629,249	180.38
7/1/2011	2,841,466	4,018,924	1,177,457	70.70	642,073	183.38
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
7/1/2009	879,543	1,076,039	196,496	81.74	99,647	197.19
7/1/2010	899,543	1,135,015	235,472	79.25	100,500	234.30
7/1/2011	982,154	1,219,609	237,455	80.53	99,070	239.68
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
7/1/2009	1,074,230	1,351,204	276,974	79.50	147,083	188.31
7/1/2010	1,095,080	1,427,617	332,537	76.71	146,777	226.56
7/1/2011	1,185,594	1,526,218	340,624	77.68	147,326	231.20
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
7/1/2009	50,233	441,286	391,053	11.38	761,303	51.37
7/1/2010	60,473	489,203	428,730	12.36	777,040	55.17
7/1/2011	80,087	474,229	394,142	16.89	799,500	49.30
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
12/31/2009	1,769,540	2,314,282	544,742	76.46	1,208,093	45.09
12/31/2010	1,822,603	2,384,061	561,458	76.45	1,191,290	47.13
12/31/2011	1,866,952	2,470,964	604,012	75.56	1,246,973	48.44
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
7/1/2009	17,520	466,324	448,804	3.76	1,182,922	37.94
7/1/2010	19,563	471,617	452,054	4.15	1,432,000	31.57
7/1/2011	40,051	431,303	391,252	9.29	1,005,000	38.93

See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Employer Contributions
For the fiscal year ended June 30, 2012

Fiscal Year Ended June 30	Primary Government					
	Employees' Retirement		Police Officers Retirement		Uniformed Retirement	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2004	\$ 51,992,031	66.20 %	\$ 17,356,995	84.59 %	\$ 25,186,003	98.56 %
2005	67,996,277	69.06	20,744,793	71.83	32,320,929	84.13
2006	73,734,724	67.05	22,641,707	73.88	37,668,222	85.31
2007	81,551,794	70.45	26,518,550	72.49	43,009,853	84.83
2008	89,480,173	70.00	28,198,891	76.06	46,849,354	83.43
2009	95,052,308	69.00	27,625,460	85.00	47,247,396	86.00
2010	92,771,532	69.06	30,759,259	77.27	47,289,026	86.22
2011	122,435,265	78.90	36,872,751	79.12	53,208,307	86.11
2012	142,286,358	80.60	39,408,110	81.38	57,663,522	87.91

Fiscal Year Ended June 30	Educational Employees' Supplementary Retirement	
	Annual Required Contribution	Percentage Contributed
2004	\$ 37,331,203	* 100.00 %
2005	32,198,596	* 100.00
2006	34,648,918	* 100.00
2007	36,644,001	* 100.00
2008	38,334,140	* 100.00
2009	40,012,480	* 100.00
2010	37,868,623	* 100.00
2011	47,118,111	* 100.00
2012	52,934,245	* 100.00

Fiscal Year Ended June 30	Primary Government Other Post-Employment Benefits (OPEB)		Component Unit - Public Schools Other Post-Employment Benefits (OPEB)	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2008	\$ 31,648,000	185.42 %	\$ 25,302,000	103.21 %
2009	25,393,000	84.89	37,522,000	97.70
2010	32,553,000	54.59	35,954,000	75.47
2011	35,373,000	59.38	38,163,000	118.70
2012	37,640,000	118.02	30,630,000	138.37

* 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, 2012

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.
 - Certain purchase order transactions that qualify as current expenditures under GAAP, are not recognized as expenditures in the current budget due to the timing of the receipt of goods or services.
 - 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 Information Technology Fund, Consolidated Community Funding Pool Fund and the Contributory Fund, which are included in the County’s General Fund for reporting purposes, are treated as special revenue funds for budgeting purposes.

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

	Primary Government General Fund
Net change in fund balance (Budget basis)	\$ (26,144,052)
Basis difference - Revenue from investments	313,410
Timing difference - Purchase expenditures	(206,030)
Perspective differences:	
The Gift Fund and NOVARIS are treated as agency funds for budget purposes	291,445
The Consolidated Community Funding Pool Fund is treated as a special revenue fund for budget purposes	(228,546)
The Contributory Fund is treated as a special revenue fund for budget purposes	(132,793)
The Information Technology Fund is treated as a special revenue fund for budget purposes	3,378,768
Net change in fund balance (GAAP basis)	<u>\$ (22,727,798)</u>

- f. Original and final budgeted amounts are shown on the Budgetary Comparison Schedule; amendments were not significant in relation to the original budget.
- g. Appropriations lapse at June 30 unless the Board of Supervisors approves carrying them forward to the next fiscal year.

B. PENSION TREND DATA

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

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

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

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, 2012

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Real property	\$ 2,035,455,407	2,046,834,982	2,047,283,817	448,835
Personal property	306,818,444	311,928,757	316,918,241	4,989,484
Business licenses	143,354,729	152,939,588	155,466,216	2,526,628
Local sales and use	245,943,322	253,501,567	257,489,180	3,987,613
Consumers utility	46,029,744	46,029,744	44,835,797	(1,193,947)
Recordation	20,758,376	23,113,348	26,223,747	3,110,399
Occupancy, tobacco, and other	32,126,239	32,556,302	33,360,801	804,499
Total taxes	2,830,486,261	2,866,904,288	2,881,577,799	14,673,511
Permits, privilege fees, and regulatory licenses	30,152,648	34,835,666	36,843,892	2,008,226
Intergovernmental	336,492,506	341,043,056	347,504,430	6,461,374
Charges for services	64,161,281	64,161,281	66,565,131	2,403,850
Fines and forfeitures	16,868,801	16,497,731	17,147,019	649,288
Revenue from the use of money and property	16,711,665	19,678,898	19,186,624	(492,274)
Recovered costs	12,079,289	11,399,344	11,508,316	108,972
Total revenues	3,306,952,451	3,354,520,264	3,380,333,211	25,812,947
EXPENDITURES				
General government administration:				
Board of Supervisors	4,876,387	4,942,105	4,443,162	498,943
Financial and Program Auditor	330,227	334,777	318,439	16,338
County Executive	5,989,394	6,112,546	5,468,025	644,521
Tax Administration	21,818,030	22,652,334	22,013,511	638,823
Finance	8,515,509	9,452,534	9,034,536	417,998
Cable and Consumer Services	910,290	1,073,680	1,019,913	53,767
Human Resources	7,158,752	7,724,448	7,683,980	40,468
Purchasing and Supply Management	4,869,371	5,119,168	4,977,296	141,872
Public Affairs	1,086,384	1,199,737	1,184,482	15,255
Elections	3,016,036	3,773,392	3,746,354	27,038
County Attorney	6,007,704	6,868,673	6,167,941	700,732
Information Technology	27,916,220	31,578,778	29,845,209	1,733,569
Management and Budget	2,710,598	2,749,077	2,736,126	12,951
Civil Service Commission	429,297	434,448	344,845	89,603
Total general government administration	95,634,199	104,015,697	98,983,819	5,031,878
Judicial administration:				
Circuit Court and Records	10,033,175	10,393,606	9,984,864	408,742
Commonwealth Attorney	2,525,464	2,562,672	2,547,964	14,708
General District Court	2,149,128	2,233,058	2,126,517	106,541
Sheriff	16,874,471	16,904,705	16,356,555	548,150
Total judicial administration	31,582,238	32,094,041	31,015,900	1,078,141
Public safety:				
Cable Communications and Consumer Protection	788,456	798,665	792,319	6,346
Land Development Services	8,356,264	8,976,561	9,043,226	(66,665)
Juvenile and Domestic Relations Court	20,163,367	20,907,782	20,418,482	489,300
Police Department	160,613,847	164,934,125	162,252,833	2,681,292
Sheriff	42,451,721	43,518,897	41,916,058	1,602,839
Fire and Rescue	161,010,430	168,425,026	163,219,725	5,205,301
Emergency Management	1,759,744	2,282,249	1,864,298	417,951
Code Compliance	3,510,583	3,633,061	3,599,279	33,782
Total public safety	\$ 398,654,412	413,476,366	403,106,220	10,370,146

continued

EXHIBIT B

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget
	Original	Final		Positive (Negative)
Public works:				
Facilities Management	\$ 50,233,926	54,298,059	49,287,831	5,010,228
Business Planning and Support	777,170	873,541	734,845	138,696
Capital Facilities	10,859,546	11,545,817	11,479,882	65,935
Unclassified Administrative Expenses	3,681,627	4,465,480	2,373,270	2,092,210
Total public works	65,552,269	71,182,897	63,875,828	7,307,069
Health and welfare:				
Family Services	187,464,754	200,572,787	193,751,023	6,821,764
Health Department	50,928,317	54,767,796	51,278,368	3,489,428
Human Services Administration	10,771,592	11,354,640	11,285,895	68,745
Office to Prevent and End Homelessness	10,460,606	12,684,865	11,170,762	1,514,103
Neighborhood and Community Services	25,934,861	26,964,791	26,143,444	821,347
Total health and welfare	285,560,130	306,344,879	293,629,492	12,715,387
Community development:				
Economic Development Authority	7,045,506	7,093,393	7,093,343	50
Land Development Services	12,624,026	12,642,969	11,155,645	1,487,324
Planning and Zoning	9,271,412	10,079,304	9,137,984	941,320
Planning Commission	664,654	671,901	637,453	34,448
Housing and Community Development	5,928,757	6,024,542	5,227,106	797,436
Human Rights and Equity Programs	1,534,570	1,556,160	1,459,701	96,459
Transportation	6,777,644	9,682,141	8,055,447	1,626,694
Total community development	43,846,569	47,750,410	42,766,679	4,983,731
Parks, recreation, and cultural:				
Park Authority	21,699,789	22,293,822	22,018,820	275,002
Public Library	26,035,911	26,955,558	25,331,520	1,624,038
Total parks, recreation, and cultural	47,735,700	49,249,380	47,350,340	1,899,040
Nondepartmental:				
Unclassified Administrative Expenses	3,775,000	5,943,001	103,813	5,839,188
Employee Benefits	264,074,511	265,873,357	261,443,520	4,429,837
Total nondepartmental	267,849,511	271,816,358	261,547,333	10,269,025
Total expenditures	1,236,415,028	1,295,930,028	1,242,275,611	53,654,417
Excess of revenues over expenditures	\$ 2,070,537,423	2,058,590,236	2,138,057,600	79,467,364

continued

COUNTY OF FAIRFAX, VIRGINIA
Budgetary Comparison Schedule Detail - General Fund (Budget Basis)
For the fiscal year ended June 30, 2012

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 Funds:				
Cable Communications	\$ 6,901,043	6,901,043	6,901,043	-
Total transfers in from other primary government funds	6,901,043	6,901,043	6,901,043	-
Transfers out:				
To other primary government funds:				
Special Revenue Funds:				
Fairfax-Falls Church Community Services Board	(95,725,326)	(100,496,382)	(100,496,382)	-
County Transit Systems	(34,455,482)	(34,455,482)	(34,455,482)	-
Federal/State Grants	(4,250,852)	(4,250,852)	(4,250,852)	-
Information Technology	(5,281,579)	(16,181,579)	(16,181,579)	-
Consolidated Community Funding Pool	(8,970,687)	(8,970,687)	(8,970,687)	-
Contributory Fund	(12,162,942)	(14,612,942)	(14,612,942)	-
E-911	(14,058,303)	(14,376,992)	(14,376,992)	-
Community Development Block Grant	-	(284,190)	(284,190)	-
Debt Service Fund				-
Debt Service Fund	(282,844,428)	(276,519,825)	(276,519,825)	-
Capital Projects Funds:				
County Construction	(14,919,369)	(18,519,369)	(18,519,369)	-
Public Safety Construction	(242,595)	(242,595)	(242,595)	-
Metro Operations and Construction	(11,298,296)	(11,298,296)	(11,298,296)	-
Housing Assistance Program	(515,000)	(515,000)	(515,000)	-
Transportation Improvements				-
Construction	-	(250,000)	(250,000)	-
Sidewalk Construction	(100,000)	(100,000)	(100,000)	-
Internal Service Funds:				
Self-Insurance	(21,017,317)	(27,054,366)	(27,054,366)	-
Document Services	(2,398,233)	(2,398,233)	(2,398,233)	-
OPEB	(20,000,000)	(27,737,000)	(27,737,000)	-
Total transfers out to other primary government funds	(528,240,409)	(558,263,790)	(558,263,790)	-
To component units:				
Public Schools:				
Public Schools - General Fund	(1,610,834,722)	(1,610,834,722)	(1,610,834,722)	-
FCRHA - Elderly Housing Program	(1,989,225)	(2,004,183)	(2,004,183)	-
Total transfers out to component units	(1,612,823,947)	(1,612,838,905)	(1,612,838,905)	-
Total transfers out	(2,141,064,356)	(2,171,102,695)	(2,171,102,695)	-
Total other financing sources (uses)	(2,134,163,313)	(2,164,201,652)	(2,164,201,652)	-
Net change in fund balance	\$ (63,625,890)	(105,611,416)	(26,144,052)	79,467,364

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, 2012

EXHIBIT C

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Equity in pooled cash and temporary investments	\$ 380,262,095	15,604,631	169,241,713	565,108,439
Receivables (net of allowances):				
Accounts	14,058,167	18,837	129,325	14,206,329
Accrued interest	801,270	67,823	2,513,528	3,382,621
Loans	20,501,130	-	34,952,290	55,453,420
Due from intergovernmental units	28,452,611	-	388,059	28,840,670
Loan to component unit	-	13,042,200	-	13,042,200
Lease to component unit	-	52,840,000	-	52,840,000
Interfund receivables	2,326,715	-	-	2,326,715
Prepaid and other assets	774,038	-	1,093,800	1,867,838
Restricted assets:				
Equity in pooled cash and temporary investments	-	-	40,238,924	40,238,924
Cash with fiscal agents	102,488,790	17,782,866	81,384,227	201,655,883
Total assets	\$ 549,664,816	99,356,357	329,941,866	978,963,039
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 66,412,485	200,900	7,401,505	74,014,890
Accrued salaries and benefits	5,353,829	-	-	5,353,829
Contract retainages	6,285,682	-	3,060,096	9,345,778
Accrued interest payable	-	-	1,026,351	1,026,351
Due to component units	-	-	502,508	502,508
Interfund payables	7,329,929	-	-	7,329,929
Deferred revenue	3,084,060	53,266,043	39,266,116	95,616,219
Performance and other deposits	5,680	-	14,971,486	14,977,166
Total liabilities	88,471,665	53,466,943	66,228,062	208,166,670
Fund balances:				
Nonspendable:				
Prepaid amounts	519,231	-	-	519,231
Long-term loan	-	13,042,200	34,952,290	47,994,490
Total Nonspendable	519,231	13,042,200	34,952,290	48,513,721
Restricted for:				
Public safety, courts, and judicial	27,523,681	-	-	27,523,681
General public works	111,824,012	-	-	111,824,012
Stormwater management	22,913,537	-	-	22,913,537
Transportation	166,890,510	-	-	166,890,510
Social services, health and welfare	10,076,810	-	-	10,076,810
Housing and community development	29,737,856	-	-	29,737,856
Parks, recreation, and cultural	18,690,717	-	-	18,690,717
Debt service	-	17,655,664	-	17,655,664
Capital projects	-	-	163,612,255	163,612,255
Other purposes	878,867	-	-	878,867
Total Restricted	388,535,990	17,655,664	163,612,255	569,803,909
Committed to:				
Public safety, courts, and judicial	12,738,099	-	-	12,738,099
Transportation	41,747,934	-	-	41,747,934
Social services, health and welfare	2,319,565	-	-	2,319,565
Housing and community development	17,936,740	-	-	17,936,740
Debt service	-	15,191,550	-	15,191,550
Capital projects	-	-	65,149,259	65,149,259
Total Committed	74,742,338	15,191,550	65,149,259	155,083,147
Unassigned:				
Total fund balances	(2,604,408)	-	-	(2,604,408)
Total liabilities and fund balances	\$ 549,664,816	99,356,357	329,941,866	978,963,039

COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2012

EXHIBIT C-1

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 16,678,004	-	9,650,000	26,328,004
Permits, privilege fees, and regulatory licenses	23,091,904	-	-	23,091,904
Intergovernmental	143,273,705	4,566,425	4,473,122	152,313,252
Charges for services	255,051,089	-	1,296,593	256,347,682
Fines and forfeitures	83,350	-	-	83,350
Developers' contributions	1,351,838	-	-	1,351,838
Revenue from the use of money and property	4,602,455	2,877,350	11,009,316	18,489,121
Recovered costs	4,593,008	-	3,349,911	7,942,919
Gifts, donations, and contributions	1,855,976	-	-	1,855,976
Total revenues	450,581,329	7,443,775	29,778,942	487,804,046
EXPENDITURES				
Current:				
General government administration	5,120,679	-	3,587,649	8,708,328
Judicial administration	726,705	-	730,034	1,456,739
Public safety	53,922,318	-	47,029	53,969,347
Public works	111,139,052	-	99,840	111,238,892
Health and welfare	191,854,440	-	3,010,409	194,864,849
Community development	117,659,909	-	13,048,578	130,708,487
Parks, recreation, and cultural	13,121,179	-	3,743,342	16,864,521
Intergovernmental:				
Community development	155,252,622	-	30,333,502	185,586,124
Parks, recreation, and cultural	-	1,777,800	22,705,360	24,483,160
Education - for Public Schools	3,726,203	-	155,000,000	158,726,203
Capital outlay:				
General government administration	71,922	-	6,855,413	6,927,335
Judicial administration	-	-	373,155	373,155
Public safety	521,126	-	27,224,155	27,745,281
Public works	15,030,811	-	14,013,507	29,044,318
Health and welfare	146,003	-	-	146,003
Community development	64,037,106	-	39,464,773	103,501,879
Parks, recreation, and cultural	1,722,681	-	3,048,761	4,771,442
Debt service:				
Principal retirement	8,796,075	185,316,647	4,655,000	198,767,722
Interest and other charges	12,475,361	104,937,449	5,510,898	122,923,708
Total expenditures	755,324,192	292,031,896	333,451,405	1,380,807,493
Deficiency of revenues under expenditures	(304,742,863)	(284,588,121)	(303,672,463)	(893,003,447)
OTHER FINANCING SOURCES (USES)				
Transfers in	179,415,848	292,424,101	63,147,739	534,987,688
Transfers out	(84,139,508)	-	(3,924,343)	(88,063,851)
General obligation bonds issued	-	-	217,655,000	217,655,000
Premium on general obligation bonds issued	-	-	23,797,492	23,797,492
Revenue bonds issued	99,529,444	6,057,992	78,477,564	184,065,000
Premium on revenue bonds issued	2,057,938	-	7,186,552	9,244,490
General obligation refunding bonds issued	-	192,350,000	-	192,350,000
Premium on general obligation refunding bonds issued	-	50,178,549	-	50,178,549
Lease revenue refunding bonds issued	-	47,745,000	-	47,745,000
Premium on lease revenue refunding bonds issued	-	6,741,590	-	6,741,590
General obligation payments to refunded bonds escrow agent	-	(241,681,789)	-	(241,681,789)
Lease revenue bond payments to refunded bonds escrow agent	-	(53,783,433)	-	(53,783,433)
Total other financing sources (uses)	196,863,722	300,032,010	386,340,004	883,235,736
SPECIAL ITEM				
Proceeds from the sale of land	-	-	3,499,567	3,499,567
Net change in fund balances	(107,879,141)	15,443,889	86,167,108	(6,268,144)
Fund balances, July 1, 2011	569,072,292	30,445,525	177,546,696	777,064,513
Fund balances, June 30, 2012	\$ 461,193,151	45,889,414	263,713,804	770,796,369



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

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

Dulles Rail Phase I Transportation Improvement District Fund is used to account for the charges to property owners within the Phase I 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.

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

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

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

Aging Grants and Programs Fund is no longer being used. The activities previously accounted for in this fund are now accounted for in the Federal/State Grand Fund.

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

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

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

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

Mosaic Community Development Authority Fund is the general fund of the Mosaic Community Development Authority District. The Authority was established as a separate corporate entity and all operational aspects are handled by administrators and trustees outside the County. This fund is not an appropriated fund within the operating budget. Thus, there is no budgetary comparison schedule for this fund. Other activities are tracked in debt service and capital project funds. The Authority is funded through a special assessment on property located within the district.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Funds
Combining Balance Sheet
June 30, 2012

	County Transit Systems	Dulles Rail Phase I Transportation Improvement District	Dulles Rail Phase II Transportation Improvement District	County and Regional Transportation Projects	Federal/ State Grant
ASSETS					
Equity in pooled cash and temporary investments	\$ 42,446,818	44,104,288	9,739,544	67,927,520	26,128,099
Receivables (net of allowances):					
Accounts	-	150,837	9,312	234,999	1,010,038
Accrued interest	-	2,212	148	-	-
Loans	-	-	-	-	-
Due from intergovernmental units	1,492,186	-	-	-	16,837,237
Interfund receivables	-	-	-	-	-
Prepaid and other assets	-	-	-	-	69,314
Restricted assets - Cash with fiscal agents	-	45,272,085	-	56,907,646	-
Total assets	\$ 43,939,004	89,529,422	9,749,004	125,070,165	44,044,688
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 2,191,070	45,464,462	986	5,917,488	2,872,234
Accrued salaries and benefits	-	-	-	37,057	695,404
Contract retainages	-	-	-	5,875,838	61,060
Interfund payables	-	-	-	13,060	241,647
Deferred revenue	-	150,837	9,312	334,999	29,370
Performance and other deposits	-	-	-	-	-
Total liabilities	<u>2,191,070</u>	<u>45,615,299</u>	<u>10,298</u>	<u>12,178,442</u>	<u>3,899,715</u>
Fund balances:					
Nonspendable:					
Prepaid amounts	-	-	-	-	69,314
Total Nonspendable	-	-	-	-	69,314
Restricted for:					
Public safety, courts, and judicial	-	-	-	-	27,523,681
General public works	-	-	-	-	6,531
Stormwater management	-	-	-	-	-
Transportation	-	43,914,123	9,738,706	112,891,723	345,958
Social services, health and welfare	-	-	-	-	8,457,676
Housing and community development	-	-	-	-	461,004
Parks, recreation, and cultural	-	-	-	-	82,377
Other purposes	-	-	-	-	878,867
Total Restricted	-	43,914,123	9,738,706	112,891,723	37,756,094
Committed to:					
Public safety, courts, and judicial	-	-	-	-	-
Transportation	41,747,934	-	-	-	-
Social services, health and welfare	-	-	-	-	2,319,565
Housing and community development	-	-	-	-	-
Total Committed	41,747,934	-	-	-	2,319,565
Unassigned:					
Total fund balances	41,747,934	43,914,123	9,738,706	112,891,723	40,144,973
Total liabilities and fund balances	\$ 43,939,004	89,529,422	9,749,004	125,070,165	44,044,688

EXHIBIT D

Cable Communications	Fairfax-Falls Church Community Services Board	Reston Community Center	Mosaic Community Development Authority	
				ASSETS
16,041,268	428,056	6,659,122	-	Equity in pooled cash and temporary investments
1,507,412	1,927,508	20,758	-	Receivables (net of allowances):
-	-	488	16	Accounts
-	-	-	-	Accrued interest
2,727,222	24,425	-	-	Loans
-	-	-	-	Due from intergovernmental units
-	-	-	-	Interfund receivables
-	186,039	-	-	Prepaid and other assets
-	-	-	309,059	Restricted assets - Cash with fiscal agents
<u>20,275,902</u>	<u>2,566,028</u>	<u>6,680,368</u>	<u>309,075</u>	Total assets
				LIABILITIES AND FUND BALANCES
				Liabilities:
816,054	1,694,020	42,136	43,415	Accounts payable and accrued liabilities
119,101	2,589,324	124,610	-	Accrued salaries and benefits
-	-	-	-	Contract retainages
42,429	885,879	36,592	-	Interfund payables
1,361,578	1,213	262,407	-	Deferred revenue
-	-	3,600	-	Performance and other deposits
<u>2,339,162</u>	<u>5,170,436</u>	<u>469,345</u>	<u>43,415</u>	Total liabilities
				Fund balances:
				Nonspendable:
-	-	-	-	Prepaid amounts
-	-	-	-	Total Nonspendable
				Restricted for:
-	-	-	-	Public safety, courts, and judicial
-	-	-	-	General public works
-	-	-	-	Stormwater management
-	-	-	-	Transportation
-	-	-	-	Social services, health and welfare
-	-	-	265,660	Housing and community development
-	-	6,211,023	-	Parks, recreation, and cultural
-	-	-	-	Other purposes
-	-	<u>6,211,023</u>	<u>265,660</u>	Total Restricted
				Committed to:
-	-	-	-	Public safety, courts, and judicial
-	-	-	-	Transportation
-	-	-	-	Social services, health and welfare
<u>17,936,740</u>	-	-	-	Housing and community development
<u>17,936,740</u>	-	-	-	Total Committed
-	(2,604,408)	-	-	Unassigned:
<u>17,936,740</u>	<u>(2,604,408)</u>	<u>6,211,023</u>	<u>265,660</u>	Total fund balances
<u>20,275,902</u>	<u>2,566,028</u>	<u>6,680,368</u>	<u>309,075</u>	Total liabilities and fund balances

continued

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Funds
Combining Balance Sheet
June 30, 2012

	McLean Community Center	Burgundy Village Community Center	E-911	Integrated Pest Management Program	Stormwater Services
ASSETS					
Equity in pooled cash and temporary investments	\$ 12,219,240	300,838	12,043,319	3,131,612	24,968,658
Receivables (net of allowances):					
Accounts	14,098	614	-	10,969	136,841
Accrued interest	585	10	1,111	162	-
Loans	-	-	-	-	-
Due from intergovernmental units	-	-	1,900,097	-	711,145
Interfund receivables	-	-	-	-	-
Prepaid and other assets	90	-	-	-	89,777
Restricted assets - Cash with fiscal agents	-	-	-	-	-
Total assets	\$ 12,234,013	301,462	13,944,527	3,142,743	25,906,421
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 26,366	72	373,998	227,419	2,225,041
Accrued salaries and benefits	73,927	683	583,445	32,000	322,767
Contract retainages	-	-	-	-	184,102
Interfund payables	22,346	52	248,985	9,176	124,133
Deferred revenue	14,098	614	-	10,969	136,841
Performance and other deposits	-	-	-	-	-
Total liabilities	136,737	1,421	1,206,428	279,564	2,992,884
Fund balances:					
Nonspendable:					
Prepaid amounts	-	-	-	-	-
Total Nonspendable	-	-	-	-	-
Restricted for:					
Public safety, courts, and judicial	-	-	-	-	-
General public works	-	-	-	-	-
Stormwater management	-	-	-	-	22,913,537
Transportation	-	-	-	-	-
Social services, health and welfare	-	-	-	1,545,194	-
Housing and community development	-	-	-	1,317,985	-
Parks, recreation, and cultural	12,097,276	300,041	-	-	-
Other purposes	-	-	-	-	-
Total Restricted	12,097,276	300,041	-	2,863,179	22,913,537
Committed to:					
Public safety, courts, and judicial	-	-	12,738,099	-	-
Transportation	-	-	-	-	-
Social services, health and welfare	-	-	-	-	-
Housing and community development	-	-	-	-	-
Total Committed	-	-	12,738,099	-	-
Unassigned:					
Total fund balances	12,097,276	300,041	12,738,099	2,863,179	22,913,537
Total liabilities and fund balances	\$ 12,234,013	301,462	13,944,527	3,142,743	25,906,421

EXHIBIT D

Leaf Collection	Refuse Collection and Recycling Operations	Refuse Disposal	Energy Resource Recovery Facility	I-95 Refuse Disposal	
					ASSETS
3,453,806	12,133,525	11,488,757	34,129,409	45,790,119	Equity in pooled cash and temporary investments
14,264	315,971	7,358,466	8,860	1,200,144	Receivables (net of allowances):
192	786	629	437	2,009	Accounts
-	-	-	-	-	Accrued interest
-	1,864	123,888	1,069,938	-	Loans
-	-	-	2,287,230	39,485	Due from intergovernmental units
-	-	133	-	-	Interfund receivables
-	-	-	-	-	Prepaid and other assets
-	-	-	-	-	Restricted assets - Cash with fiscal agents
<u>3,468,262</u>	<u>12,452,146</u>	<u>18,971,873</u>	<u>37,495,874</u>	<u>47,031,757</u>	Total assets
					LIABILITIES AND FUND BALANCES
					Liabilities:
5,025	252,785	844,673	1,066,183	1,821,828	Accounts payable and accrued liabilities
95	265,754	285,631	22,950	98,800	Accrued salaries and benefits
-	-	81,169	-	71,998	Contract retainages
24	104,324	2,433,000	9,696	30,099	Interfund payables
14,264	194,133	-	-	-	Deferred revenue
-	-	-	-	-	Performance and other deposits
<u>19,408</u>	<u>816,996</u>	<u>3,644,473</u>	<u>1,098,829</u>	<u>2,022,725</u>	Total liabilities
					Fund balances:
					Nonspendable:
-	-	-	-	-	Prepaid amounts
-	-	-	-	-	Total Nonspendable
					Restricted for:
-	-	-	-	-	Public safety, courts, and judicial
3,448,854	11,635,150	15,327,400	36,397,045	45,009,032	General public works
-	-	-	-	-	Stormwater management
-	-	-	-	-	Transportation
-	-	-	-	-	Social services, health and welfare
-	-	-	-	-	Housing and community development
-	-	-	-	-	Parks, recreation, and cultural
-	-	-	-	-	Other purposes
<u>3,448,854</u>	<u>11,635,150</u>	<u>15,327,400</u>	<u>36,397,045</u>	<u>45,009,032</u>	Total Restricted
					Committed to:
-	-	-	-	-	Public safety, courts, and judicial
-	-	-	-	-	Transportation
-	-	-	-	-	Social services, health and welfare
-	-	-	-	-	Housing and community development
-	-	-	-	-	Total Committed
					Unassigned:
3,448,854	11,635,150	15,327,400	36,397,045	45,009,032	Total fund balances
<u>3,468,262</u>	<u>12,452,146</u>	<u>18,971,873</u>	<u>37,495,874</u>	<u>47,031,757</u>	Total liabilities and fund balances

continued

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Funds
Combining Balance Sheet
June 30, 2012

EXHIBIT D
concluded

	Community Development Block Grant	Housing Trust	HOME Investment Partnership Grant	Alcohol Safety Action Program	Total Special Revenue Funds
ASSETS					
Equity in pooled cash and temporary investments	\$ 129,498	6,934,318	53,199	11,082	380,262,095
Receivables (net of allowances):					
Accounts	-	-	-	137,076	14,058,167
Accrued interest	-	792,485	-	-	801,270
Loans	7,924,937	8,990,198	3,585,995	-	20,501,130
Due from intergovernmental units	1,928,297	-	1,636,312	-	28,452,611
Interfund receivables	-	-	-	-	2,326,715
Prepaid and other assets	134,554	-	294,131	-	774,038
Restricted assets - Cash with fiscal agents	-	-	-	-	102,488,790
Total assets	\$ 10,117,286	16,717,001	5,569,637	148,158	549,664,816
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 259,858	803	254,753	11,816	66,412,485
Accrued salaries and benefits	45,878	-	9,497	46,906	5,353,829
Contract retainages	11,515	-	-	-	6,285,682
Interfund payables	1,212,991	-	1,900,000	15,496	7,329,929
Deferred revenue	-	563,425	-	-	3,084,060
Performance and other deposits	2,080	-	-	-	5,680
Total liabilities	1,532,322	564,228	2,164,250	74,218	88,471,665
Fund balances:					
Nonspendable:					
Prepaid amounts	134,554	-	315,363	-	519,231
Total Nonspendable	134,554	-	315,363	-	519,231
Restricted for:					
Public safety, courts, and judicial	-	-	-	-	27,523,681
General public works	-	-	-	-	111,824,012
Stormwater management	-	-	-	-	22,913,537
Transportation	-	-	-	-	166,890,510
Social services, health and welfare	-	-	-	73,940	10,076,810
Housing and community development	8,450,410	16,152,773	3,090,024	-	29,737,856
Parks, recreation, and cultural	-	-	-	-	18,690,717
Other purposes	-	-	-	-	878,867
Total Restricted	8,450,410	16,152,773	3,090,024	73,940	388,535,990
Committed to:					
Public safety, courts, and judicial	-	-	-	-	12,738,099
Transportation	-	-	-	-	41,747,934
Social services, health and welfare	-	-	-	-	2,319,565
Housing and community development	-	-	-	-	17,936,740
Total Committed	-	-	-	-	74,742,338
Unassigned:					
Total fund balances	8,584,964	16,152,773	3,405,387	73,940	461,193,151
Total liabilities and fund balances	\$ 10,117,286	\$ 16,717,001	\$ 5,569,637	\$ 148,158	549,664,816



COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the fiscal year ended June 30, 2012

	County Transit Systems	Dulles Rail Phase I Transportation Improvement District	Dulles Rail Phase II Transportation Improvement District	County and Regional Transportation Projects	Federal/ State Grant
REVENUES					
Taxes	\$ -	-	-	-	-
Permits, privilege fees, and regulatory licenses	-	-	-	-	-
Intergovernmental	33,433,323	-	-	470,205	72,945,352
Charges for services	15,605,889	22,645,531	6,725,578	41,852,100	243,641
Fines and forfeitures	-	-	-	-	-
Developers' contributions	-	-	-	-	-
Revenue from the use of money and property	74,007	397,177	21,049	267,091	86,140
Recovered costs	-	-	-	-	3,925,884
Gifts, donations, and contributions	-	-	-	-	1,855,976
Total revenues	49,113,219	23,042,708	6,746,627	42,589,396	79,056,993
EXPENDITURES					
Current:					
General government administration	-	-	-	-	5,120,679
Judicial administration	-	-	-	-	726,705
Public safety	-	-	-	-	18,614,373
Public works	-	-	-	-	725,837
Health and welfare	-	-	-	-	44,971,064
Community development	83,025,198	-	-	7,348,303	6,644,503
Parks, recreation, and cultural	-	-	-	-	1,199,551
Intergovernmental:					
Community development	5,028,657	150,223,965	-	-	-
Education - for Public Schools	-	-	-	-	-
Capital outlay:					
General government administration	-	-	-	-	71,922
Public safety	-	-	-	-	488,639
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	12,435
Community development	5,194,054	-	-	58,416,146	-
Parks, recreation, and cultural	-	-	-	-	-
Debt service:					
Principal retirement	-	6,190,000	-	-	-
Interest and other charges	-	8,185,241	23,602	3,275,396	-
Total expenditures	93,247,909	164,599,206	23,602	69,039,845	78,575,708
Excess (deficiency) of revenues over (under) expenditures	(44,134,690)	(141,556,498)	6,723,025	(26,450,449)	481,285
OTHER FINANCING SOURCES (USES)					
Transfers in	56,130,517	-	-	-	7,631,479
Transfers out	-	-	-	(19,459,472)	-
Revenue bonds issued	-	-	-	99,430,000	-
Premium on revenue bonds issued	-	-	-	2,057,938	-
Total other financing sources (uses)	56,130,517	-	-	82,028,466	7,631,479
Net change in fund balances	11,995,827	(141,556,498)	6,723,025	55,578,017	8,112,764
Fund balances, July 1, 2011	29,752,107	185,470,621	3,015,681	57,313,706	32,032,209
Fund balances, June 30, 2012	\$ 41,747,934	43,914,123	9,738,706	112,891,723	40,144,973

EXHIBIT D-1

Aging Grants and Programs	Cable Communications	Fairfax- Falls Church Community Services Board	Reston Community Center	Mosaic Community Development Authority	
REVENUES					
-	-	-	-	244,712	Taxes
-	23,001,256	-	-	-	- Permits, privilege fees, and regulatory licenses
-	-	20,187,761	-	-	- Intergovernmental
-	606	20,022,624	6,713,004	-	- Charges for services
-	64,350	-	-	-	- Fines and forfeitures
-	-	-	-	-	- Developers' contributions
-	-	-	236,002	107	Revenue from the use of money and property
-	-	-	-	-	- Recovered costs
-	-	-	-	-	- Gifts, donations, and contributions
-	23,066,212	40,210,385	6,949,006	244,819	Total revenues
EXPENDITURES					
Current:					
-	-	-	-	-	- General government administration
-	-	-	-	-	- Judicial administration
-	-	-	-	-	- Public safety
-	-	-	-	-	- Public works
-	-	143,838,002	-	-	- Health and welfare
-	9,153,241	-	-	111,368	Community development
-	-	-	7,045,293	-	- Parks, recreation, and cultural
Intergovernmental:					
-	-	-	-	-	- Community development
-	3,726,203	-	-	-	- Education - for Public Schools
Capital outlay:					
-	-	-	-	-	- General government administration
-	-	-	-	-	- Public safety
-	-	-	-	-	- Public works
-	-	-	-	-	- Health and welfare
-	48,514	-	-	-	- Community development
-	-	-	1,097,635	-	- Parks, recreation, and cultural
Debt service:					
-	-	-	27,130	-	- Principal retirement
-	-	-	38,342	463,829	Interest and other charges
-	12,927,958	143,838,002	8,208,400	575,197	Total expenditures
Excess (deficiency) of revenues over					
-	10,138,254	(103,627,617)	(1,259,394)	(330,378)	(under) expenditures
OTHER FINANCING SOURCES (USES)					
-	-	100,496,382	-	496,288	Transfers in
(3,380,629)	(16,489,646)	-	-	(44,809,761)	Transfers out
-	-	-	-	99,444	Revenue bonds issued
-	-	-	-	-	Premium on revenue bonds issued
(3,380,629)	(16,489,646)	100,496,382	-	(44,214,029)	Total other financing sources (uses)
(3,380,629)	(6,351,392)	(3,131,235)	(1,259,394)	(44,544,407)	Net change in fund balances
3,380,629	24,288,132	526,827	7,470,417	44,810,067	Fund balances, July 1, 2011
-	17,936,740	(2,604,408)	6,211,023	265,660	Fund balances, June 30, 2012

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, 2012

	McLean Community Center	Burgundy Village Community Center	E-911	Integrated Pest Management Program	Stormwater Services
REVENUES					
Taxes	\$ -	-	16,433,292	-	-
Permits, privilege fees, and regulatory licenses	-	-	-	-	-
Intergovernmental	-	-	4,993,919	60,000	798,062
Charges for services	4,864,428	20,251	1,918	1,917,077	28,869,611
Fines and forfeitures	-	-	-	-	-
Developers' contributions	-	-	-	-	-
Revenue from the use of money and property	120,495	32,894	60,365	9,700	5,586
Recovered costs	520	-	69,004	-	-
Gifts, donations, and contributions	-	-	-	-	-
Total revenues	4,985,443	53,145	21,558,498	1,986,777	29,673,259
EXPENDITURES					
Current:					
General government administration	-	-	-	-	-
Judicial administration	-	-	-	-	-
Public safety	-	-	35,307,945	-	-
Public works	-	-	-	-	17,283,617
Health and welfare	-	-	-	1,395,226	-
Community development	-	-	-	714,488	-
Parks, recreation, and cultural	4,852,502	23,833	-	-	-
Intergovernmental:					
Community development	-	-	-	-	-
Education - for Public Schools	-	-	-	-	-
Capital outlay:					
General government administration	-	-	-	-	-
Public safety	-	-	32,487	-	-
Public works	-	-	-	-	9,097,921
Health and welfare	-	-	-	133,568	-
Community development	-	-	-	-	-
Parks, recreation, and cultural	625,046	-	-	-	-
Debt service:					
Principal retirement	-	-	2,267,945	-	-
Interest and other charges	-	-	250,128	-	-
Total expenditures	5,477,548	23,833	37,858,505	2,243,282	26,381,538
Excess (deficiency) of revenues over (under) expenditures	(492,105)	29,312	(16,300,007)	(256,505)	3,291,721
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	14,376,992	-	-
Transfers out	-	-	-	-	-
Revenue bonds issued	-	-	-	-	-
Premium on revenue bonds issued	-	-	-	-	-
Total other financing sources (uses)	-	-	14,376,992	-	-
Net change in fund balances	(492,105)	29,312	(1,923,015)	(256,505)	3,291,721
Fund balances, July 1, 2011	12,589,381	270,729	14,661,114	3,119,684	19,621,816
Fund balances, June 30, 2012	\$ 12,097,276	300,041	12,738,099	2,863,179	22,913,537

EXHIBIT D-1

Leaf Collection	Refuse Collection and Recycling Operations	Refuse Disposal	Energy Resource Recovery Facility	I-95 Refuse Disposal	
REVENUES					
-	-	-	-	-	- Taxes
-	-	72,480	-	18,168	Permits, privilege fees, and regulatory licenses
-	100,879	-	-	-	Intergovernmental
1,954,667	18,763,466	46,846,150	30,735,769	5,611,738	Charges for services
-	-	19,000	-	-	Fines and forfeitures
-	-	-	-	-	Developers' contributions
59,046	1,183,921	1,215,530	68,686	504,971	Revenue from the use of money and property
-	88,901	500,213	-	8,486	Recovered costs
-	-	-	-	-	Gifts, donations, and contributions
2,013,713	20,137,167	48,653,373	30,804,455	6,143,363	Total revenues
EXPENDITURES					
Current:					
-	-	-	-	-	General government administration
-	-	-	-	-	Judicial administration
-	-	-	-	-	Public safety
1,780,588	18,222,190	45,394,691	16,778,397	10,953,732	Public works
-	-	-	-	-	Health and welfare
-	-	-	-	-	Community development
-	-	-	-	-	Parks, recreation, and cultural
Intergovernmental:					
-	-	-	-	-	Community development
-	-	-	-	-	Education - for Public Schools
Capital outlay:					
-	-	-	-	-	General government administration
-	-	-	-	-	Public safety
-	1,550,678	3,241,643	31,108	1,109,461	Public works
-	-	-	-	-	Health and welfare
-	-	-	-	-	Community development
-	-	-	-	-	Parks, recreation, and cultural
Debt service:					
-	-	-	-	-	Principal retirement
-	-	-	-	-	Interest and other charges
1,780,588	19,772,868	48,636,334	16,809,505	12,063,193	Total expenditures
233,125	364,299	17,039	13,994,950	(5,919,830)	Excess (deficiency) of revenues over (under) expenditures
OTHER FINANCING SOURCES (USES)					
-	-	-	-	-	Transfers in
-	-	-	-	-	Transfers out
-	-	-	-	-	Revenue bonds issued
-	-	-	-	-	Premium on revenue bonds issued
-	-	-	-	-	Total other financing sources (uses)
233,125	364,299	17,039	13,994,950	(5,919,830)	Net change in fund balances
3,215,729	11,270,851	15,310,361	22,402,095	50,928,862	Fund balances, July 1, 2011
3,448,854	11,635,150	15,327,400	36,397,045	45,009,032	Fund balances, June 30, 2012

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, 2012

EXHIBIT D-1
concluded

	Community Development Block Grant	Housing Trust	HOME Investment Partnership Grant	Alcohol Safety Action Program	Total Special Revenue Funds
REVENUES					
Taxes	\$ -	-	-	-	16,678,004
Permits, privilege fees, and regulatory licenses	-	-	-	-	23,091,904
Intergovernmental	7,928,194	-	2,356,010	-	143,273,705
Charges for services	-	-	-	1,657,041	255,051,089
Fines and forfeitures	-	-	-	-	83,350
Developers' contributions	-	1,351,838	-	-	1,351,838
Revenue from the use of money and property	102,191	157,497	-	-	4,602,455
Recovered costs	-	-	-	-	4,593,008
Gifts, donations, and contributions	-	-	-	-	1,855,976
Total revenues	8,030,385	1,509,335	2,356,010	1,657,041	450,581,329
EXPENDITURES					
Current:					
General government administration	-	-	-	-	5,120,679
Judicial administration	-	-	-	-	726,705
Public safety	-	-	-	-	53,922,318
Public works	-	-	-	-	111,139,052
Health and welfare	-	-	-	1,650,148	191,854,440
Community development	7,667,638	80,499	2,914,671	-	117,659,909
Parks, recreation, and cultural	-	-	-	-	13,121,179
Intergovernmental:					
Community development	-	-	-	-	155,252,622
Education - for Public Schools	-	-	-	-	3,726,203
Capital outlay:					
General government administration	-	-	-	-	71,922
Public safety	-	-	-	-	521,126
Public works	-	-	-	-	15,030,811
Health and welfare	-	-	-	-	146,003
Community development	378,392	-	-	-	64,037,106
Parks, recreation, and cultural	-	-	-	-	1,722,681
Debt service:					
Principal retirement	311,000	-	-	-	8,796,075
Interest and other charges	238,823	-	-	-	12,475,361
Total expenditures	8,595,853	80,499	2,914,671	1,650,148	755,324,192
Excess (deficiency) of revenues over (under) expenditures	(565,468)	1,428,836	(558,661)	6,893	(304,742,863)
OTHER FINANCING SOURCES (USES)					
Transfers in	284,190	-	-	-	179,415,848
Transfers out	-	-	-	-	(84,139,508)
Revenue bonds issued	-	-	-	-	99,529,444
Premium on revenue bonds issued	-	-	-	-	2,057,938
Total other financing sources (uses)	284,190	-	-	-	196,863,722
Net change in fund balances	(281,278)	1,428,836	(558,661)	6,893	(107,879,141)
Fund balances, July 1, 2011	8,866,242	14,723,937	3,964,048	67,047	569,072,292
Fund balances, June 30, 2012	\$ 8,584,964	16,152,773	3,405,387	73,940	461,193,151

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Fund
Budgetary Comparison Schedule - County Transit Systems Fund (Budget Basis)
For the fiscal year ended June 30, 2012

EXHIBIT D-2A

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 30,864,656	32,364,656	33,433,323	1,068,667
Charges for services	9,823,966	9,823,966	9,855,478	31,512
Revenue from the use of money and property	200,000	200,000	74,004	(125,996)
Total revenues	40,888,622	42,388,622	43,362,805	974,183
EXPENDITURES				
Community development	98,000,389	123,325,134	88,321,655	35,003,479
Total expenditures	98,000,389	123,325,134	88,321,655	35,003,479
Excess (deficiency) of revenues over (under) expenditures	(57,111,767)	(80,936,512)	(44,958,850)	35,977,662
OTHER FINANCING SOURCES				
Transfers in	56,130,517	56,130,517	56,130,517	-
Total other financing sources	56,130,517	56,130,517	56,130,517	-
Net change in fund balance	\$ (981,250)	(24,805,995)	11,171,667	35,977,662

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Fund
Budgetary Comparison Schedule - Dulles Rail Phase I Transportation Improvement
District Fund (Budget Basis)
For the fiscal year ended June 30, 2012

EXHIBIT D-2B

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 22,436,338	22,436,338	22,645,531	209,193
Revenue from the use of money and property	785,272	785,272	414,105	(371,167)
Total revenues	23,221,610	23,221,610	23,059,636	(161,974)
EXPENDITURES				
Community development	-	20,000,000	150,223,965	(130,223,965)
Debt service:				
Principal retirement	-	-	6,190,000	(6,190,000)
Interest and other charges:				
Interest	25,000,000	25,000,000	8,185,241	16,814,759
Total expenditures	25,000,000	45,000,000	164,599,206	(119,599,206)
Excess (deficiency) of revenues over (under) expenditures	(1,778,390)	(21,778,390)	(141,539,570)	(119,761,180)
Net change in fund balance	\$ (1,778,390)	(21,778,390)	(141,539,570)	(119,761,180)

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Fund
Budgetary Comparison Schedule - Dulles Rail Phase II Transportation Improvement
District Fund (Budget Basis)
For the fiscal year ended June 30, 2012

EXHIBIT D-2C

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 6,654,110	6,654,110	6,725,578	71,468
Revenue from the use of money and property	65,210	65,210	21,495	(43,715)
Total revenues	6,719,320	6,719,320	6,747,073	27,753
EXPENDITURES				
Debt service:				
Bond issuance costs and other	500,000	500,000	23,602	476,398
Total expenditures	500,000	500,000	23,602	476,398
Excess (deficiency) of revenues over (under) expenditures	6,219,320	6,219,320	6,723,471	504,151
Net change in fund balance	\$ 6,219,320	6,219,320	6,723,471	504,151

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2D

Special Revenue Fund

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

For the fiscal year ended June 30, 2012

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	-	328,775	328,775
Charges for services	42,000,000	42,000,000	41,852,100	(147,900)
Revenue from the use of money and property	-	-	267,091	267,091
Total revenues	42,000,000	42,000,000	42,447,966	447,966
EXPENDITURES				
Community development	22,540,528	240,584,235	13,928,082	226,656,153
Debt service:				
Interest and other charges:				
Interest	-	-	-	-
Fiscal agents' and consultants' fees	-	-	-	-
Total expenditures	22,540,528	240,584,235	13,928,082	226,656,153
Excess (deficiency) of revenues over (under) expenditures	19,459,472	(198,584,235)	28,519,884	227,104,119
OTHER FINANCING SOURCES (USES)				
Transfers out	(19,459,472)	(19,459,472)	(19,459,472)	-
Revenue bonds issued	-	160,730,000	99,430,000	(61,300,000)
Premium on revenue bonds issued	-	-	2,057,938	2,057,938
Total other financing sources (uses)	(19,459,472)	141,270,528	82,028,466	(59,242,062)
Net change in fund balance	\$ -	(57,313,707)	110,548,350	167,862,057

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Fund
Budgetary Comparison Schedule - Federal/State Grant Fund (Budget Basis)
For the fiscal year ended June 30, 2012

EXHIBIT D-2E

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 63,567,362	164,376,754	72,945,352	(91,431,402)
Charges for services	-	-	243,641	243,641
Revenue from the use of money and property	-	-	92,998	92,998
Recovered costs	-	4,070,333	3,925,884	(144,449)
Gifts, donations, and contributions	-	2,419,614	1,855,976	(563,638)
Total revenues	63,567,362	170,866,701	79,063,851	(91,802,850)
EXPENDITURES				
General government administration	67,818,214	42,726,485	5,192,601	37,533,884
Judicial administration	-	3,426,047	723,628	2,702,419
Public safety	-	48,459,067	19,171,411	29,287,656
Public works	-	41,124,382	725,837	40,398,545
Health and welfare	-	68,291,918	44,983,481	23,308,437
Community development	-	5,760,228	6,652,253	(892,025)
Parks, recreation, and cultural	-	-	1,199,551	(1,199,551)
Total expenditures	67,818,214	209,788,127	78,648,762	131,139,365
Excess (deficiency) of revenues over (under) expenditures	(4,250,852)	(38,921,426)	415,089	39,336,515
OTHER FINANCING SOURCES				
Transfers in	4,250,852	7,631,479	7,631,479	-
Total other financing sources	4,250,852	7,631,479	7,631,479	-
Net change in fund balance	\$ -	(31,289,947)	8,046,568	39,336,515

COUNTY OF FAIRFAX, VIRGINIA
 Special Revenue Fund
 Budgetary Comparison Schedule - Aging Grants and Programs Fund (Budget Basis)
 For the fiscal year ended June 30, 2012

EXHIBIT D-2F

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES				
Transfers out	\$ -	(3,380,629)	(3,380,629)	-
Total other financing sources	-	(3,380,629)	(3,380,629)	-
Net change in fund balance	\$ -	(3,380,629)	(3,380,629)	-

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Fund
Budgetary Comparison Schedule - Information Technology Fund (Budget Basis)
For the fiscal year ended June 30, 2012

EXHIBIT D-2G

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	-	220,611	220,611
Revenue from the use of money and property	300,000	145,968	121,476	(24,492)
Recovered costs	-	705,857	1,156,609	450,752
Total revenues	300,000	851,825	1,498,696	646,871
EXPENDITURES				
General government administration	9,251,579	52,714,141	19,926,269	32,787,872
Total expenditures	9,251,579	52,714,141	19,926,269	32,787,872
Excess (deficiency) of revenues over (under) expenditures	(8,951,579)	(51,862,316)	(18,427,573)	33,434,743
OTHER FINANCING SOURCES				
Transfers in	8,951,579	21,851,579	21,851,579	-
Total other financing sources	8,951,579	21,851,579	21,851,579	-
Net change in fund balance	\$ -	(30,010,737)	3,424,006	33,434,743

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2H

Special Revenue Fund

Budgetary Comparison Schedule - Cable Communications Fund (Budget Basis)

For the fiscal year ended June 30, 2012

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Permits, privilege fees, and regulatory licenses	\$ 19,314,170	21,733,559	23,001,256	1,267,697
Charges for services	1,200	1,200	606	(594)
Fines and forfeitures	-	-	64,350	64,350
Total revenues	19,315,370	21,734,759	23,066,212	1,331,453
EXPENDITURES				
Community development	10,950,136	18,060,107	9,202,107	8,858,000
Total expenditures	10,950,136	18,060,107	9,202,107	8,858,000
Excess (deficiency) of revenues over (under) expenditures	8,365,234	3,674,652	13,864,105	10,189,453
OTHER FINANCING USES				
Transfers out	(12,989,646)	(16,489,646)	(16,489,646)	-
Transfers out to component units	(3,726,203)	(3,726,203)	(3,726,203)	-
Total other financing uses	(16,715,849)	(20,215,849)	(20,215,849)	-
Net change in fund balance	\$ (8,350,615)	(16,541,197)	(6,351,744)	10,189,453

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-21

Special Revenue Fund

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

For the fiscal year ended June 30, 2012

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 19,454,311	19,492,958	20,187,761	694,803
Charges for services	21,371,474	21,371,474	20,022,624	(1,348,850)
Total revenues	40,825,785	40,864,432	40,210,385	(654,047)
EXPENDITURES				
Health and welfare	136,679,015	141,887,642	143,835,002	(1,947,360)
Total expenditures	136,679,015	141,887,642	143,835,002	(1,947,360)
Excess (deficiency) of revenues over (under) expenditures	(95,853,230)	(101,023,210)	(103,624,617)	(2,601,407)
OTHER FINANCING SOURCES				
Transfers in	95,725,326	100,496,382	100,496,382	-
Total other financing sources	95,725,326	100,496,382	100,496,382	-
Net change in fund balance	\$ (127,904)	(526,828)	(3,128,235)	(2,601,407)

COUNTY OF FAIRFAX, VIRGINIA
 Special Revenue Fund
 Budgetary Comparison Schedule - Reston Community Center Fund (Budget Basis)
 For the fiscal year ended June 30, 2012

EXHIBIT D-2J

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 7,480,793	6,733,274	6,713,004	(20,270)
Revenue from the use of money and property	219,562	197,664	238,252	40,588
Total revenues	7,700,355	6,930,938	6,951,256	20,318
EXPENDITURES				
Parks, recreation, and cultural	7,748,352	9,925,354	8,209,843	1,715,511
Total expenditures	7,748,352	9,925,354	8,209,843	1,715,511
Net change in fund balance	\$ (47,997)	(2,994,416)	(1,258,587)	1,735,829

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2K

Special Revenue Fund

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

For the fiscal year ended June 30, 2012

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 5,159,112	5,159,112	4,864,428	(294,684)
Revenue from the use of money and property	131,320	131,320	123,581	(7,739)
Recovered costs	-	-	520	520
Total revenues	5,290,432	5,290,432	4,988,529	(301,903)
EXPENDITURES				
Parks, recreation, and cultural	5,579,357	6,105,990	5,477,712	628,278
Total expenditures	5,579,357	6,105,990	5,477,712	628,278
Net change in fund balance	\$ (288,925)	(815,558)	(489,183)	326,375

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2L

Special Revenue Fund

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

For the fiscal year ended June 30, 2012

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 23,775	23,775	20,251	(3,524)
Revenue from the use of money and property	19,321	22,000	32,958	10,958
Total revenues	43,096	45,775	53,209	7,434
EXPENDITURES				
Parks, recreation, and cultural	44,065	44,326	23,833	20,493
Total expenditures	44,065	44,326	23,833	20,493
Net change in fund balance	\$ (969)	1,449	29,376	27,927

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Fund
Budgetary Comparison Schedule - E-911 Fund (Budget Basis)
For the fiscal year ended June 30, 2012

EXHIBIT D-2M

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Local sales and use taxes	\$ 18,146,045	18,146,045	16,433,290	(1,712,755)
Intergovernmental	4,000,000	4,306,096	4,993,919	687,823
Charges for Services	-	-	1,918	1,918
Revenue from the use of money and property	100,000	100,000	63,428	(36,572)
Recovered costs	195,308	195,308	69,004	(126,304)
Total revenues	22,441,353	22,747,449	21,561,559	(1,185,890)
EXPENDITURES				
Public safety	37,245,287	49,118,474	37,859,643	11,258,831
Total expenditures	37,245,287	49,118,474	37,859,643	11,258,831
Excess (deficiency) of revenues over (under) expenditures	(14,803,934)	(26,371,025)	(16,298,084)	10,072,941
OTHER FINANCING SOURCES				
Transfers in	14,058,303	14,376,992	14,376,992	-
Total other financing sources	14,058,303	14,376,992	14,376,992	-
Net change in fund balance	\$ (745,631)	(11,994,033)	(1,921,092)	10,072,941

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2N

Special Revenue Fund

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

For the fiscal year ended June 30, 2012

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	-	60,000	60,000
Charges for services	1,747,860	1,747,860	1,917,078	169,218
Revenue from the use of money and property	4,456	4,456	10,490	6,034
Total revenues	1,752,316	1,752,316	1,987,568	235,252
EXPENDITURES				
Health and welfare	1,961,415	2,039,175	1,520,049	519,126
Community development	1,061,937	1,068,320	723,233	345,087
Total expenditures	3,023,352	3,107,495	2,243,282	864,213
Net change in fund balance	\$ (1,271,036)	(1,355,179)	(255,714)	1,099,465

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Fund
Budgetary Comparison Schedule - Stormwater Services Fund (Budget Basis)
For the fiscal year ended June 30, 2012

EXHIBIT D-20

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	1,317,190	798,062	(519,128)
Charges for services	28,800,000	28,800,000	28,869,611	69,611
Revenue from the use of money and property	-	-	5,586	5,586
Total revenues	28,800,000	30,117,190	29,673,259	(443,931)
EXPENDITURES				
Public works	28,800,000	49,737,209	26,463,778	23,273,431
Total expenditures	28,800,000	49,737,209	26,463,778	23,273,431
Excess (deficiency) of revenues over (under) expenditures	-	(19,620,019)	3,209,481	22,829,500
Net change in fund balance	\$ -	(19,620,019)	3,209,481	22,829,500

COUNTY OF FAIRFAX, VIRGINIA
 Special Revenue Fund
 Budgetary Comparison Schedule - Leaf Collection Fund (Budget Basis)
 For the fiscal year ended June 30, 2012

EXHIBIT D-2P

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 1,866,545	1,866,545	1,954,667	88,122
Revenue from the use of money and property	53,809	53,809	59,844	6,035
Total revenues	1,920,354	1,920,354	2,014,511	94,157
EXPENDITURES				
Public works	2,404,038	2,404,038	1,780,588	623,450
Total expenditures	2,404,038	2,404,038	1,780,588	623,450
Net change in fund balance	\$ (483,684)	(483,684)	233,923	717,607

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2Q

Special Revenue Fund

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

For the fiscal year ended June 30, 2012

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	-	100,879	100,879
Charges for services	19,707,981	19,707,981	18,763,466	(944,515)
Revenue from the use of money and property	985,953	985,953	1,186,444	200,491
Recovered costs	-	-	88,901	88,901
Total revenues	20,693,934	20,693,934	20,139,690	(554,244)
EXPENDITURES				
Public works	20,238,318	22,068,596	19,773,374	2,295,222
Total expenditures	20,238,318	22,068,596	19,773,374	2,295,222
Excess (deficiency) of revenues over (under) expenditures	455,616	(1,374,662)	366,316	1,740,978
Net change in fund balance	\$ 455,616	(1,374,662)	366,316	1,740,978

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Fund
Budgetary Comparison Schedule - Refuse Disposal Fund (Budget Basis)
For the fiscal year ended June 30, 2012

EXHIBIT D-2R

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Permits, privilege fees, and regulatory licenses	\$ 66,000	66,000	72,480	6,480
Charges for services	49,370,937	49,370,937	46,846,150	(2,524,787)
Revenue from the use of money and property	1,805,310	1,805,310	1,218,334	(586,976)
Recovered costs	-	-	500,213	500,213
Fines and forfeitures	-	-	19,000	19,000
Total revenues	51,242,247	51,242,247	48,656,177	(2,586,070)
EXPENDITURES				
Public works	51,244,631	54,488,466	48,648,752	5,839,714
Total expenditures	51,244,631	54,488,466	48,648,752	5,839,714
Excess (deficiency) of revenues over (under) expenditures	(2,384)	(3,246,219)	7,425	3,253,644
Net change in fund balance	\$ (2,384)	(3,246,219)	7,425	3,253,644

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2S

Special Revenue Fund

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

For the fiscal year ended June 30, 2012

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 31,691,182	31,691,182	30,735,769	(955,413)
Revenue from the use of money and property	357,067	357,067	74,001	(283,066)
Total revenues	32,048,249	32,048,249	30,809,770	(1,238,479)
EXPENDITURES				
Public works	18,143,313	18,988,846	16,809,505	2,179,341
Total expenditures	18,143,313	18,988,846	16,809,505	2,179,341
Excess (deficiency) of revenues over (under) expenditures	13,904,936	13,059,403	14,000,265	940,862
Net change in fund balance	\$ 13,904,936	13,059,403	14,000,265	940,862

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Fund
Budgetary Comparison Schedule - I-95 Refuse Disposal Fund (Budget Basis)
For the fiscal year ended June 30, 2012

EXHIBIT D-2T

	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	18,168	10,968
Charges for services	6,162,011	6,162,011	5,611,738	(550,273)
Revenue from the use of money and property	708,935	708,935	517,161	(191,774)
Recovered costs	2,522	2,522	8,486	5,964
Total revenues	6,880,668	6,880,668	6,155,553	(725,115)
EXPENDITURES				
Public works	8,211,546	22,541,694	12,156,891	10,384,803
Total expenditures	8,211,546	22,541,694	12,156,891	10,384,803
Net change in fund balance	\$ (1,330,878)	(15,661,026)	(6,001,338)	9,659,688

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2U

Special Revenue Fund

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

For the fiscal year ended June 30, 2012

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 6,463,133	13,602,850	7,928,194	(5,674,656)
Revenue from the use of money and property	-	-	309,400	309,400
Total revenues	6,463,133	13,602,850	8,237,594	(5,365,256)
EXPENDITURES				
Community development	6,463,133	14,608,812	7,980,606	6,628,206
Total expenditures	6,463,133	14,608,812	7,980,606	6,628,206
Excess (deficiency) of revenues over (under) expenditures	-	(1,005,962)	256,988	1,262,950
OTHER FINANCING SOURCES				
Transfers in	-	284,190	284,190	-
Total other financing sources	-	284,190	284,190	-
Net change in fund balance	\$ -	(721,772)	541,178	1,262,950

COUNTY OF FAIRFAX, VIRGINIA
 Special Revenue Fund
 Budgetary Comparison Schedule - Housing Trust Fund (Budget Basis)
 For the fiscal year ended June 30, 2012

EXHIBIT D-2v

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Developers' contributions	\$ 225,000	225,000	1,351,838	1,126,838
Revenue from the use of money and property	123,814	123,814	599,934	476,120
Total revenues	348,814	348,814	1,951,772	1,602,958
EXPENDITURES				
Community development	348,814	4,841,856	80,499	4,761,357
Total expenditures	348,814	4,841,856	80,499	4,761,357
Excess (deficiency) of revenues over (under) expenditures	-	(4,493,042)	1,871,273	6,364,315
Net change in fund balance	\$ -	(4,493,042)	1,871,273	6,364,315

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2W

Special Revenue Fund

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

For the fiscal year ended June 30, 2012

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,692,612	9,810,213	2,356,010	(7,454,203)
Total revenues	2,692,612	9,810,213	2,356,010	(7,454,203)
EXPENDITURES				
Community development	2,692,612	10,188,569	2,914,671	7,273,898
Total expenditures	2,692,612	10,188,569	2,914,671	7,273,898
Net change in fund balance	\$ -	(378,356)	(558,661)	(180,305)

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2X

Special Revenue Fund

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

For the fiscal year ended June 30, 2012

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Health and welfare	\$ 8,970,687	9,253,396	9,199,232	54,164
Total expenditures	8,970,687	9,253,396	9,199,232	54,164
Excess (deficiency) of revenues over (under) expenditures	(8,970,687)	(9,253,396)	(9,199,232)	54,164
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	\$ -	(282,709)	(228,545)	54,164

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Fund
Budgetary Comparison Schedule - Contributory Fund (Budget Basis)
For the fiscal year ended June 30, 2012

EXHIBIT D-2Y

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
General government administration	\$ 2,096,837	2,121,837	2,132,609	(10,772)
Public safety	55,052	55,052	50,043	5,009
Health and welfare	2,794,915	2,844,915	2,794,915	50,000
Community development	3,178,462	3,509,562	3,480,492	29,070
Parks, recreation, and cultural	4,087,676	6,287,676	6,287,676	-
Total expenditures	12,212,942	14,819,042	14,745,735	73,307
Excess (deficiency) of revenues over (under) expenditures	(12,212,942)	(14,819,042)	(14,745,735)	73,307
OTHER FINANCING SOURCES				
Transfers in	12,162,942	14,612,942	14,612,942	-
Total other financing sources	12,162,942	14,612,942	14,612,942	-
Net change in fund balance	\$ (50,000)	(206,100)	(132,793)	73,307

The **Debt Service Funds** are used to account for the accumulation of resources for and the payments of bond principal, interest, and related expenses.

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.

Debt Service Fund Mosaic Community Development Authority Fund is used to account for the accumulation of resources for and the payments of bond principal, interest, and related expenses on debt of the Mosaic Community Development Authority.

COUNTY OF FAIRFAX, VIRGINIA
 Debt Service Funds
 Balance Sheet
 June 30, 2012

EXHIBIT E

	Debt Service	Mosaic Community Development Authority	Total Debt Service Funds
ASSETS			
Equity in pooled cash and temporary investments	\$ 15,604,631	-	15,604,631
Accounts receivable	18,837	-	18,837
Accrued interest	-	67,823	67,823
Loan to component unit	13,042,200	-	13,042,200
Lease to component unit	52,840,000	-	52,840,000
Restricted assets:			
Restricted assets - Cash with fiscal agents	35,747	17,747,119	17,782,866
Total assets	\$ 81,541,415	17,814,942	99,356,357
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable and accrued liabilities	200,900	-	200,900
Deferred revenue	53,106,765	159,278	53,266,043
Total liabilities	53,307,665	159,278	53,466,943
Fund balance:			
Nonspendable:			
Long-term loan	13,042,200	-	13,042,200
Total Nonspendable	13,042,200	-	13,042,200
Restricted for:			
Debt service	-	17,655,664	17,655,664
Total Restricted	-	17,655,664	17,655,664
Committed to:			
Debt service	15,191,550	-	15,191,550
Total Committed	15,191,550	-	15,191,550
Total fund balance	28,233,750	17,655,664	45,889,414
Total liabilities and fund balance	\$ 81,541,415	17,814,942	99,356,357

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT E-1

Debt Service Funds

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

For the fiscal year ended June 30, 2012

	Debt Service	Mosaic Community Development Authority	Total Debt Service Funds
REVENUES			
Intergovernmental	\$ 4,566,425	-	4,566,425
Revenue from the use of money and property	2,877,350	-	2,877,350
Total revenues	7,443,775	-	7,443,775
EXPENDITURES			
Intergovernmental:			
Parks, recreation, and cultural	1,777,800	-	1,777,800
Principal retirement:			
County	84,545,947	-	84,545,947
Schools	100,770,700	-	100,770,700
Interest:			
County	38,778,468	3,204,112	41,982,580
Schools	59,224,877	-	59,224,877
Other charges:			
Bond issuance costs and other	3,729,992	-	3,729,992
Total expenditures	288,827,784	3,204,112	292,031,896
Deficiency of revenues under expenditures	(281,384,009)	(3,204,112)	(284,588,121)
OTHER FINANCING SOURCES (USES)			
Transfers in from:			
General Fund	276,519,825	-	276,519,825
Special revenue funds	-	14,801,784	14,801,784
Capital projects funds	1,102,492	-	1,102,492
General obligation refunding bonds issued	192,350,000	-	192,350,000
Revenue bonds issued	-	6,057,992	6,057,992
Premium on general obligation refunding bonds issued	50,178,549	-	50,178,549
Lease revenue refunding bonds issued	47,745,000	-	47,745,000
Premium on lease revenue refunding bonds issued	6,741,590	-	6,741,590
General obligation payments to refunded bonds escrow agent	(241,681,789)	-	(241,681,789)
Lease revenue bond payments to refunded bonds escrow agent	(53,783,433)	-	(53,783,433)
Total other financing sources (uses)	279,172,234	20,859,776	300,032,010
Net change in fund balance	(2,211,775)	17,655,664	15,443,889
Fund balance, July 1, 2011	30,445,525	-	30,445,525
Fund balance, June 30, 2012	\$ 28,233,750	17,655,664	45,889,414

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT E-2

Debt Service Fund

Budgetary Comparison Schedule - Debt Service Fund (Budget Basis)

For the fiscal year ended June 30, 2012

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	78,770	3,261,061	3,263,703	2,642
Total revenues	78,770	3,261,061	3,263,703	2,642
EXPENDITURES				
Principal retirement:				
County	78,894,268	78,894,268	81,025,947	(2,131,679)
Schools	99,342,378	99,342,378	104,290,700	(4,948,322)
Interest:				
County	40,621,679	45,297,401	37,378,219	7,919,182
Schools	67,466,709	74,391,219	60,625,127	13,766,092
Bond issuance costs and other	1,525,000	1,525,000	1,740,636	(215,636)
Total expenditures	287,850,034	299,450,266	285,060,629	14,389,637
Excess (deficiency) of revenues over (under) expenditures	(287,771,264)	(296,189,205)	(281,796,926)	14,392,279
OTHER FINANCING SOURCES				
General obligation bonds issued	300,000	300,000	627,405	327,405
Transfers in from:				
General Fund	282,844,428	276,519,825	276,519,825	-
Other funds	4,626,836	4,626,836	4,626,836	-
Total other financing sources	287,771,264	281,446,661	281,774,066	327,405
Net change in fund balance	-	(14,742,544)	(22,860)	14,719,684



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

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, maintenance, and on-going initiatives involving County, FCPA, and FCPS properties. Projects are funded from a variety of sources including, but not limited to the General Fund, aid from the State, and the sale of bonds.

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.

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.

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.

Mosaic Community Development Authority Fund is used to track the capital project activities of the Authority for the construction of certain infrastructure assets requested by property owners within the Authority District. Projects are funded by bonds sold by the Authority.



COUNTY OF FAIRFAX, VIRGINIA
Capital Projects Funds
Combining Balance Sheet
June 30, 2012

	Contributed Roadway Improvement	Library Construction	County Construction	Capital Renewal Construction
ASSETS				
Equity in pooled cash and temporary investments	39,420,854	3,568,882	57,895,031	7,229,542
Receivables:				
Accounts	-	-	129,325	-
Accrued interest	1,696	-	25,122	-
Loans	-	-	-	-
Due from intergovernmental units	-	-	378,221	-
Prepaid and other assets	-	-	-	-
Restricted assets:				
Equity in pooled cash and temporary investments	-	591,994	10,255,457	2,756,096
Cash with fiscal agents	-	-	72,796,695	-
Total assets	39,422,550	4,160,876	141,479,851	9,985,638
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	442,450	184,016	2,124,642	1,482,424
Contract retainages	-	80,012	1,395,125	77,003
Accrued interest payable	-	-	1,026,351	-
Due to component units	-	-	502,508	-
Deferred revenue	-	211	28,230,867	-
Performance and other deposits	26,800	-	2,298,926	-
Total liabilities	469,250	264,239	35,578,419	1,559,427
Fund balances:				
Nonspendable:				
Long-term loan	-	-	-	-
Total Nonspendable	-	-	-	-
Restricted for:				
Capital projects	38,953,300	3,896,637	78,550,811	2,756,096
Total Restricted	38,953,300	3,896,637	78,550,811	2,756,096
Committed to:				
Capital projects	-	-	27,350,621	5,670,115
Total Committed	-	-	27,350,621	5,670,115
Total fund balances	38,953,300	3,896,637	105,901,432	8,426,211
Total liabilities and fund balances	39,422,550	4,160,876	141,479,851	9,985,638

EXHIBIT F

Transportation Improvements	Pedestrian Walkway Improvements	Metro Operations and Construction	
ASSETS			
14,169,768	1,007,997		- Equity in pooled cash and temporary investments
			Receivables:
-	-		- Accounts
-	-		- Accrued interest
-	-		- Loans
1,093,800	9,838		- Due from intergovernmental units
			- Prepaid and other assets
			Restricted assets:
17,129,963	-	9,505,414	Equity in pooled cash and temporary investments
-	-		Cash with fiscal agents
<u>32,393,531</u>	<u>1,017,835</u>	<u>9,505,414</u>	<u>Total assets</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
1,565,345	-		- Accounts payable and accrued liabilities
286,864	2,025		- Contract retainages
-	-		- Accrued interest payable
-	-		- Due to component units
-	-		- Deferred revenue
<u>12,510,946</u>	<u>128,722</u>		- Performance and other deposits
<u>14,363,155</u>	<u>130,747</u>		<u>Total liabilities</u>
Fund balances:			
Nonspendable:			
-	-		Long-term loan
-	-		Total Nonspendable
Restricted for:			
<u>17,129,963</u>	<u>787,088</u>	<u>9,505,414</u>	Capital projects
<u>17,129,963</u>	<u>787,088</u>	<u>9,505,414</u>	Total Restricted
Committed to:			
<u>900,413</u>	<u>100,000</u>		Capital projects
<u>900,413</u>	<u>100,000</u>		Total Committed
<u>18,030,376</u>	<u>887,088</u>	<u>9,505,414</u>	Total fund balances
<u>32,393,531</u>	<u>1,017,835</u>	<u>9,505,414</u>	<u>Total liabilities and fund balances</u>

continued

COUNTY OF FAIRFAX, VIRGINIA
Capital Projects Funds
Combining Balance Sheet
June 30, 2012

	Public Safety Construction	Commercial Revitalization Program	Pro Rata Drainage Construction	Housing Assistance Program
ASSETS				
Equity in pooled cash and temporary investments	13,204,293	1,439,164	8,681,815	2,628,349
Receivables:				
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Loans	-	-	-	-
Due from intergovernmental units	-	-	-	-
Prepaid and other assets	-	-	-	-
Restricted assets:				
Equity in pooled cash and temporary investments	-	-	-	-
Cash with fiscal agents	-	-	-	-
Total assets	13,204,293	1,439,164	8,681,815	2,628,349
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	1,479,106	-	103,522	-
Contract retainages	1,088,095	-	17,293	113,679
Accrued interest payable	-	-	-	-
Due to component units	-	-	-	-
Deferred revenue	-	-	8,548,842	-
Performance and other deposits	-	-	6,092	-
Total liabilities	2,567,201	-	8,675,749	113,679
Fund balances:				
Nonspendable:				
Long-term loan	-	-	-	-
Total Nonspendable	-	-	-	-
Restricted for:				
Capital projects	-	1,439,164	6,066	1,999,670
Total Restricted	-	1,439,164	6,066	1,999,670
Committed to:				
Capital projects	10,637,092	-	-	515,000
Total Committed	10,637,092	-	-	515,000
Total fund balances	10,637,092	1,439,164	6,066	2,514,670
Total liabilities and fund balances	13,204,293	1,439,164	8,681,815	2,628,349

EXHIBIT F
concluded

The Penny for Affordable Housing	Mosaic Community Development Authority	Total Capital Projects Funds	
ASSETS			
19,996,018	-	169,241,713	Equity in pooled cash and temporary investments
Receivables:			
-	-	129,325	Accounts
2,486,196	514	2,513,528	Accrued interest
34,952,290	-	34,952,290	Loans
-	-	388,059	Due from intergovernmental units
-	-	1,093,800	Prepaid and other assets
Restricted assets:			
-	-	40,238,924	Equity in pooled cash and temporary investments
-	8,587,532	81,384,227	Cash with fiscal agents
57,434,504	8,588,046	329,941,866	Total assets
LIABILITIES AND FUND BALANCES			
Liabilities:			
20,000	-	7,401,505	Accounts payable and accrued liabilities
-	-	3,060,096	Contract retainages
-	-	1,026,351	Accrued interest payable
-	-	502,508	Due to component units
2,486,196	-	39,266,116	Deferred revenue
-	-	14,971,486	Performance and other deposits
2,506,196	-	66,228,062	Total liabilities
Fund balances:			
Nonspendable:			
34,952,290	-	34,952,290	Long-term loan
34,952,290	-	34,952,290	Total Nonspendable
Restricted for:			
-	8,588,046	163,612,255	Capital projects
-	8,588,046	163,612,255	Total Restricted
Committed to:			
19,976,018	-	65,149,259	Capital projects
19,976,018	-	65,149,259	Total Committed
54,928,308	8,588,046	263,713,804	Total fund balances
57,434,504	8,588,046	329,941,866	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, 2012

	Contributed Roadway Improvement	Library Construction	County Construction	Capital Renewal Construction
REVENUES				
Taxes	\$ -	-	-	-
Intergovernmental	66,357	-	2,636,883	446,063
Charges for services	-	-	1,296,593	-
Revenue from the use of money and property	168,810	-	392,766	-
Recovered costs	-	-	760,884	-
Total revenues	235,167	-	5,087,126	446,063
EXPENDITURES				
Current:				
General government administration	-	-	8,674	3,578,975
Judicial administration	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	99,840	-
Health and welfare	-	-	3,010,409	-
Community development	1,197,103	-	4,000,847	-
Parks, recreation, and cultural	-	40,770	3,702,572	-
Intergovernmental:				
Community development	63,806	-	-	-
Parks, recreation, and cultural	-	-	22,705,360	-
Education - for Public Schools	-	-	155,000,000	-
Capital outlay:				
General government administration	-	-	1,889,229	4,966,184
Judicial administration	-	-	-	-
Public safety	-	-	160,283	4,936,356
Public works	-	-	12,813,480	-
Community development	-	-	137,015	-
Parks, recreation, and cultural	-	555,103	2,493,658	-
Debt service:				
Principal retirement	-	-	645,000	-
Interest and other charges	-	-	698,222	-
Total expenditures	1,260,909	595,873	207,364,589	13,481,515
Excess (deficiency) of revenues over (under) expenditures	(1,025,742)	(595,873)	(202,277,463)	(13,035,452)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	20,423,871	-
Transfers out	(110,000)	-	(1,102,492)	-
General obligation bonds issued	-	2,000,000	172,737,000	3,000,000
Premium on general obligation bonds issued	-	-	19,714,992	-
Revenue bonds issued	-	-	65,965,000	-
Premium on revenue bonds issued	-	-	7,186,552	-
Total other financing sources (uses)	(110,000)	2,000,000	284,924,923	3,000,000
SPECIAL ITEM				
Proceeds from the sale of land	-	-	3,499,567	-
Net change in fund balances	(1,135,742)	1,404,127	86,147,027	(10,035,452)
Fund balances, July 1, 2011	40,089,042	2,492,510	19,754,405	18,461,663
Fund balances, June 30, 2012	\$ 38,953,300	3,896,637	105,901,432	8,426,211

EXHIBIT F-1

Transportation Improvements	Pedestrian Walkway Improvements	Metro Operations and Construction	
REVENUES			
-	-	-	- Taxes
635,211	516,613	-	- Intergovernmental
-	-	-	- Charges for services
3,076	-	-	- Revenue from the use of money and property
-	89,000	-	- Recovered costs
<u>638,287</u>	<u>605,613</u>	-	<u>Total revenues</u>
EXPENDITURES			
Current:			
-	-	-	- General government administration
-	-	-	- Judicial administration
-	-	-	- Public safety
-	-	-	- Public works
-	-	-	- Health and welfare
6,276,350	61,339	-	- Community development
-	-	-	- Parks, recreation, and cultural
Intergovernmental:			
-	-	30,094,696	- Community development
-	-	-	- Parks, recreation, and cultural
-	-	-	- Education - for Public Schools
Capital outlay:			
-	-	-	- General government administration
-	-	-	- Judicial administration
-	-	-	- Public safety
-	-	-	- Public works
5,452,128	365,580	-	- Community development
-	-	-	- Parks, recreation, and cultural
Debt service:			
-	-	-	- Principal retirement
-	-	-	- Interest and other charges
<u>11,728,478</u>	<u>426,919</u>	<u>30,094,696</u>	<u>Total expenditures</u>
Excess (deficiency) of revenues over			
<u>(11,090,191)</u>	<u>178,694</u>	<u>(30,094,696)</u>	<u>(under) expenditures</u>
OTHER FINANCING SOURCES (USES)			
250,000	100,000	11,408,296	Transfers in
-	-	(2,215,563)	Transfers out
13,918,000	-	20,000,000	General obligation bonds issued
4,082,500	-	-	- Premium on general obligation bonds issued
-	-	-	- Revenue bonds issued
-	-	-	- Premium on revenue bonds issued
<u>18,250,500</u>	<u>100,000</u>	<u>29,192,733</u>	<u>Total other financing sources (uses)</u>
SPECIAL ITEM			
-	-	-	- Proceeds from the sale of land
7,160,309	278,694	(901,963)	Net change in fund balances
<u>10,870,067</u>	<u>608,394</u>	<u>10,407,377</u>	Fund balances, July 1, 2011
<u>18,030,376</u>	<u>887,088</u>	<u>9,505,414</u>	Fund balances, June 30, 2012

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, 2012

	Public Safety Construction	Commercial Revitalization Program	Pro Rata Drainage Construction	Housing Assistance Program
REVENUES				
Taxes	\$ -	-	-	-
Intergovernmental	-	171,995	-	-
Charges for services	-	-	-	-
Revenue from the use of money and property	-	-	-	-
Recovered costs	-	1,300,000	1,200,027	-
Total revenues	-	1,471,995	1,200,027	-
EXPENDITURES				
Current:				
General government administration	-	-	-	-
Judicial administration	730,034	-	-	-
Public safety	47,029	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Community development	-	95,461	-	569,548
Parks, recreation, and cultural	-	-	-	-
Intergovernmental:				
Community development	-	-	-	-
Parks, recreation, and cultural	-	-	-	-
Education - for Public Schools	-	-	-	-
Capital outlay:				
General government administration	-	-	-	-
Judicial administration	373,155	-	-	-
Public safety	22,127,516	-	-	-
Public works	-	-	1,200,027	-
Community development	-	66,785	-	-
Parks, recreation, and cultural	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	23,277,734	162,246	1,200,027	569,548
Excess (deficiency) of revenues over (under) expenditures	(23,277,734)	1,309,749	-	(569,548)
OTHER FINANCING SOURCES (USES)				
Transfers in	442,595	-	-	515,000
Transfers out	-	-	-	-
General obligation bonds issued	6,000,000	-	-	-
Premium on general obligation bonds issued	-	-	-	-
Revenue bonds issued	-	-	-	-
Premium on revenue bonds issued	-	-	-	-
Total other financing sources (uses)	6,442,595	-	-	515,000
SPECIAL ITEM				
Proceeds from the sale of land	-	-	-	-
Net change in fund balances	(16,835,139)	1,309,749	-	(54,548)
Fund balances, July 1, 2011	27,472,231	129,415	6,066	2,569,218
Fund balances, June 30, 2012	\$ 10,637,092	1,439,164	6,066	2,514,670

EXHIBIT F-1
concluded

The Penny for Affordable Housing	Mosaic Community Development Authority	Total Capital Projects Funds	
REVENUES			
9,650,000	-	9,650,000	Taxes
-	-	4,473,122	Intergovernmental
-	-	1,296,593	Charges for services
10,437,606	7,058	11,009,316	Revenue from the use of money and property
-	-	3,349,911	Recovered costs
<u>20,087,606</u>	<u>7,058</u>	<u>29,778,942</u>	<u>Total revenues</u>
EXPENDITURES			
Current:			
-	-	3,587,649	General government administration
-	-	730,034	Judicial administration
-	-	47,029	Public safety
-	-	99,840	Public works
-	-	3,010,409	Health and welfare
847,930	-	13,048,578	Community development
-	-	3,743,342	Parks, recreation, and cultural
Intergovernmental:			
175,000	-	30,333,502	Community development
-	-	22,705,360	Parks, recreation, and cultural
-	-	155,000,000	Education - for Public Schools
Capital outlay:			
-	-	6,855,413	General government administration
-	-	373,155	Judicial administration
-	-	27,224,155	Public safety
-	-	14,013,507	Public works
-	33,443,265	39,464,773	Community development
-	-	3,048,761	Parks, recreation, and cultural
Debt service:			
4,010,000	-	4,655,000	Principal retirement
4,812,676	-	5,510,898	Interest and other charges
<u>9,845,606</u>	<u>33,443,265</u>	<u>333,451,405</u>	<u>Total expenditures</u>
Excess (deficiency) of revenues over (under) expenditures			
<u>10,242,000</u>	<u>(33,436,207)</u>	<u>(303,672,463)</u>	
OTHER FINANCING SOURCES (USES)			
-	30,007,977	63,147,739	Transfers in
-	(496,288)	(3,924,343)	Transfers out
-	-	217,655,000	General obligation bonds issued
-	-	23,797,492	Premium on general obligation bonds issued
-	12,512,564	78,477,564	Revenue bonds issued
-	-	7,186,552	Premium on revenue bonds issued
-	<u>42,024,253</u>	<u>386,340,004</u>	<u>Total other financing sources (uses)</u>
SPECIAL ITEM			
-	-	3,499,567	Proceeds from the sale of land
<u>10,242,000</u>	<u>8,588,046</u>	<u>86,167,108</u>	<u>Net change in fund balances</u>
<u>44,686,308</u>	<u>-</u>	<u>177,546,696</u>	<u>Fund balances, July 1, 2011</u>
<u>54,928,308</u>	<u>8,588,046</u>	<u>263,713,804</u>	<u>Fund balances, June 30, 2012</u>



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, 2012

	Vehicle Services	Self- Insurance	Document Services
ASSETS			
Current assets:			
Equity in pooled cash and temporary investments	\$ 43,967,759	51,136,778	2,685,968
Accounts receivable	-	-	6,002
Accrued interest receivable	-	2,361	-
Interfund receivables	-	-	-
Inventories of supplies	2,089,090	-	-
Prepaid and other assets	10,878	-	-
Total unrestricted current assets	<u>46,067,727</u>	<u>51,139,139</u>	<u>2,691,970</u>
Restricted assets - Cash with fiscal agents	-	187,000	-
Total current assets	<u>46,067,727</u>	<u>51,326,139</u>	<u>2,691,970</u>
Long-term assets:			
Capital assets:			
Non-depreciable/non-amortizable:			
Land	1,938,688	-	-
Easements	50,018	-	-
Software in development	-	-	-
Depreciable:			
Equipment	105,419,755	-	5,470,466
Software	-	-	-
Buildings and improvements	20,647,194	-	-
Infrastructure	2,655,995	-	-
Accumulated depreciation	(70,224,146)	-	(2,625,704)
Total capital assets, net	<u>60,487,504</u>	<u>-</u>	<u>2,844,762</u>
Total assets	<u>106,555,231</u>	<u>51,326,139</u>	<u>5,536,732</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	2,163,273	137,730	518,557
Accrued salaries and benefits	503,463	43,544	21,701
Interfund payables	204,718	14,390	7,774
Compensated absences payable	1,049,710	83,290	47,153
Obligations under capital leases	-	-	1,113,042
Insurance and benefit claims payable	-	17,291,465	-
Total current liabilities	<u>3,921,164</u>	<u>17,570,419</u>	<u>1,708,227</u>
Long-term liabilities:			
Compensated absences payable	932,850	24,353	34,096
Obligations under capital leases	-	-	1,164,175
Insurance and benefit claims payable	-	24,202,248	-
Total long-term liabilities	<u>932,850</u>	<u>24,226,601</u>	<u>1,198,271</u>
Total liabilities	<u>4,854,014</u>	<u>41,797,020</u>	<u>2,906,498</u>
NET ASSETS			
Invested in capital assets, net of related debt	60,487,504	-	567,545
Unrestricted	41,213,713	9,529,119	2,062,689
Total net assets	<u>\$ 101,701,217</u>	<u>9,529,119</u>	<u>2,630,234</u>

EXHIBIT G

Technology Infrastructure Services	Health Benefits	Total Internal Service Funds	
ASSETS			
Current assets:			
7,084,123	38,529,976	143,404,604	Equity in pooled cash and temporary investments
-	447,591	453,593	Accounts receivable
-	1,454	3,815	Accrued interest receivable
-	776,869	776,869	Interfund receivables
-	-	2,089,090	Inventories of supplies
-	-	10,878	Prepaid and other assets
<u>7,084,123</u>	<u>39,755,890</u>	<u>146,738,849</u>	Total unrestricted current assets
-	-	187,000	Restricted assets - Cash with fiscal agents
<u>7,084,123</u>	<u>39,755,890</u>	<u>146,925,849</u>	Total current assets
Long-term assets:			
Capital assets:			
Non-depreciable/non-amortizable:			
-	-	1,938,688	Land
-	-	50,018	Easements
469,862	-	469,862	Software in development
Depreciable:			
13,127,055	-	124,017,276	Equipment
1,556,484	-	1,556,484	Software
927,770	-	21,574,964	Buildings and improvements
-	-	2,655,995	Infrastructure
<u>(11,469,260)</u>	<u>-</u>	<u>(84,319,110)</u>	Accumulated depreciation
<u>4,611,911</u>	<u>-</u>	<u>67,944,177</u>	Total capital assets, net
<u>11,696,034</u>	<u>39,755,890</u>	<u>214,870,026</u>	Total assets
LIABILITIES			
Current liabilities:			
529,095	2,798,483	6,147,138	Accounts payable and accrued liabilities
212,512	6,232	787,452	Accrued salaries and benefits
69,558	-	296,440	Interfund payables
494,551	-	1,674,704	Compensated absences payable
-	-	1,113,042	Obligations under capital leases
-	17,261,961	34,553,426	Insurance and benefit claims payable
<u>1,305,716</u>	<u>20,066,676</u>	<u>44,572,202</u>	Total current liabilities
Long-term liabilities:			
393,807	-	1,385,106	Compensated absences payable
-	-	1,164,175	Obligations under capital leases
-	-	24,202,248	Insurance and benefit claims payable
<u>393,807</u>	<u>-</u>	<u>26,751,529</u>	Total long-term liabilities
<u>1,699,523</u>	<u>20,066,676</u>	<u>71,323,731</u>	Total liabilities
NET ASSETS			
4,611,911	-	65,666,960	Invested in capital assets, net of related debt
<u>5,384,600</u>	<u>19,689,214</u>	<u>77,879,335</u>	Unrestricted
<u>9,996,511</u>	<u>19,689,214</u>	<u>143,546,295</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, 2012

	Vehicle Services	Self- Insurance	Document Services
OPERATING REVENUES:			
Charges for services	\$ 79,213,114	27,675,203	2,966,531
Intergovernmental	-	-	-
Recovered costs	190,275	-	-
Total operating revenues	79,403,389	27,675,203	2,966,531
OPERATING EXPENSES:			
Personnel services	18,760,071	1,518,144	762,604
Materials and supplies	42,860	116,878	757,904
Equipment operation and maintenance	39,972,791	10,145	1,420,639
Risk financing and benefit payments	-	19,316,736	-
Depreciation	7,330,370	-	931,812
Professional consultant and contractual services	5,045,331	82,650	1,295,705
Other	64,257	58,095	-
Total operating expenses	71,215,680	21,102,648	5,168,664
Operating income (loss)	8,187,709	6,572,555	(2,202,133)
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	-	150,477	-
Interest expense	-	-	(128,592)
Loss on disposal of capital assets	(207,177)	-	-
Total nonoperating revenues (expenses)	(207,177)	150,477	(128,592)
Income (loss) before operating transfers and contributions	7,980,532	6,723,032	(2,330,725)
Capital contributions	674,803	-	-
Transfers in	-	-	2,398,233
Change in net assets	8,655,335	6,723,032	67,508
Total net assets, July 1, 2011	93,045,882	2,806,087	2,562,726
Total net assets, June 30, 2012	\$ 101,701,217	9,529,119	2,630,234

EXHIBIT G-1

Technology Infrastructure Services	Health Benefits	Total Internal Service Funds	
OPERATING REVENUES:			
27,751,977	135,874,441	273,481,266	Charges for services
-	674,646	674,646	Intergovernmental
-	-	190,275	Recovered costs
<u>27,751,977</u>	<u>136,549,087</u>	<u>274,346,187</u>	Total operating revenues
OPERATING EXPENSES:			
6,885,247	-	27,926,066	Personnel services
385,280	16,946	1,319,868	Materials and supplies
16,039,033	202,979	57,645,587	Equipment operation and maintenance
-	134,118,245	153,434,981	Risk financing and benefit payments
1,902,435	-	10,164,617	Depreciation
5,530,459	61,022	12,015,167	Professional consultant and contractual services
100,214	9,959,355	10,181,921	Other
<u>30,842,668</u>	<u>144,358,547</u>	<u>272,688,207</u>	Total operating expenses
<u>(3,090,691)</u>	<u>(7,809,460)</u>	<u>1,657,980</u>	Operating income (loss)
NONOPERATING REVENUES (EXPENSES):			
-	101,069	251,546	Interest revenue
-	-	(128,592)	Interest expense
<u>(438,161)</u>	<u>1,525</u>	<u>(643,813)</u>	Loss on disposal of capital assets
<u>(438,161)</u>	<u>102,594</u>	<u>(520,859)</u>	Total nonoperating revenues (expenses)
<u>(3,528,852)</u>	<u>(7,706,866)</u>	<u>1,137,121</u>	Income (loss) before operating transfers and contributions
90,938	-	765,741	Capital contributions
<u>1,814,103</u>	<u>-</u>	<u>4,212,336</u>	Transfers in
<u>(1,623,811)</u>	<u>(7,706,866)</u>	<u>6,115,198</u>	Change in net assets
<u>11,620,322</u>	<u>27,396,080</u>	<u>137,431,097</u>	Total net assets, July 1, 2011
<u>9,996,511</u>	<u>19,689,214</u>	<u>143,546,295</u>	Total net assets, June 30, 2012

COUNTY OF FAIRFAX, VIRGINIA
Internal Service Funds
Combining Statement of Cash Flows
For the fiscal year ended June 30, 2012

	Vehicle Services	Self- Insurance	Document Services
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 79,392,511	27,675,203	2,960,529
Payments to suppliers and contractors	(42,514,313)	-	(3,413,208)
Payments to employees	(18,713,930)	(1,475,659)	(746,365)
Claims and benefits paid	-	(17,050,100)	-
Payments for interfund services used	(3,138,359)	(1,344,822)	-
Intergovernmental revenue received	-	-	-
Net cash provided (used) by operating activities	<u>15,025,909</u>	<u>7,804,622</u>	<u>(1,199,044)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	-	2,398,233
Net cash provided by noncapital financing activities	-	-	<u>2,398,233</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of capital assets	283,542	-	-
Purchase of capital assets	(16,821,972)	-	(59,078)
Principal payments on obligations under capital leases	-	-	(1,064,155)
Interest payments on obligations under capital leases	-	-	(128,592)
Net cash used by capital and related financing activities	<u>(16,538,430)</u>	<u>-</u>	<u>(1,251,825)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	151,790	-
Net cash provided by investing activities	-	<u>151,790</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(1,512,521)	7,956,412	(52,636)
Cash and cash equivalents, July 1, 2011	<u>45,480,280</u>	<u>43,367,366</u>	<u>2,738,604</u>
Cash and cash equivalents, June 30, 2012	<u>\$ 43,967,759</u>	<u>51,323,778</u>	<u>2,685,968</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 8,187,709	6,572,555	(2,202,133)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	7,330,370	-	931,812
Change in assets and liabilities:			
(Increase) Decrease in accounts receivable	-	-	(6,002)
(Increase) in interfund receivables	-	-	-
(Increase) decrease in inventories of supplies	(199,515)	-	-
(Increase) in other assets	(10,878)	-	107,187
Increase (decrease) in accounts payable and accrued liabilities	(327,918)	1,189,582	(46,147)
Increase (decrease) in accrued salaries and benefits	33,753	39,082	15,180
Increase (decrease) in interfund payables	12,388	3,403	1,059
Total adjustments to operating income (loss)	<u>6,838,200</u>	<u>1,232,067</u>	<u>1,003,089</u>
Net cash provided (used) by operating activities	<u>15,025,909</u>	<u>7,804,622</u>	<u>(1,199,044)</u>
Noncash capital and financing activities:			
Capital contributions - equipment	\$ 674,803	-	-

EXHIBIT G-2

Technology Infrastructure Services	Health Benefits	Total Internal Service Funds	
CASH FLOWS FROM OPERATING ACTIVITIES			
27,752,233	135,365,408	273,145,884	Receipts from interfund services provided
(21,980,260)	(5,425,327)	(73,333,108)	Payments to suppliers and contractors
(6,772,935)	-	(27,708,889)	Payments to employees
-	(133,042,332)	(150,092,432)	Claims and benefits paid
-	-	(4,483,181)	Payments for interfund services used
-	674,646	674,646	Intergovernmental revenue received
(1,000,962)	(2,427,605)	18,202,920	Net cash provided (used) by operating activities
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
1,814,103	-	4,212,336	Transfers from other funds
1,814,103	-	4,212,336	Net cash provided by noncapital financing activities
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
(153,830)	1,525	131,237	Proceeds from sale of capital assets
(769,006)	-	(17,650,056)	Purchase of capital assets
-	-	(1,064,155)	Principal payments on obligations under capital leases
-	-	(128,592)	Interest payments on obligations under capital leases
(922,836)	1,525	(18,711,566)	Net cash used by capital and related financing activities
CASH FLOWS FROM INVESTING ACTIVITIES			
-	103,090	254,880	Interest received
-	103,090	254,880	Net cash provided by investing activities
(109,695)	(2,322,990)	3,958,570	Net increase (decrease) in cash and cash equivalents
7,193,818	40,852,966	139,633,034	Cash and cash equivalents, July 1, 2010
7,084,123	38,529,976	143,591,604	Cash and cash equivalents, June 30, 2011
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
(3,090,691)	(7,809,460)	1,657,980	Operating income (loss)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
1,902,435	-	10,164,617	Depreciation
Change in assets and liabilities:			
256	(447,591)	(453,337)	(Increase) Decrease in accounts receivable
-	(61,442)	(61,442)	(Increase) in interfund receivables
-	-	(199,515)	(Increase) decrease in inventories of supplies
191,884	-	288,193	(Increase) in other assets
(117,158)	5,889,093	6,587,452	Increase (decrease) in accounts payable and accrued liabilities
100,807	1,795	190,617	Increase (decrease) in accrued salaries and benefits
11,505	-	28,355	Increase (decrease) in interfund payables
2,089,729	5,381,855	16,544,940	Total adjustments to operating income (loss)
(1,000,962)	(2,427,605)	18,202,920	Net cash provided (used) by operating activities
Noncash capital and financing activities:			
90,938	-	765,741	Capital contributions - equipment

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

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

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

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

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

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

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

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

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

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

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

COUNTY OF FAIRFAX, VIRGINIA
Trust Funds
Combining Statement of Plan Net Assets
June 30, 2012

	Uniformed Retirement	Employees' Retirement	Police Officers Retirement
ASSETS			
Equity in pooled cash and temporary investments	\$ 2,726,270	7,739,618	2,622,955
Cash collateral for securities lending	8,885,660	44,021,640	5,439,154
Contributions receivable	2,442,071	4,939,687	1,627,449
Accrued interest and dividends receivable	2,479,579	9,879,365	2,419,737
Receivable from sale of pension investments	45,669,330	104,906,829	4,715,244
Equipment	1,359	6,344	1,359
Investments, at fair value:			
U.S. Government securities	12,633,376	82,542,298	39,567,050
Asset-backed securities	107,881,704	196,599,979	82,627,172
Corporate and other bonds	101,287,810	387,260,815	86,664,584
Common and preferred stock	275,092,786	927,534,827	89,179,070
Short-term investments	79,158,612	302,599,224	24,038,761
Investment in pooled funds	647,921,167	1,330,037,552	690,370,126
Total assets	1,286,179,724	3,398,068,178	1,029,272,661
LIABILITIES			
Accounts payable and accrued liabilities	2,517,248	10,742,836	1,503,087
Accrued salaries and benefits	12,246	57,150	12,246
Interfund payable	4,145	19,343	4,145
Payable for purchase of pension investments	65,895,822	170,574,613	4,862,799
lending agreements	8,885,660	44,021,640	5,439,154
Total liabilities	77,315,121	225,415,582	11,821,431
NET ASSETS			
Held in trust for pension/OPEB benefits	\$ 1,208,864,603	3,172,652,596	1,017,451,230

EXHIBIT H

Total Pension Trust Funds	OPEB Trust Fund	Total Trust Funds	
13,088,843	10,409,763	23,498,606	ASSETS
58,346,454	-	58,346,454	Equity in pooled cash and temporary investments
9,009,207	-	9,009,207	Cash collateral for securities lending
14,778,681	21,435	14,800,116	Contributions receivable
155,291,403	-	155,291,403	Accrued interest and dividends receivable
9,062	-	9,062	Receivable from sale of pension investments
			Equipment
134,742,724	-	134,742,724	Investments, at fair value:
387,108,855	-	387,108,855	U.S. Government securities
575,213,209	-	575,213,209	Asset-backed securities
1,291,806,683	-	1,291,806,683	Corporate and other bonds
405,796,597	-	405,796,597	Common and preferred stock
2,668,328,845	103,269,939	2,771,598,784	Short-term investments
5,713,520,563	113,701,137	5,827,221,700	Investment in pooled funds
			Total assets
			LIABILITIES
14,763,171	2,696	14,765,867	Accounts payable and accrued liabilities
81,642	3,700	85,342	Accrued salaries and benefits
27,633	932	28,565	Interfund payable
241,333,234	-	241,333,234	Payable for purchase of pension investments
58,346,454	-	58,346,454	lending agreements
314,552,134	7,328	314,559,462	Total liabilities
			NET ASSETS
5,398,968,429	113,693,809	5,512,662,238	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, 2012

	Uniformed Retirement	Employees' Retirement	Police Officers Retirement
ADDITIONS			
Contributions:			
Employer	\$ 50,351,335	114,682,538	31,700,690
Plan members	10,603,097	31,702,075	10,109,068
Other	-	-	-
Total contributions	<u>60,954,432</u>	<u>146,384,613</u>	<u>41,809,758</u>
Investment income:			
From investment activities:			
Net appreciation (depreciation) in fair value of investments	(28,855,428)	185,981,313	(28,163,515)
Interest	16,378,740	54,587,768	17,188,920
Dividends	13,420,088	21,838,848	7,128,221
Total income from investment activities	<u>943,400</u>	<u>262,407,929</u>	<u>(3,846,374)</u>
Less investment activities expenses:			
Management fees	4,837,505	15,653,471	2,666,034
Other	457,035	1,032,516	272,447
Total investment activities expenses	<u>5,294,540</u>	<u>16,685,987</u>	<u>2,938,481</u>
Net income from investment activities	<u>(4,351,140)</u>	<u>245,721,942</u>	<u>(6,784,855)</u>
From securities lending activities:			
Securities lending income	260,540	942,614	76,730
Less securities lending expenses:			
Management fees	77,639	288,344	23,169
Total securities lending activities expenses	<u>77,639</u>	<u>288,344</u>	<u>23,169</u>
Net income from securities lending activities	<u>182,901</u>	<u>654,270</u>	<u>53,561</u>
Net investment income	<u>(4,168,239)</u>	<u>246,376,212</u>	<u>(6,731,294)</u>
Total additions	<u>56,786,193</u>	<u>392,760,825</u>	<u>35,078,464</u>
DEDUCTIONS			
Benefits	67,361,605	199,503,336	52,043,157
Refunds of contributions	599,188	3,781,497	357,901
Administrative expenses	372,770	1,687,040	372,137
Total deductions	<u>68,333,563</u>	<u>204,971,873</u>	<u>52,773,195</u>
Net increase (decrease)	(11,547,370)	187,788,952	(17,694,731)
Net assets, July 1, 2011	<u>1,220,411,973</u>	<u>2,984,863,644</u>	<u>1,035,145,961</u>
Net assets, June 30, 2012	<u>\$ 1,208,864,603</u>	<u>3,172,652,596</u>	<u>1,017,451,230</u>

EXHIBIT H-1

Total Pension Trust Funds	OPEB Trust Fund	Total Trust Funds	
196,734,563	41,538,764	238,273,327	ADDITIONS
52,414,240	-	52,414,240	Contributions:
-	1,495,907	1,495,907	Employer
249,148,803	43,034,671	292,183,474	Plan members
			Other
			Total contributions
			Investment income:
128,962,370	758,785	129,721,155	From investment activities:
88,155,428	43,181	88,198,609	Net appreciation in fair value of investments
42,387,157	-	42,387,157	Interest
259,504,955	801,966	260,306,921	Dividends
			Total income from investment activities
			Less investment activities expenses:
23,157,010	74,909	23,231,919	Management fees
1,761,998	500	1,762,498	Other
24,919,008	75,409	24,994,417	Total investment activities expenses
234,585,947	726,557	235,312,504	Net income from investment activities
			From securities lending activities:
1,279,884	-	1,279,884	Securities lending income
			Less securities lending expenses:
389,152	-	389,152	Management fees
389,152	-	389,152	Total securities lending activities expenses
890,732	-	890,732	Net income from securities lending activities
235,476,679	726,557	236,203,236	Net investment income
484,625,482	43,761,228	528,386,710	Total additions
			DEDUCTIONS
318,908,098	16,979,009	335,887,107	Benefits
4,738,586	-	4,738,586	Refunds of contributions
2,431,947	138,579	2,570,526	Administrative expenses
326,078,631	17,117,588	343,196,219	Total deductions
158,546,851	26,643,640	185,190,491	Net increase (decrease)
5,240,421,578	87,050,169	5,327,471,747	Net assets, July 1, 2011
5,398,968,429	113,693,809	5,512,662,238	Net assets, June 30, 2012

COUNTY OF FAIRFAX, VIRGINIA
Agency Funds
Combining Statement of Fiduciary Assets and Liabilities
June 30, 2012

	Sanitary Reimbursement	Special Welfare	State Taxes	Route 28
ASSETS				
Equity in pooled cash and temporary investments	\$ 1,642,411	546,494	25,241	25,851
Accounts receivable	-	-	56,363	101,439
Total assets	1,642,411	546,494	81,604	127,290
LIABILITIES				
Liabilities under reimbursement agreements	1,642,411	546,494	81,604	127,290
Interfund payable				
Total liabilities	\$ 1,642,411	546,494	81,604	127,290

EXHIBIT H-2

Lake Barcroft	Toll Road Violations Penalties	Total Agency Funds	
ASSETS			
171	8,629	2,248,797	Equity in pooled cash and temporary investments
2,196	-	159,998	Accounts receivable
<u>2,367</u>	<u>8,629</u>	<u>2,408,795</u>	Total assets
LIABILITIES			
<u>2,367</u>	<u>8,629</u>	<u>2,408,795</u>	Liabilities under reimbursement agreements
		-	Interfund payable
<u>2,367</u>	<u>8,629</u>	<u>2,408,795</u>	Total liabilities

COUNTY OF FAIRFAX, VIRGINIA
 Agency Funds
 Combining Statement of Changes in Assets and Liabilities
 For the fiscal year ended June 30, 2012

EXHIBIT H-3

	Balances		Balances	
	June 30, 2011	Additions	Deductions	June 30, 2012
Sanitary Reimbursement				
Assets:				
Equity in pooled cash and temporary investments	\$ 1,817,305	4,960	179,854	1,642,411
Accrued interest receivable	152	-	152	-
Total assets	<u>1,817,457</u>	<u>4,960</u>	<u>180,006</u>	<u>1,642,411</u>
Liabilities:				
Liabilities under reimbursement agreements	1,817,457	4,960	180,006	1,642,411
Total liabilities	<u>1,817,457</u>	<u>4,960</u>	<u>180,006</u>	<u>1,642,411</u>
Special Welfare				
Assets:				
Equity in pooled cash and temporary investments	575,612	3,866,619	3,895,737	546,494
Total assets	<u>575,612</u>	<u>3,866,619</u>	<u>3,895,737</u>	<u>546,494</u>
Liabilities:				
Liabilities under reimbursement agreements	575,612	3,866,619	3,895,737	546,494
Total liabilities	<u>575,612</u>	<u>3,866,619</u>	<u>3,895,737</u>	<u>546,494</u>
State Taxes				
Assets:				
Equity in pooled cash and temporary investments	22,356	943,570	940,685	25,241
Accounts receivable	-	56,363	-	56,363
Total assets	<u>22,356</u>	<u>999,933</u>	<u>940,685</u>	<u>81,604</u>
Liabilities:				
Accounts payable and accrued liabilities	-	-	-	-
Liabilities under reimbursement agreements	22,356	999,933	940,685	81,604
Total liabilities	<u>22,356</u>	<u>999,933</u>	<u>940,685</u>	<u>81,604</u>
Route 28				
Assets:				
Equity in pooled cash and temporary investments	35,557	9,047,066	9,056,771	25,851
Accounts receivable	110,077	-	8,638	101,439
Total assets	<u>145,634</u>	<u>9,047,066</u>	<u>9,065,409</u>	<u>127,290</u>
Liabilities:				
Liabilities under reimbursement agreements	145,634	9,047,066	9,065,409	127,290
Total liabilities	<u>145,634</u>	<u>9,047,066</u>	<u>9,065,409</u>	<u>127,290</u>
Lake Barcroft				
Assets:				
Equity in pooled cash and temporary investments	-	526,884	526,713	171
Accounts receivable	330	2,196	330	2,196
Total assets	<u>330</u>	<u>529,080</u>	<u>527,043</u>	<u>2,367</u>
Liabilities:				
Liabilities under reimbursement agreements	330	529,080	527,043	2,367
Total liabilities	<u>330</u>	<u>529,080</u>	<u>527,043</u>	<u>2,367</u>
Toll Road Violations Penalties				
Assets:				
Equity in pooled cash and temporary investments	-	8,629	-	8,629
Total assets	<u>-</u>	<u>8,629</u>	<u>-</u>	<u>8,629</u>
Liabilities:				
Liabilities under reimbursement agreements	-	8,629	-	8,629
Total liabilities	<u>-</u>	<u>8,629</u>	<u>-</u>	<u>8,629</u>
Total Agency Funds:				
Assets:				
Equity in pooled cash and temporary investments	2,450,830	14,397,728	14,599,760	2,248,797
Accounts receivable	110,407	58,559	8,968	159,998
Accrued interest receivable	152	-	152	-
Total assets	<u>2,561,389</u>	<u>14,456,287</u>	<u>14,608,880</u>	<u>2,408,795</u>
Liabilities:				
Liabilities under reimbursement agreements	2,561,389	14,456,287	14,608,880	2,408,795
Total liabilities	<u>\$ 2,561,389</u>	<u>14,456,287</u>	<u>14,608,880</u>	<u>2,408,795</u>

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, 2012

EXHIBIT I

	Governmental Funds
Governmental funds capital assets:	
Land	\$ 415,853,528
Easements	3,555,058
Equipment	253,385,405
Software	69,080,799
Library collections	83,928,314
Buildings	1,180,321,920
Improvements	118,486,100
Infrastructure	689,776,871
Construction in progress	208,056,448
Capital equipment under construction	21,337,570
Software in development	3,907,287
Total governmental funds capital assets	3,047,689,300
Investments in governmental funds capital assets by source:	
General fund	1,104,074,435
Special revenue funds	353,932,121
Capital projects funds	1,565,286,126
Gifts and donations	24,396,618
Total governmental funds capital assets	\$ 3,047,689,300

(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, 2012

Function and Activity	Land	Easements	Equipment	Software	Library Collections
General government administration:					
Legislative	\$ 104,891,701	473,480	82,091	-	-
General and financial administration	21,218,678	354,478	57,553,928	68,902,886	-
Board of Elections	-	-	155,163	-	-
Total general government administration	126,110,379	827,958	57,791,182	68,902,886	-
Judicial administration:					
Courts	101,975	-	1,172,933	-	-
Commonwealth's Attorney	10,800	-	99,705	-	-
Total judicial administration	112,775	-	1,272,638	-	-
Public safety:					
Law enforcement	-	37,489	21,177,344	140,631	-
Fire and rescue services	1,268,680	193,475	20,291,639	-	-
Correction and detention	-	-	81,188	-	-
Inspections	-	-	1,459,799	-	-
Other protection	5,035,417	-	10,886,365	-	-
Total public safety	6,304,097	230,964	53,896,335	140,631	-
Public works:					
Maintenance of streets, roads, and bridges	36,327,043	505,532	3,661,673	-	-
Sanitation and waste removal	95,114,090	10,159	35,939,454	-	-
Maintenance of buildings and grounds	2,500,200	21,521	1,310,077	-	-
Total public works	133,941,333	537,212	40,911,204	-	-
Health and welfare:					
Health	4,627,089	-	-	-	-
Mental health and mental retardation	3,688,461	-	-	-	-
Welfare/social services	-	731,282	1,319,133	-	-
Total health and welfare	8,315,550	731,282	1,319,133	-	-
Community development:					
Planning and community development	130,476,910	1,052,060	95,787,524	37,282	-
Environmental management	-	-	374,750	-	-
Cooperative extension program	-	-	-	-	-
Total community development	130,476,910	1,052,060	96,162,274	37,282	-
Parks, recreation, and cultural:					
Parks and recreation	1,341,936	32,898	1,245,743	-	-
Library	9,250,548	142,684	786,896	-	83,928,314
Total parks, recreation, and cultural	10,592,484	175,582	2,032,639	-	83,928,314
Total functional capital assets in governmental funds	\$ 415,853,528	3,555,058	253,385,405	69,080,799	83,928,314

(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

EXHIBIT I-1

Buildings	Improvements	Infrastructure	Total	Function and Activity
				General government administration:
78,386,571	1,535,301	-	185,369,144	Legislative
85,074,678	9,367,233	26,057,152	268,529,033	General and financial administration
-	-	-	155,163	Board of Elections
<u>163,461,249</u>	<u>10,902,534</u>	<u>26,057,152</u>	<u>454,053,340</u>	Total general government administration
				Judicial administration:
7,815,063	234,768	-	9,324,739	Courts
39,297,520	437,632	-	39,845,657	Commonwealth's Attorney
<u>47,112,583</u>	<u>672,400</u>	<u>-</u>	<u>49,170,396</u>	Total judicial administration
				Public safety:
120,848,663	914,149	-	143,118,276	Law enforcement
45,898,494	6,263,488	20,566,353	94,482,129	Fire and rescue services
258,693,594	3,928,101	-	262,702,883	Correction and detention
-	-	-	1,459,799	Inspections
<u>10,228,664</u>	<u>1,849,162</u>	<u>-</u>	<u>27,999,608</u>	Other protection
<u>435,669,415</u>	<u>12,954,900</u>	<u>20,566,353</u>	<u>529,762,695</u>	Total public safety
				Public works:
96,060,391	10,058,447	481,169,211	627,782,297	Maintenance of streets, roads, and bridges
5,626,718	5,433,545	10,519,908	152,643,874	Sanitation and waste removal
<u>3,244,651</u>	<u>7,092,151</u>	<u>-</u>	<u>14,168,600</u>	Maintenance of buildings and grounds
<u>104,931,760</u>	<u>22,584,143</u>	<u>491,689,119</u>	<u>794,594,771</u>	Total public works
				Health and welfare:
65,218,662	-	-	69,845,751	Health
34,779,968	-	-	38,468,429	Mental health and mental retardation
<u>1,378,892</u>	<u>549,455</u>	<u>-</u>	<u>3,978,762</u>	Welfare/social services
<u>101,377,522</u>	<u>549,455</u>	<u>-</u>	<u>112,292,942</u>	Total health and welfare
				Community development:
217,939,603	38,826,522	151,464,247	635,584,148	Planning and community development
-	-	-	374,750	Environmental management
<u>-</u>	<u>1,299,107</u>	<u>-</u>	<u>1,299,107</u>	Cooperative extension program
<u>217,939,603</u>	<u>40,125,629</u>	<u>151,464,247</u>	<u>637,258,005</u>	Total community development
				Parks, recreation, and cultural:
29,950,444	29,445,728	-	62,016,749	Parks and recreation
<u>79,879,344</u>	<u>1,251,311</u>	<u>-</u>	<u>175,239,097</u>	Library
<u>109,829,788</u>	<u>30,697,039</u>	<u>-</u>	<u>237,255,846</u>	Total parks, recreation, and cultural
<u>1,180,321,920</u>	<u>118,486,100</u>	<u>689,776,871</u>	<u>2,814,387,995</u>	Total functional capital assets in governmental funds
			208,056,448	Construction in progress
			21,337,570	Capital equipment under construction
			<u>3,907,287</u>	Software in development
			<u>\$ 3,047,689,300</u>	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, 2012

EXHIBIT I-2

Function and Activity	Capital Assets June 30, 2011	Additions	Deletions	Capital Assets June 30, 2012
General government administration:				
Legislative	\$ 188,769,144	-	3,400,000	185,369,144
General and financial administration	191,251,866	97,661,803	20,384,636	268,529,033
Board of Elections	146,889	8,274	-	155,163
Total general government administration	380,167,899	97,670,077	23,784,636	454,053,340
Judicial administration:				
Courts	9,337,338	38,138	50,737	9,324,739
Commonwealth's Attorney	39,845,657	-	-	39,845,657
Total judicial administration	49,182,995	38,138	50,737	49,170,396
Public safety:				
Law enforcement	143,327,589	649,320	858,633	143,118,276
Fire and rescue services	95,498,128	310,881	1,326,880	94,482,129
Correction and detention	262,702,883	-	-	262,702,883
Inspections	1,490,077	-	30,278	1,459,799
Other protection	30,996,271	-	2,996,663	27,999,608
Total public safety	534,014,948	960,201	5,212,454	529,762,695
Public works:				
Maintenance of streets, roads, and bridges	599,584,989	29,924,320	1,727,012	627,782,297
Sanitation and waste removal	145,871,536	8,591,830	1,819,492	152,643,874
Maintenance of buildings and grounds	4,386,724	10,568,744	786,868	14,168,600
Total public works	749,843,249	49,084,894	4,333,372	794,594,771
Health and welfare:				
Health	69,845,751	-	-	69,845,751
Mental health and intellectual disability	38,468,429	-	-	38,468,429
Welfare/social services	4,165,964	648,792	835,994	3,978,762
Total health and welfare	112,480,144	648,792	835,994	112,292,942
Community development:				
Planning and community development	635,194,918	9,349,265	8,960,035	635,584,148
Environmental management	374,750	-	-	374,750
Cooperative extension program	1,299,107	-	-	1,299,107
Total community development	636,868,775	9,349,265	8,960,035	637,258,005
Parks, recreation, and cultural:				
Parks and recreation	58,249,545	3,767,204	-	62,016,749
Library	172,279,873	2,959,224	-	175,239,097
Total parks, recreation, and cultural	230,529,418	6,726,428	-	237,255,846
Total general capital assets allocated to functions	2,693,087,428	164,477,795	43,177,228	2,814,387,995
Equipment under construction	30,343,403	10,660,980	19,666,813	21,337,570
Construction in progress	87,319,500	168,885,353	48,148,405	208,056,448
Software in progress	42,825,942	18,636,801	57,555,456	3,907,287
Total governmental funds capital assets	\$ 2,853,576,273	362,660,929	168,547,902	3,047,689,300

(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, 2012

	General Fund	Nonmajor Governmental		
		Capital Projects Fund	Food and Nutrition Services	Special Revenue Grants and Self-Supporting Programs
ASSETS				
Equity in pooled cash and temporary investments	\$ 344,767,463	7,178,416	16,252,151	71,968
Receivables:				
Accounts	7,795	-	134,238	-
Accrued interest	7	-	20,873	-
Due from intergovernmental units	36,786,120	-	1,358,068	23,498,973
Due from primary government	-	-	277,227	-
Interfund receivables	9,989,000	-	-	-
Inventories of supplies	-	-	1,534,996	-
Prepaid and other assets	26,936,816	103,827,544	1,590,330	507,120
Total assets	\$ 418,487,201	111,005,960	21,167,883	24,078,061
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 16,468,131	16,824,286	40,123	468,495
Accrued salaries and benefits	142,633,858	-	327,067	3,814
Contract retainages	-	4,367,800	-	-
Interfund payables	-	-	-	8,310,000
Deferred revenue	297,926	1,941,925	1,970,138	2,262,664
Performance and other deposits	-	1,811,063	-	-
Total liabilities	159,399,915	24,945,074	2,337,328	11,044,973
Fund balances:				
Nonspendable	26,936,816	-	3,125,326	507,120
Restricted	-	86,060,886	15,705,229	12,525,968
Committed	126,091,613	-	-	-
Assigned	83,565,389	-	-	-
Unassigned	22,493,468	-	-	-
Total fund balances	259,087,286	86,060,886	18,830,555	13,033,088
Total liabilities and fund balances	\$ 418,487,201	111,005,960	21,167,883	24,078,061

Reconciliation of the Balance Sheet to the Statement of Net Assets

Fund balances - Total governmental funds	\$ 376,037,137
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 \$3,430,162,313 and accumulated depreciation/amortization is \$1,364,199,591.	2,065,962,722
The net OPEB asset, resulting from contributions for other post-employment benefits in excess of the annual required contribution, is not considered a financial asset and, therefore, is not reported in the governmental funds.	10,054,877
Intangible assets used in governmental fund activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$9,030,681 and accumulated amortization is \$1,629,917.	7,400,764
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.	60,934,798
Compensated absences and accrued interests on long-term debt related to governmental fund activities are not due and payable in the current period, and therefore, are not reported in the funds.	(32,677,526)
Capital leases are not due and payable in the current period and, therefore, are not reported in the funds.	(87,532,656)
Accrued interest on long-term debt	(797,822)
Deferred rent	(1,333,296)
Net assets of governmental activities	<u>\$ 2,398,048,998</u>

EXHIBIT J

Funds		
Adult and Community Education	Total Governmental Funds	
ASSETS		
113	368,270,111	Equity in pooled cash and temporary investments
Receivables:		
-	142,033	Accounts
1,022	21,902	Accrued interest
117,829	61,760,990	Due from intergovernmental units
-	277,227	Due from primary government
-	9,989,000	Interfund receivables
-	1,534,996	Inventories of supplies
-	132,861,810	Prepaid and other assets
118,964	574,858,069	Total assets
LIABILITIES AND FUND BALANCES		
Liabilities:		
68,130	33,869,165	Accounts payable and accrued liabilities
34,166	142,998,905	Accrued salaries and benefits
-	4,367,800	Contract retainages
521,000	8,831,000	Interfund payables
470,346	6,942,999	Deferred revenue
-	1,811,063	Performance and other deposits
1,093,642	198,820,932	Total liabilities
Fund balances:		
-	30,569,262	Nonspendable
-	114,292,083	Restricted
-	126,091,613	Committed
-	83,565,389	Assigned
(974,678)	21,518,790	Unassigned
(974,678)	376,037,137	Total fund balances
118,964	574,858,069	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, 2012

	General Fund	Nonmajor Governmental		
		Capital Projects Fund	Food and Nutrition Services	Special Revenue Grants and Self-Supporting Programs
REVENUES				
Intergovernmental	\$ 2,154,213,219	155,000,000	29,923,368	44,390,696
Charges for services	9,925,715	-	46,262,751	1,870,169
Revenue from the use of money and property	3,159,102	-	53,604	10,682
Recovered costs	37,951,980	1,309,674	-	-
Other	7,587,347	6,361,562	6,250	1,296,547
Total revenues	2,212,837,363	162,671,236	76,245,973	47,568,094
EXPENDITURES				
Current:				
Education	2,157,066,734	23,652,270	75,782,335	63,283,035
Capital outlay	38,029,434	135,405,416	448,805	475,023
Debt service:				
Principal retirement	13,473,926	-	-	-
Interest and other charges	3,389,839	-	-	-
Total expenditures	2,211,959,933	159,057,686	76,231,140	63,758,058
Excess (deficiency) of revenues over (under) expenditures	877,430	3,613,550	14,833	(16,189,964)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	7,438,659	-	14,367,709
Transfers out	(22,206,368)	-	-	-
Capital leases and installment purchases	19,680,064	-	-	-
Total other financing sources (uses)	(2,526,304)	7,438,659	-	14,367,709
Net change in fund balances	(1,648,874)	11,052,209	14,833	(1,822,255)
Fund balances, July 1, 2011	260,736,160	75,008,677	18,660,911	14,855,343
Increase in reserve for inventories of supplies	-	-	154,811	-
Fund balances, June 30, 2012	\$ 259,087,286	86,060,886	18,830,555	13,033,088

EXHIBIT J-1

Funds		
Adult and Community Education	Total Governmental Funds	
REVENUES		
1,439,491	2,384,966,774	Intergovernmental
6,612,994	64,671,629	Charges for services
8,485	3,231,873	Revenue from the use of money and property
-	39,261,654	Recovered costs
348,533	15,600,239	Other
<u>8,409,503</u>	<u>2,507,732,169</u>	<u>Total revenues</u>
EXPENDITURES		
Current:		
9,950,142	2,329,734,516	Education
31,787	174,390,465	Capital outlay
Debt service:		
-	13,473,926	Principal retirement
-	3,389,839	Interest and other charges
<u>9,981,929</u>	<u>2,520,988,746</u>	<u>Total expenditures</u>
		Excess (deficiency) of revenues over (under) expenditures
<u>(1,572,426)</u>	<u>(13,256,577)</u>	
OTHER FINANCING SOURCES (USES)		
400,000	22,206,368	Transfers in
-	(22,206,368)	Transfers out
-	19,680,064	Capital leases and installment purchases
<u>400,000</u>	<u>19,680,064</u>	<u>Total other financing sources (uses)</u>
(1,172,426)	6,423,487	Net change in fund balances
197,748	369,458,839	Fund balances, July 1, 2011
-	154,811	Increase in reserve for inventories of supplies
<u>(974,678)</u>	<u>376,037,137</u>	<u>Fund balances, June 30, 2012</u>

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, 2012

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	\$	6,423,487
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceed depreciation/amortization expense in the current period:		
Capital outlay	\$	174,390,465
Less depreciation/amortization expense		<u>(113,036,010)</u>
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.		(228,616)
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.		(9,128,878)
Principal payments on capital leases and installment purchases are reported as expenditures in governmental funds. However, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.		13,473,926
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.		(2,832,386)
Internal service funds are used by management to provide certain goods and services to governmental funds. The change in net assets of these funds is reported within governmental activities in the statement of activities.		(2,124,329)
Interest on capital leases and installment purchases is reported as expenditures in the governmental funds when it is due. However, in the statement of activities, interest is expensed as it accrues. This amount represents the net change in accrued interest on long-term debt.		(88)
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.		(19,680,064)
Rent abatement charges reduce deferred rent in government-wide statements, but do not use current resources so are not reported in governmental funds.		(248,460)
Inventory changes impact net assets in government-wide statements, but are recorded as expenditures when purchase in governmental fund statements.		154,811
OPEB costs are recognized as expenditures in the fund statements, but are deferred and amortized in the government-wide statements, resulting in a net difference.		<u>11,763,871</u>
Change in net assets of governmental activities	\$	<u><u>58,927,729</u></u>

COUNTY OF FAIRFAX, VIRGINIA
 Fairfax County Public Schools
 Budgetary Comparison Schedule - General Fund (Budget Basis)
 For the fiscal year ended June 30, 2012

EXHIBIT J-2

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 535,265,129	548,230,804	542,778,498	(5,452,306)
Charges for services	9,380,732	9,380,732	9,925,715	544,983
Revenue from the use of money and property	2,773,923	2,773,923	3,159,101	385,178
Recovered costs	37,044,258	37,951,980	37,951,980	-
Other	5,114,641	5,114,641	7,587,347	2,472,706
Total revenues	589,578,683	603,452,080	601,402,641	(2,049,439)
EXPENDITURES				
Education	2,219,480,551	2,331,543,379	2,188,506,346	143,037,033
Total expenditures	2,219,480,551	2,331,543,379	2,188,506,346	143,037,033
Excess (deficiency) of revenues over (under) expenditures	(1,629,901,868)	(1,728,091,299)	(1,587,103,705)	140,987,594
OTHER FINANCING USES				
Transfers in	1,611,434,722	1,611,434,722	1,611,434,722	-
Transfers out	(26,239,943)	(25,979,891)	(25,979,891)	-
Other financing sources	-	-	741,313	741,313
Total other financing uses	1,585,194,779	1,585,454,831	1,586,196,144	741,313
Net change in fund balance	\$ (44,707,089)	(142,636,468)	(907,561)	141,728,907

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, 2012

EXHIBIT J-3A

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 26,770,677	26,770,677	29,923,368	3,152,691
Charges for services	47,422,168	47,422,168	46,262,751	(1,159,417)
Revenue from the use of money and property	61,741	61,741	53,604	(8,137)
Other	-	-	6,250	6,250
Total revenues	74,254,586	74,254,586	76,245,973	1,991,387
EXPENDITURES				
Education	87,846,533	92,915,497	76,231,141	16,684,356
Total expenditures	87,846,533	92,915,497	76,231,141	16,684,356
Excess (deficiency) of revenues over (under) expenditures	(13,591,947)	(18,660,911)	14,832	18,675,743
Net change in fund balance	\$ (13,591,947)	(18,660,911)	14,832	18,675,743

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT J-3B

Fairfax County Public Schools

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

For the fiscal year ended June 30, 2012

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental	\$ 43,355,252	58,081,110	41,264,493	(16,816,617)
Charges for services	2,117,471	2,117,471	1,870,169	(247,302)
Revenue from the use of money and property	-	-	10,682	10,682
Other	26,421	1,064,893	1,296,547	231,654
Total revenues	45,499,144	61,263,474	44,441,891	(16,821,583)
EXPENDITURES				
Education	64,576,625	93,612,729	63,758,058	29,854,671
Total expenditures	64,576,625	93,612,729	63,758,058	29,854,671
Excess (deficiency) of revenues over (under) expenditures	(19,077,481)	(32,349,255)	(19,316,167)	13,033,088
OTHER FINANCING SOURCES				
Transfers in	14,367,709	14,367,709	14,367,709	-
Transfers in from primary government	3,126,203	3,126,203	3,126,203	-
Total other financing sources	17,493,912	17,493,912	17,493,912	-
Net change in fund balance	\$ (1,583,569)	(14,855,343)	(1,822,255)	13,033,088

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT J-3C

Fairfax County Public Schools

Budgetary Comparison Schedule - Adult and Community Education Fund (Budget Basis)

For the fiscal year ended June 30, 2012

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental	\$ 1,347,382	1,563,368	1,439,491	(123,877)
Charges for services	8,628,087	8,628,087	6,612,994	(2,015,093)
Recovered costs	48,850	48,850	8,485	(40,365)
Other	330,119	395,119	348,533	(46,586)
Total revenues	10,354,438	10,635,424	8,409,503	(2,225,921)
EXPENDITURES				
Education	10,840,709	11,233,172	9,981,929	1,251,243
Total expenditures	10,840,709	11,233,172	9,981,929	1,251,243
Excess (deficiency) of revenues over (under) expenditures	(486,271)	(597,748)	(1,572,426)	(974,678)
OTHER FINANCING SOURCES				
Transfers in	400,000	400,000	400,000	-
Total other financing sources	400,000	400,000	400,000	-
Net change in fund balance	\$ (86,271)	(197,748)	(1,172,426)	(974,678)

COUNTY OF FAIRFAX, VIRGINIA
 Fairfax County Public Schools
 Combining Statement of Net Assets - Internal Service Funds
 June 30, 2012

EXHIBIT J-4

	Central Procurement	Health Benefits Trust	Insurance	Total Internal Service Funds
ASSETS				
Current assets:				
Equity in pooled cash and temporary investments	\$ 935	106,181,666	43,895,341	150,077,942
Accounts receivable	-	3,526,043	-	3,526,043
Accrued interest receivable	-	78,925	-	78,925
Inventories of supplies	1,569,765	-	-	1,569,765
Total current assets	1,570,700	109,786,634	43,895,341	155,252,675
Long-term assets - Capital assets:				
Equipment	100,053	-	40,029	140,082
Accumulated depreciation	(92,070)	-	(35,521)	(127,591)
Total long-term assets	7,983	-	4,508	12,491
Total assets	1,578,683	109,786,634	43,899,849	155,265,166
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	147,855	4,891,783	136,199	5,175,837
Interfund payables	1,120,000	-	-	1,120,000
Compensated absences payable	-	58,957	29,299	88,256
Insurance and benefit claims payable	-	18,677,000	9,525,024	28,202,024
Deferred revenue	-	36,498,372	-	36,498,372
Total current liabilities	1,267,855	60,126,112	9,690,522	71,084,489
Long-term liabilities:				
Compensated absences payable	-	25,267	12,557	37,824
Insurance and benefit claims payable	-	983,000	22,225,055	23,208,055
Total long-term liabilities	-	1,008,267	22,237,612	23,245,879
Total liabilities	1,267,855	61,134,379	31,928,134	94,330,368
NET ASSETS				
Invested in capital assets	7,983	-	4,508	12,491
Unrestricted	302,845	48,652,255	11,967,207	60,922,307
Total net assets	\$ 310,828	48,652,255	11,971,715	60,934,798

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, 2012

	Central Procurement	Health Benefits Trust	Insurance	Total Internal Service Funds
OPERATING REVENUES:				
Charges for services	\$ 7,187,412	297,926,602	14,645,195	319,759,209
Total operating revenues	7,187,412	297,926,602	14,645,195	319,759,209
OPERATING EXPENSES:				
Cost of goods sold	6,972,519	-	-	6,972,519
Personnel services	65,912	1,692,264	933,258	2,691,434
Depreciation expense	1,980	-	3,058	5,038
Claims and benefit payments	-	290,787,632	11,265,855	302,053,487
Professional consultant and contractual services	-	8,876,129	1,016,565	9,892,694
Other	39,248	31,974	416,080	487,302
Total operating expenses	7,079,659	301,387,999	13,634,816	322,102,474
Operating income (loss)	107,753	(3,461,397)	1,010,379	(2,343,265)
NONOPERATING REVENUES:				
Interest revenue	-	218,936	-	218,936
Total nonoperating revenues	-	218,936	-	218,936
Income (loss) before operating transfers	107,753	(3,242,461)	1,010,379	(2,124,329)
Change in net assets	107,753	(3,242,461)	1,010,379	(2,124,329)
Total net assets, July 1, 2011	203,075	51,894,716	10,961,336	63,059,127
Total net assets, June 30, 2012	\$ 310,828	48,652,255	11,971,715	60,934,798

COUNTY OF FAIRFAX, VIRGINIA
 Fairfax County Public Schools
 Combining Statement of Cash Flows - Internal Service Funds
 For the fiscal year ended June 30, 2012

EXHIBIT J-6

	Central Procurement	Health Benefits Trust	Insurance	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services provided	\$ 7,519,897	304,248,272	14,645,195	326,413,364
Payments to suppliers	(6,847,439)	-	-	(6,847,439)
Payments to employees	(65,913)	(1,692,264)	(933,258)	(2,691,435)
Claims and benefits paid	-	(289,860,914)	(9,390,565)	(299,251,479)
Payments for professional services	-	(9,225,674)	(1,020,715)	(10,246,389)
Payments for other operating expenses	(38,556)	(30,902)	(416,080)	(485,538)
Net cash provided (used) by operating activities	567,989	3,438,518	2,884,577	6,891,084
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Net advances from other funds	(680,000)	-	-	(680,000)
Net cash provided by noncapital financing activities	(680,000)	-	-	(680,000)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	-	279,852	-	279,852
Net cash provided by investing activities	-	279,852	-	279,852
Net increase in cash and cash equivalents	(112,011)	3,718,370	2,884,577	6,490,936
Cash and cash equivalents, July 1, 2011	112,946	102,463,296	41,010,764	143,587,006
Cash and cash equivalents, June 30, 2012	\$ 935	106,181,666	43,895,341	150,077,942
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 107,753	(3,461,397)	1,010,379	(2,343,265)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,980	-	3,058	5,038
Change in assets and liabilities:				
(Increase) in accounts receivable	-	(1,495,250)	-	(1,495,250)
(Increase) decrease in interfund receivables	332,485	-	-	332,485
(Increase) in inventories of supplies	284,823	-	-	284,823
(Decrease) in accounts payable and accrued liabilities	(159,052)	(669,807)	26,387	(802,472)
(Decrease) increase in compensated absences	-	(33,948)	(10,586)	(44,534)
Increase in deferred revenue	-	7,816,920	-	7,816,920
Increase in insurance and benefits claims payable	-	1,282,000	1,855,339	3,137,339
Total adjustments to operating income (loss)	460,236	6,899,915	1,874,198	9,234,349
Net cash provided (used) by operating activities	\$ 567,989	3,438,518	2,884,577	6,891,084

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Public Schools
Statement of Fiduciary Net Assets
June 30, 2012

EXHIBIT J-7

	Pension Trust Fund - Educational Employees' Supplementary Retirement System	OPEB Trust Fund	Total Pension and OPEB Trust Funds
ASSETS			
Equity in pooled cash and temporary investments	\$ 1,934,136	800	1,934,936
Cash with fiscal agents	1,725,636	-	1,725,636
Cash collateral for securities lending	24,034,973	-	24,034,973
Accrued interest and dividends receivable	3,320,820	-	3,320,820
Receivable from sale of pension investments	57,886,752	1,064,695	58,951,447
Investments, at fair value:			
Mortgage-backed securities	1,523,586	-	1,523,586
Corporate bonds	143,632,489	-	143,632,489
Common and preferred stock	505,510,746	18,813,405	524,324,151
Pooled and mutual funds	548,915,719	25,608,416	574,524,135
Real estate	150,085,750	-	150,085,750
Other bonds	427,014,019	4,219,233	431,233,252
Private Equity Mutual Partnership	15,537,604	-	15,537,604
Short-term investments	37,909,533	534	37,910,067
Prepaid items and other assets	24,792	-	24,792
Equipment, net of depreciation	17,629	-	17,629
Total assets	1,919,074,184	49,707,083	1,968,781,267
LIABILITIES			
Accounts payable and accrued liabilities	2,775,296	20,125	2,795,421
Payable for purchase of pension investments	64,495,593	38,000	64,533,593
lending agreements	24,034,973	-	24,034,973
Total liabilities	91,305,862	58,125	91,363,987
NET ASSETS			
Held in trust for pension/OPEB benefits	\$ 1,827,768,322	49,648,958	1,877,417,280

COUNTY OF FAIRFAX, VIRGINIA
 Fairfax County Public Schools
 Statement of Changes in Plan Net Assets - Trust Funds
 For the fiscal year ended June 30, 2012

EXHIBIT J-8

	Pension Trust Fund - Educational Employees' Supplementary Retirement System	OPEB Trust Fund	Total Pension and OPEB Trust Funds
ADDITIONS			
Contributions:			
Employer	\$ 52,934,245	42,426,871	95,361,116
Plan members	49,142,379	-	49,142,379
Total contributions	102,076,624	42,426,871	144,503,495
Investment income:			
From investment activities:			
Net depreciation in fair value of investments	(35,410,525)	(336,032)	(35,746,557)
Interest and dividends	43,723,935	36	43,723,971
Real estate income	3,057,654	-	3,057,654
Other	90,589	-	90,589
Total income from investment activities	11,461,653	(335,996)	11,125,657
Less investment activities expenses:			
Management fees	9,354,349	65,631	9,419,980
Other	812,811	500	813,311
Total investment activities expenses	10,167,160	66,131	10,233,291
Net income from investment activities	1,294,493	(402,127)	892,366
From securities lending activities:			
Securities lending income	94,365	-	94,365
Less securities lending expenses:			
Borrower rebates	(360,176)	-	(360,176)
Management fees	113,599	-	113,599
Total securities lending activities expenses	(246,577)	-	(246,577)
Net income from securities lending activities	340,942	-	340,942
Net investment income	1,635,435	(402,127)	1,233,308
Total additions	103,712,059	42,024,744	145,736,803
DEDUCTIONS			
Benefits	155,041,762	32,426,871	187,468,633
Refunds of contributions	4,295,171	-	4,295,171
Administrative expenses	3,574,923	-	3,574,923
Total deductions	162,911,856	32,426,871	195,338,727
Net increase (decrease)	(59,199,797)	9,597,873	(49,601,924)
Net assets, July 1, 2011	1,886,968,119	40,051,085	1,927,019,204
Net assets, June 30, 2012	\$ 1,827,768,322	49,648,958	1,877,417,280

COUNTY OF FAIRFAX, VIRGINIA
 Fairfax County Public Schools
 Statement of Changes in Assets and Liabilities - Agency Fund
 For the fiscal year ended June 30, 2012

EXHIBIT J-9

	Balances June 30, 2011	Additions	Deductions	Balances June 30, 2012
Student Activity Fund:				
Assets:				
Cash with fiscal agents	\$ 19,781,668	78,407,985	78,747,065	19,442,588
Accounts receivable	652,823	362,569	326,726	688,666
Inventories of supplies	368,053	74,988	97,843	345,198
Total assets	<u>20,802,544</u>	<u>78,845,542</u>	<u>79,171,634</u>	<u>20,476,452</u>
Liabilities:				
Accounts payable and accrued liabilities	557,010	239,745	353,763	442,992
Due to student groups	20,245,534	1,427,035	1,639,109	20,033,460
Total liabilities	<u>\$ 20,802,544</u>	<u>1,666,780</u>	<u>1,992,872</u>	<u>20,476,452</u>

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, 2012

EXHIBIT K

	Housing Authority	Component Units of Housing	Total Entity
ASSETS			
Current assets:			
Equity in pooled cash and temporary investments	\$ 30,846,658	-	30,846,658
Cash in banks	4,678,050	5,048,140	9,726,190
Investments	4,755,000	-	4,755,000
Receivables (net of allowances):			
Accounts	973,912	514,989	1,488,901
Accrued interest	237,089	-	237,089
Notes	466,259	-	466,259
Property held for sale	1,407,320	-	1,407,320
Prepaid and other assets	4,263,639	4,284	4,267,923
Total current assets	<u>47,627,927</u>	<u>5,567,413</u>	<u>53,195,340</u>
Long-term assets:			
Restricted assets:			
Cash with fiscal agents	8,960,088	7,882,756	16,842,844
Certificates of deposit - performance bonds	3,263,573	562,412	3,825,985
Investments	2,350,000	-	2,350,000
Total restricted assets	<u>14,573,661</u>	<u>8,445,168</u>	<u>23,018,829</u>
Capital assets:			
Non-depreciable/non-amortizable:			
Land	30,200,212	11,896,564	42,096,776
Construction in progress	885,043	-	885,043
Depreciable/amortizable:			
Equipment	572,657	1,370,454	1,943,111
Buildings and improvements	130,324,153	86,793,099	217,117,252
Accumulated depreciation/amortization	(82,721,091)	(30,626,471)	(113,347,562)
Total capital assets, net	<u>79,260,974</u>	<u>69,433,646</u>	<u>148,694,620</u>
Other long-term assets:			
Notes receivable	26,130,416	-	26,130,416
Prepaid and other assets	93,958	-	93,958
Deferred financing fees (net of amortization)	9,209	1,116,259	1,125,468
Total other long-term assets	<u>26,233,583</u>	<u>1,116,259</u>	<u>27,349,842</u>
Total long-term assets	<u>120,068,218</u>	<u>78,995,073</u>	<u>199,063,291</u>
Total assets	<u>167,696,145</u>	<u>84,562,486</u>	<u>252,258,631</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	966,495	5,599,637	6,566,132
Accrued salaries and benefits	474,051	-	474,051
Accrued interest payable	-	4,160,467	4,160,467
Due to primary government	133,867	-	133,867
Deferred revenue	1,840,655	97,888	1,938,543
Performance and other deposits	1,738,446	533,161	2,271,607
Mortgage notes payable	1,626,449	4,284,901	5,911,350
Compensated absences payable	579,542	-	579,542
Total current liabilities	<u>7,359,505</u>	<u>14,676,054</u>	<u>22,035,559</u>
Long-term liabilities:			
Mortgage notes payable	35,369,759	55,087,007	90,456,766
Compensated absences payable	518,755	-	518,755
Total long-term liabilities	<u>35,888,514</u>	<u>55,087,007</u>	<u>90,975,521</u>
Total liabilities	<u>43,248,019</u>	<u>69,763,061</u>	<u>113,011,080</u>
NET ASSETS			
Invested in capital assets, net of related debt	65,258,674	10,061,738	75,320,412
Restricted	16,468,895	7,912,007	24,380,902
Unrestricted	42,720,557	(3,174,320)	39,546,237
Total net assets	<u>\$ 124,448,126</u>	<u>14,799,425</u>	<u>139,247,551</u>

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, 2012

EXHIBIT K-1

	Housing Authority	Component Units of Housing	Total Entity
OPERATING REVENUES:			
Dwelling rentals	\$ 26,951,899	9,492,701	36,444,600
Other	3,488,062	1,511,900	4,999,962
Total operating revenues	30,439,961	11,004,601	41,444,562
OPERATING EXPENSES:			
Personnel services	15,267,765	1,938,787	17,206,552
Materials and supplies	3,308,284	2,648,424	5,956,708
Repairs and maintenance	8,613,438	2,254,650	10,868,088
Housing assistance payments	48,356,059	-	48,356,059
Depreciation and amortization	3,534,267	3,029,089	6,563,356
Contractual services	1,256,305	139,382	1,395,687
Utilities	3,817,595	1,285,075	5,102,670
Total operating expenses	84,153,713	11,295,407	95,449,120
Operating income (loss)	(53,713,752)	(290,806)	(54,004,558)
NONOPERATING REVENUES (EXPENSES):			
Intergovernmental revenue	59,033,110	158,042	59,191,152
Interest revenue	230,140	23,192	253,332
Interest expense	(797,822)	(2,575,823)	(3,373,645)
Grant to the County	(10,344,104)	-	(10,344,104)
Total nonoperating revenues (expenses)	48,121,324	(2,394,589)	45,726,735
Gain (loss) before contributions	(5,592,428)	(2,685,395)	(8,277,823)
CAPITAL CONTRIBUTIONS:			
HUD debt service contributions	-	5,338,673	5,338,673
HUD capital contributions	644,714	-	644,714
Total capital contributions	644,714	5,338,673	5,983,387
Change in net assets	(4,947,714)	2,653,278	(2,294,436)
Total net assets, July 1, 2011	129,395,840	12,146,147	141,541,987
Total net assets, June 30, 2012	\$ 124,448,126	14,799,425	139,247,551

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Redevelopment and Housing Authority
Statement of Cash Flows
For the fiscal year ended June 30, 2012

EXHIBIT K-2

	Housing Authority	Component Units of Housing	Total Entity
CASH FLOWS FROM OPERATING ACTIVITIES			
Rental receipts	\$ 26,737,897	9,238,532	35,976,429
Other operating cash receipts	843,698	1,563,814	2,407,512
Payments to employees for services	(15,135,861)	(1,938,787)	(17,074,648)
Payments made for housing assistance	(48,541,270)	-	(48,541,270)
Payments to suppliers for goods and services	(14,264,903)	(6,544,740)	(20,809,643)
Purchase of property held for sale	(1,745,799)	-	(1,745,799)
Receipts from sale of property held for sale	2,066,079	-	2,066,079
Net cash provided (used) by operating activities	(50,040,159)	2,318,819	(47,721,340)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Retirement of loans, notes, and bonds payables	(7,540,647)	-	(7,540,647)
Proceeds from the issuance of debt	1,389,100	-	1,389,100
Intergovernmental revenue received	58,685,111	158,042	58,843,153
Amount provided to County	(10,344,104)	-	(10,344,104)
Net cash provided by noncapital financing activities	42,189,460	158,042	42,347,502
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(762,005)	(319,515)	(1,081,520)
Proceeds from issuance of debt	-	929,638	929,638
Interest payments	(773,270)	(2,394,178)	(3,167,448)
Debt principal payments	(1,220,776)	(9,312,388)	(10,533,164)
Repayment of amount due to the primary government	(665,000)	-	(665,000)
HUD debt service and capital contributions	644,714	5,338,673	5,983,387
Net cash used by capital and related financing activities	(2,776,337)	(5,757,770)	(8,534,107)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of loan and advance repayments	7,571,044	-	7,571,044
Disbursement of loans and advances receivable	(1,765,047)	-	(1,765,047)
Acquisition of investments	(380,000)	-	(380,000)
Interest received	193,421	23,192	216,613
Net cash provided (used) by investing activities	5,619,418	23,192	5,642,610
Net increase (decrease) in cash and cash equivalents	(5,007,618)	(3,257,717)	(8,265,335)
Cash and cash equivalents, July 1, 2011	52,755,987	16,751,025	69,507,012
Cash and cash equivalents, June 30, 2012	\$ 47,748,369	13,493,308	61,241,677
Reconciliation of operating income (loss) to net cash provided (used)			
by operating activities:			
Operating loss	\$ (53,713,752)	(290,806)	(54,004,558)
Adjustments to reconcile operating (loss) to net cash provided (used)			
by operating activities:			
Depreciation and amortization	3,534,267	3,029,089	6,563,356
Change in assets and liabilities:			
(Increase) in accounts receivable	(240,579)	(260,975)	(501,554)
(Increase) decrease in prepaid and other assets	40,979	345,577	386,556
(Decrease) in accounts payable and accrued liabilities	(85,002)	(562,786)	(647,788)
Increase in accrued salaries and benefits	131,492	-	131,492
(Decrease) in performance and other deposits	46,760	51,914	98,674
Increase (decrease) in deferred revenue	245,676	6,806	252,482
Total adjustments to operating income (loss)	3,673,593	2,609,625	6,283,218
Net cash provided (used) by operating activities	\$ (50,040,159)	2,318,819	(47,721,340)

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, 2012

	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	\$ -	13,223,770	-
Receivables:			
Accounts	-	7,212	-
Accrued interest	-	-	-
Due from primary government	1,390,584	-	502,508
Due from Intergovernmental units	-	-	-
Prepaid and other asset	-	266,765	-
Restricted assets:			
Equity in pooled cash and temporary investments	-	-	-
Investments	-	1,972,833	-
Total assets	\$ 1,390,584	15,470,580	502,508
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 289,396	1,152,679	502,508
Accrued salaries and benefits	1,101,188	1,083,993	-
Due to primary government	-	201,132	-
Contract retainages	-	-	-
Deferred revenue	-	5,258,171	-
Performance and other deposits	-	89,219	-
Total liabilities	1,390,584	7,785,194	502,508
Fund balances:			
Restricted for:			
Capital projects	-	-	-
Debt service	-	1,972,833	-
E.C.Lawrence Trust	-	-	-
Repair and replacement	-	-	-
Committed to:			
Managed reserve	-	1,957,666	-
Donation/Deferred revenue	-	1,246,804	-
Facilities and services reserve	-	-	-
Other capital projects	-	-	-
Assigned to:			
Park operation and maintenance	-	2,508,083	-
Total fund balances	-	7,685,386	-
Total liabilities and fund balances	\$ 1,390,584	15,470,580	502,508

Reconciliation of the Balance Sheet to the Statement of Net Assets

Fund balances - Total governmental funds \$ 37,149,529

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 \$759,311,046 and the accumulated depreciation is \$172,224,187. 587,086,859

Deferred bond issuance costs reported in governmental activities are not financial resources, and therefore, are not reported as assets in governmental funds. 225,082

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	\$ (7,305,315)	
Compensated absences payable	(4,559,661)	
Loan from primary government	(13,042,200)	
Accrued interest payable	(160,658)	(25,067,834)

Net assets of governmental activities \$ 599,393,636

EXHIBIT L

Funds			
Projects Funds			
Park Construction Bond	Park Capital Improvement	Total Governmental Funds	
-	23,985,539	37,209,309	ASSETS
-	-	7,212	Equity in pooled cash and temporary investments
-	27,582	27,582	Receivables:
-	-	1,893,092	Accounts
100,000	125,000	225,000	Accrued interest
-	-	266,765	Due from primary government
4,582,726	2,207,926	6,790,652	Due from Intergovernmental units
-	-	1,972,833	Prepaid and other asset
4,682,726	26,346,047	48,392,445	Restricted assets:
			Equity in pooled cash and temporary investments
			Investments
			Total assets
			LIABILITIES AND FUND BALANCES
			Liabilities:
449,847	39,969	2,434,399	Accounts payable and accrued liabilities
-	-	2,185,181	Accrued salaries and benefits
-	-	201,132	Due to primary government
178,994	1,615	180,609	Contract retainaques
-	185,251	5,443,422	Deferred revenue
-	708,954	798,173	Performance and other deposits
628,841	935,789	11,242,916	Total liabilities
			Fund balances:
			Restricted for:
4,053,885	11,106,160	15,160,045	Capital projects
-	-	1,972,833	Debt service
-	1,507,926	1,507,926	E.C.Lawrence Trust
-	700,000	700,000	Repair and replacement
			Committed to:
-	-	1,957,666	Managed reserve
-	-	1,246,804	Donation/Deferred revenue
-	2,153,576	2,153,576	Facilities and services reserve
-	9,942,596	9,942,596	Other capital projects
			Assigned to:
-	-	2,508,083	Park operation and maintenance
4,053,885	25,410,258	37,149,529	Total fund balances
4,682,726	26,346,047	48,392,445	Total liabilities and fund balances

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Park Authority
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the fiscal year ended June 30, 2012

	General Fund (Financed from County General Fund)	Major Governmental	
		Special Revenue Fund - Park Revenue	Capital Financed from County Construction Fund
REVENUES			
Intergovernmental	\$ 30,154,838	1,777,800	9,455,860
Charges for services	1,671,093	39,242,422	-
Developers' contributions	-	-	-
Revenue from the use of money and property	-	2,420,202	25,176
Gifts, donations, and contributions	64,194	593,169	-
Other	-	209,216	-
Total revenues	31,890,125	44,242,809	9,481,036
EXPENDITURES			
Current:			
Parks, recreation, and cultural	31,890,125	38,149,069	6,986,573
Intergovernmental	-	-	-
Capital outlay	-	154,231	2,494,463
Debt service:			
Principal retirement	-	2,652,800	-
Interest and other charges	-	774,209	-
Total expenditures	31,890,125	41,730,309	9,481,036
Excess (deficiency) of revenues over (under) expenditures	-	2,512,500	-
Net change in fund balances	-	2,512,500	-
Fund balances, July 1, 2011	-	5,172,886	-
Fund balances, June 30, 2012	\$ -	7,685,386	-

EXHIBIT L-1

Funds			
Projects Funds			
Park Construction Bond	Park Capital Improvement	Total Governmental Funds	
			REVENUES
13,249,500	127,906	54,765,904	Intergovernmental
-	2,482	40,915,997	Charges for services
-	208,125	208,125	Developers' contributions
-	1,321,017	3,766,395	Revenue from the use of money and property
-	851,833	1,509,196	Gifts, donations and contributions
-	-	209,216	Other
13,249,500	2,511,363	101,374,833	Total revenues
			EXPENDITURES
			Current:
2,494	608,241	77,636,502	Parks, recreation, and cultural
-	-	-	Intergovernmental
11,815,625	2,113,800	16,578,119	Capital outlay
			Debt service:
-	-	2,652,800	Principal retirement
-	-	774,209	Interest and other charges
11,818,119	2,722,041	97,641,630	Total expenditures
			Excess (deficiency) of revenues over (under) expenditures
1,431,381	(210,678)	3,733,203	
1,431,381	(210,678)	3,733,203	Net change in fund balances
2,622,504	25,620,936	33,416,326	Fund balances, July 1, 2011
4,053,885	25,410,258	37,149,529	Fund balances, June 30, 2012

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, 2012

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		\$	3,733,203
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	\$	16,578,119	
Less depreciation expense		<u>(9,783,914)</u>	6,794,205
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.			
			(100,177)
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.			
			23,265,752
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	\$	695,000	
Principal repayments of revenue notes		<u>1,957,800</u>	2,652,800
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	\$	(46,846)	
Interest and other		<u>(64,519)</u>	<u>(111,365)</u>
Change in net assets of governmental activities		\$	<u><u>36,234,418</u></u>

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, 2012

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 19,849,789	20,443,822	20,347,727	(96,095)
Charges for services	1,850,000	1,850,000	1,671,093	(178,907)
Total revenues	21,699,789	22,293,822	22,018,820	(275,002)
EXPENDITURES				
Current:				
Parks, recreation, and cultural	21,699,789	22,293,822	22,018,820	275,002
Total expenditures	21,699,789	22,293,822	22,018,820	275,002
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, 2012

EXHIBIT L-2B

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Charges for services	\$ 38,578,101	38,578,101	39,242,422	664,321
Revenue from the use of money and property	2,797,368	2,797,368	2,420,202	(377,166)
Gifts, donations, and contributions	687,044	687,044	593,169	(93,875)
Other	35,293	35,293	1,987,016	1,951,723
Total revenues	42,097,806	42,097,806	44,242,809	2,145,003
EXPENDITURES				
Parks, recreation, and cultural	42,097,806	42,097,806	41,730,309	367,497
Total expenditures	42,097,806	42,097,806	41,730,309	367,497
Excess of revenues over expenditures	-	-	2,512,500	2,512,500
Net change in fund balance	\$ -	-	2,512,500	2,512,500

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, 2012

EXHIBIT M

	Governmental Fund (Financed from County General Fund)
ASSETS	
Due from primary government	\$ 214,882
Total assets	214,882
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable and accrued liabilities	74,700
Accrued salaries and benefits	140,182
Total liabilities	214,882
Fund balance:	
Unreserved	-
Total liabilities and fund balance	\$ 214,882

Reconciliation of the Balance Sheet to the Statement of Net Assets

Fund balance - General Fund	\$ -
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$815,154 and the accumulated depreciation and amortization is \$266,398.	548,756
Long-term liabilities, including compensated absences payable, \$259,584, and deferred rent, \$1,071,413, are not due and payable in the current period and, therefore, are not reported in the fund.	(1,330,997)
Net deficit of governmental activities	\$ (782,241)

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, 2012

EXHIBIT M-1

	Governmental Fund (Financed from County General Fund)
REVENUES	
Intergovernmental	\$ 7,824,566
Total revenues	<u>7,824,566</u>
EXPENDITURES	
Current:	
Community development	<u>7,824,566</u>
Total expenditures	<u>7,824,566</u>
Excess of revenues over expenditures	-
Fund balance, July 1, 2011	<u>-</u>
Fund balance, June 30, 2012	<u>\$ -</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 \$ -

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 and amortization expense	(77,274)	
Increase in liability for compensated absences	(25,014)	
Deferred rent	<u>63,548</u>	<u>(38,740)</u>
Change in net assets of governmental activities		<u>\$ (38,740)</u>

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, 2012

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 7,045,506	7,093,393	7,093,343	(50)
Total revenues	7,045,506	7,093,393	7,093,343	(50)
EXPENDITURES				
Community development	7,045,506	7,093,393	7,093,343	50
Total expenditures	7,045,506	7,093,393	7,093,343	50
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 Ten Fiscal Years

	Fiscal Year				
	2012	2011	2010	2009	2008
<i>Governmental activities:</i>					
Invested in capital assets, net of related debt	\$ 1,695,143,766	1,540,962,447	1,458,369,495	1,399,874,484	1,313,609,617
Restricted	226,409,285	308,394,968	210,842,044	188,432,037	55,360,397
Unrestricted (1)	(1,562,549,365)	(1,370,285,300)	(1,112,442,403)	(1,093,476,245)	(919,381,116)
Total net assets, governmental activities	\$ 359,003,686	479,072,115	556,769,136	494,830,276	449,588,898
<i>Business-type activities:</i>					
Invested in capital assets, net of related debt	\$ 769,135,097	722,703,848	748,697,093	645,044,053	757,799,128
Restricted	51,055,374	93,427,366	44,371,666	148,760,524	28,251,270
Unrestricted	117,615,954	81,180,178	76,855,173	84,277,881	109,530,192
Total net assets, business-type activities	\$ 937,806,425	897,311,392	869,923,932	878,082,458	895,580,590
<i>Total Primary government:</i>					
Invested in capital assets, net of related debt	\$ 2,464,278,863	2,263,666,295	2,207,066,588	2,044,918,537	2,071,408,745
Restricted	277,464,659	401,822,334	255,213,710	337,192,561	83,611,667
Unrestricted	(1,444,933,411)	(1,289,105,122)	(1,035,587,230)	(1,009,198,364)	(809,850,924)
Total net assets, primary government	\$ 1,296,810,111	1,376,383,507	1,426,693,068	1,372,912,734	1,345,169,488

Source: Fairfax County Department of Finance

Notes:

- (1) 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				
	2012	2011	2010	2009	2008
	\$ 1,453,383,980	1,431,198,421	1,371,914,260	1,342,939,932	1,297,409,248

Fiscal Year					
2007	2006	2005	2004	2003	
					<i>Governmental activities:</i>
1,176,653,933	1,075,520,989	1,034,317,673	995,156,131	932,499,218	Invested in capital assets, net of related debt
45,835,642	36,903,134	30,414,477	42,737,479	29,329,687	Restricted
(762,741,854)	(777,273,475)	(882,121,487)	(885,313,225)	(891,343,756)	Unrestricted (1)
459,747,721	335,150,648	182,610,663	152,580,385	70,485,149	Total net assets, governmental activities
					<i>Business-type activities:</i>
789,479,735	786,263,108	787,889,313	755,683,261	651,624,011	Invested in capital assets, net of related debt
46,489,817	57,514,949	56,463,753	85,025,111	144,412,547	Restricted
61,756,541	61,442,481	63,234,893	63,547,596	105,456,857	Unrestricted
897,726,093	905,220,538	907,587,959	904,255,968	901,493,415	Total net assets, business-type activities
					<i>Total Primary government:</i>
1,966,133,668	1,861,784,097	1,822,206,986	1,750,839,392	1,584,123,229	Invested in capital assets, net of related debt
92,325,459	94,418,083	86,878,230	127,762,590	173,742,234	Restricted
(700,985,313)	(715,830,994)	(818,886,594)	(821,765,629)	(785,886,899)	Unrestricted
1,357,473,814	1,240,371,186	1,090,198,622	1,056,836,353	971,978,564	Total net assets, primary government

Fiscal Year				
2007	2006	2005	2004	2003
1,215,573,395	1,184,160,483	1,154,667,840	1,117,774,930	1,059,149,620

COUNTY OF FAIRFAX, VA
TABLE 1.2 - Changes in Net Assets
Last Ten Fiscal Years

	Fiscal Year				
	2012	2011	2010	2009	2008
Expenses					
<i>Governmental activities:</i>					
General government administration	\$ 182,306,989	138,976,659	148,730,289	160,696,700	155,387,589
Judicial administration	54,731,149	52,295,620	40,825,671	44,885,189	45,402,679
Public safety	621,850,677	618,789,976	604,822,717	624,257,988	614,837,542
Public works	176,714,926	192,081,461	198,458,714	195,125,647	191,477,505
Health and welfare	562,237,332	546,852,765	495,727,107	494,493,208	491,520,452
Community development	393,528,633	378,565,455	232,156,056	273,649,566	206,158,826
Parks, recreation, and cultural	114,767,984	105,293,977	123,549,652	140,802,569	182,268,495
Education - for Public Schools	1,769,700,781	1,744,248,387	1,784,128,380	1,784,670,681	1,733,929,914
Interest on long-term debt	112,604,312	98,596,584	97,587,106	95,151,292	94,307,127
Total expenses, governmental activities	3,988,442,783	3,875,700,884	3,725,985,692	3,813,732,840	3,715,290,129
<i>Business-type activities:</i>					
Public works - Sewer	\$ 162,918,142	156,989,198	155,490,570	148,934,682	142,521,912
Total expenses, business-type activities	162,918,142	156,989,198	155,490,570	148,934,682	142,521,912
Total expenses, primary government	4,151,360,925	4,032,690,082	3,881,476,262	3,962,667,522	3,857,812,041
Program Revenues					
<i>Governmental activities:</i>					
<i>Charges for services:</i>					
Public safety	\$ 62,860,108	74,126,570	67,562,279	62,631,798	62,297,005
Public works	110,804,240	113,296,977	95,740,931	88,943,909	88,692,491
Health and welfare	68,152,942	70,834,601	63,641,537	60,789,511	56,173,288
Other activities	191,091,722	137,393,757	136,293,136	181,759,896	63,191,212
Operating grants and contributions	256,182,164	292,921,660	440,962,393	247,996,754	260,367,949
Capital grants and contributions	29,696,488	17,033,448	45,298,191	30,537,124	32,540,001
Total program revenues, governmental activities	718,787,664	705,607,013	849,498,467	672,658,992	563,261,946
<i>Business-type activities:</i>					
<i>Charges for services:</i>					
Public works - Sewer	\$ 188,917,214	154,118,716	137,350,273	120,184,626	114,206,818
Capital grants and contributions	13,974,206	12,385,470	8,677,874	8,950,919	10,087,940
Total program revenues, business-type activities	202,891,420	166,504,186	146,028,147	129,135,545	124,294,758
Total program revenues, primary government	921,679,084	872,111,199	995,526,614	801,794,537	687,556,704
Net (Expense) Revenue					
Governmental activities	(3,269,655,119)	(3,170,093,871)	(2,876,487,225)	(3,141,073,848)	(3,152,028,183)
Business-type activities	39,973,278	9,514,988	(9,462,423)	(19,799,137)	(18,227,154)
Total primary government	\$ (3,229,681,841)	(3,160,578,883)	(2,885,949,648)	(3,160,872,985)	(3,170,255,337)

Fiscal Year					
2007	2006	2005	2004	2003	
					Expenses
					<i>Governmental activities:</i>
140,972,403	133,838,032	182,163,429 (4)	118,582,483	118,511,161	General government administration
41,566,535	38,631,468	36,370,091	34,988,605	35,243,062	Judicial administration
580,551,244	550,648,594	481,881,184	436,789,222	414,698,922	Public safety
173,175,664	159,913,922	155,502,766	146,543,177	132,457,898	Public works
464,160,365	441,567,541	423,218,014	400,760,061	383,744,665	Health and welfare
224,697,345	185,778,647	167,075,768	130,018,919	134,530,817	Community development
126,638,121	137,380,297	126,227,717	123,769,806	118,518,084	Parks, recreation, and cultural
1,665,173,825	1,547,083,954	1,453,746,126	1,370,981,360	1,308,402,963	Education - for Public Schools
88,475,535	82,365,378	82,981,808	77,309,276	81,994,507	Interest on long-term debt
<u>3,505,411,037</u>	<u>3,277,207,833</u>	<u>3,109,166,903</u>	<u>2,839,742,909</u>	<u>2,728,102,079</u>	Total expenses, governmental activities
					<i>Business-type activities:</i>
136,914,753	136,063,778	125,435,224	124,373,936	126,953,197	Public works - Sewer
<u>136,914,753</u>	<u>136,063,778</u>	<u>125,435,224</u>	<u>124,373,936</u>	<u>126,953,197</u>	Total expenses, business-type activities
<u>3,642,325,790</u>	<u>3,413,271,611</u>	<u>3,234,602,127</u>	<u>2,964,116,845</u>	<u>2,855,055,276</u>	Total expenses, primary government
					Program Revenues
					<i>Governmental activities:</i>
					Charges for services:
55,092,085	53,558,588	41,565,418	38,438,771	34,072,120	Public safety
89,181,174	80,212,361	72,715,488	72,758,327	66,543,218	Public works
53,722,470	56,770,395	48,998,685	43,329,319	43,281,914	Health and welfare
82,465,140	72,600,753	64,486,204	59,564,348	56,553,155	Other activities
238,382,990	241,510,533	225,089,494	236,755,548	203,931,755	Operating grants and contributions
<u>20,942,679</u>	<u>28,003,177</u>	<u>55,346,338</u>	<u>47,056,844</u>	<u>32,611,096</u>	Capital grants and contributions
<u>539,786,538</u>	<u>532,655,807</u>	<u>508,201,627</u>	<u>497,903,157</u>	<u>436,993,258</u>	Total program revenues, governmental activities
					<i>Business-type activities:</i>
					Charges for services:
115,457,196	123,358,395	118,013,675	117,422,097	108,149,558	Public works - Sewer
<u>8,137,150</u>	<u>5,888,926</u>	<u>7,248,130</u>	<u>8,887,132</u>	<u>7,244,852</u>	Capital grants and contributions
<u>123,594,346</u>	<u>129,247,321</u>	<u>125,261,805</u>	<u>126,309,229</u>	<u>115,394,410</u>	Total program revenues, business-type activities
<u>663,380,884</u>	<u>661,903,128</u>	<u>633,463,432</u>	<u>624,212,386</u>	<u>552,387,668</u>	Total program revenues, primary government
					Net (Expense) Revenue
(2,965,624,499)	(2,744,552,026)	(2,600,965,276)	(2,341,839,752)	(2,291,108,821)	Governmental activities
<u>(13,320,407)</u>	<u>(6,816,457)</u>	<u>(173,419)</u>	<u>1,935,293</u>	<u>(11,558,787)</u>	Business-type activities
<u>(2,978,944,906)</u>	<u>(2,751,368,483)</u>	<u>(2,601,138,695)</u>	<u>(2,339,904,459)</u>	<u>(2,302,667,608)</u>	Total primary government

(continued)

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

	Fiscal Year				
	2012	2011	2010	2009	2008
General Revenues and Other Changes in Net Assets					
<i>Governmental activities:</i>					
Taxes:					
Real property	\$ 2,057,935,398	2,028,435,622	2,126,498,175	2,093,518,885	2,020,779,749
Personal property	316,966,006	301,272,265	296,610,992	316,717,991	307,572,072
Business licenses	155,480,677	150,669,671	138,684,942	142,922,838	139,073,624
Local sales and use	257,770,918	158,772,098	151,354,001	154,902,699	164,873,726
Consumers utility	65,254,197	113,731,677	117,882,816	113,556,023	122,378,380
Motor vehicle decals	-	27,408,623	-	-	-
Recordation	26,223,747	26,407,596	24,891,357	25,063,223	29,958,163
Occupancy, tobacco, and other	33,360,801	47,946,003	47,772,667	40,122,826	40,827,006
Unrestricted grants and contributions	218,287,716	211,818,969	366,331	211,981,020	212,546,890
Revenue from the use of money	14,807,663	18,634,630	34,364,804	87,529,721	103,859,750
Special item	3,499,567 (7)	7,299,696 (7)	-	-	-
Total general revenues and other changes in net assets, governmental activities	<u>3,149,586,690</u>	<u>3,092,396,850</u>	<u>2,938,426,085</u>	<u>3,186,315,226</u>	<u>3,141,869,360</u>
<i>Business-type activities:</i>					
Revenue from the use of money	\$ 521,755	1,084,587	1,303,897	2,301,005	5,127,079
Special item	-	16,787,885 (8)	-	-	10,954,572 (6)
Total general revenues and other changes in net assets, business-type activities	<u>521,755</u>	<u>17,872,472</u>	<u>1,303,897</u>	<u>2,301,005</u>	<u>16,081,651</u>
Total general revenues and other changes in net assets, primary government	<u>3,150,108,445</u>	<u>3,110,269,322</u>	<u>2,939,729,982</u>	<u>3,188,616,231</u>	<u>3,157,951,011</u>
Change in Net Assets					
Governmental activities	(120,068,429)	(77,697,021)	61,938,860	45,241,378	(10,158,823)
Business-type activities	40,495,033	27,387,460	(8,158,526)	(17,498,132)	(2,145,503)
Total primary government	<u>\$ (79,573,396)</u>	<u>(50,309,561)</u>	<u>53,780,334</u>	<u>27,743,246</u>	<u>(12,304,326)</u>

Source: Fairfax County Department of Finance

Notes:

- (1) 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.
- (2) 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.
- (3) 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.
- (4) 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.
- (5) 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.

Fiscal Year					
2007	2006	2005	2004	2003	
					General Revenues and Other Changes in Net Assets
					<i>Governmental activities:</i>
					Taxes:
1,938,762,106	1,785,065,735	1,638,739,052	1,502,921,280	1,396,210,347	Real property
310,274,454	288,584,215	277,668,819	272,609,749	273,447,219	Personal property
136,616,482	127,439,823	114,434,467	103,176,919	94,744,725	Business licenses
160,580,634	176,084,111	168,740,477	160,910,888	143,641,853	Local sales and use
116,673,940	103,271,085	96,189,365	92,533,138	85,892,727	Consumers utility
-	19,572,404	19,802,772	19,503,579	19,052,623	Motor vehicle decals
41,687,302	51,431,631	48,743,007	30,908,422	27,044,633	Recordation
46,450,935	41,195,083	33,376,957	19,814,208	17,788,607	Occupancy, tobacco, and other
216,873,082	215,804,028	200,817,597	201,520,018	197,619,418	Unrestricted grants and contributions
111,428,568	88,643,896	24,483,041	20,036,787	21,841,712	Revenue from the use of money
10,874,069 (5)	-	8,000,000 (2)	-	17,560,640 (1)	Special item
<hr/>					Total general revenues and other changes in net assets, governmental activities
3,090,221,572	2,897,092,011	2,630,995,554	2,423,934,988	2,294,844,504	
					<i>Business-type activities:</i>
5,825,962	4,449,036	3,505,410	2,640,720	4,365,535	Revenue from the use of money
-	-	-	(1,813,460) (3)	-	Special item
<hr/>					Total general revenues and other changes in net assets, business-type activities
5,825,962	4,449,036	3,505,410	827,260	4,365,535	
<hr/>					Total general revenues and other changes in net assets, primary government
3,096,047,534	2,901,541,047	2,634,500,964	2,424,762,248	2,299,210,039	
					Change in Net Assets
124,597,073	152,539,985	30,030,278	82,095,236	3,735,683	Governmental activities
(7,494,445)	(2,367,421)	3,331,991	2,762,553	(7,193,252)	Business-type activities
<hr/>					Total primary government
117,102,628	150,172,564	33,362,269	84,857,789	(3,457,569)	

(6) 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.

(7) In September 2010, Inova Health Systems transferred approximately 15 acres of land to the County. In exchange for this land, Inova will provide the County with an approximate 5 acre parcel, a \$15 million cash payment, and a 10 year lease of 40,000 square feet within the new Mid County Center building. The special items in the governmental activities, represent the installments on the \$15 million cash payment.

(8) In April 2011, the Sewer System completed a sale of 2.0 MGD purchase capacity of its 17.68 MGD share of UOSA expansion (from 27 to 54 MGD) to Prince William Service Authority for \$39,807,586. As a result, a special item - Gain from sale of purchase capacity - of \$16,787,885 was recognized.

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

	Fiscal Year				
	2012	2011 (1)	2010 (2)	2009	2008
<i>General Fund:</i>					
Reserved	\$ -	-	42,842,683	41,356,567	44,027,425
Unreserved	-	-	343,838,486	237,826,810	227,421,300
Nonspendable	1,129,586	308,818	-	-	-
Restricted	-	-	-	-	-
Committed	213,718,785	206,627,013	-	-	-
Assigned	29,080,155	34,411,546	-	-	-
Unassigned	109,742,640	135,051,587	-	-	-
Total general fund	353,671,166	376,398,964	386,681,169	279,183,377	271,448,725
<i>All Other Governmental Funds:</i>					
Reserved	-	-	204,151,525	219,337,769	238,978,072
Unreserved, reported in:					
Special revenue funds	-	-	327,654,603	342,552,944	219,078,434
Debt service funds	-	-	12,918,625	10,487,202	8,890,466
Capital projects funds	-	-	74,003,428	(64,900,755)	(3,629,250)
Nonspendable	48,513,721	51,702,443	-	-	-
Restricted	569,803,909	566,941,106	-	-	-
Committed	155,083,147	158,420,964	-	-	-
Assigned	-	-	-	-	-
Unassigned	(2,604,408)	-	-	-	-
Total all other governmental funds	\$ 770,796,369	777,064,513	618,728,181	507,477,160	463,317,722

Source: Fairfax County Department of Finance

- (1) GASB Statement No. 54 changed classifications used for fund balance reporting. These changes were not applied to years shown prior to fiscal year 2011.
- (2) 2010 balances recalculated to reflect reporting change for the Information Technology Fund.

Fiscal Year					
2007	2006	2005	2004	2003	
					<i>General Fund:</i>
41,763,658	34,665,914	25,761,930	31,694,047	20,452,621	Reserved
249,823,537	239,587,945	210,724,987	161,541,066	133,004,492	Unreserved
-	-	-	-	-	Nonspendable
-	-	-	-	-	Restricted
-	-	-	-	-	Committed
-	-	-	-	-	Assigned
-	-	-	-	-	Unassigned
<u>291,587,195</u>	<u>274,253,859</u>	<u>236,486,917</u>	<u>193,235,113</u>	<u>153,457,113</u>	Total general fund
					<i>All Other Governmental Funds:</i>
249,675,360	236,238,170	196,266,810	222,458,953	167,212,512	Reserved
					Unreserved, reported in:
191,493,718	184,308,185	180,570,230	178,290,865	181,380,468	Special revenue funds
12,121,986	8,361,065	14,302,670	18,970,383	16,897,074	Debt service funds
121,892,612	101,882,556	113,143,870	62,758,569	88,799,811	Capital projects funds
-	-	-	-	-	Nonspendable
-	-	-	-	-	Restricted
-	-	-	-	-	Committed
-	-	-	-	-	Assigned
-	-	-	-	-	Unassigned
<u>575,183,676</u>	<u>530,789,976</u>	<u>504,283,580</u>	<u>482,478,770</u>	<u>454,289,865</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				
	2012	2011	2010	2009	2008
Revenues					
Taxes	\$ 2,907,905,803	2,857,920,425	2,899,801,062	2,888,968,005	2,822,785,575
Permits, privilege fees, and regulatory licenses	59,935,796	55,402,463	47,681,442	41,148,793	42,102,636
Intergovernmental	500,063,928	516,260,179	482,379,557	476,787,036	486,912,629
Charges for services	323,151,828	314,079,106	305,372,921	372,034,854	212,446,433
Fines and forfeitures	17,230,369	16,645,115	15,065,700	16,507,756	14,912,589
Revenue from the use of money and property	38,113,332	35,214,790	34,949,962	56,222,006	108,289,490
Recovered costs	20,294,568	21,034,191	16,701,652	18,153,938	18,244,071
Contributions and other	4,353,629	2,727,276	4,482,245	6,639,296	4,975,659
Total revenues	3,871,049,253	3,819,283,545	3,806,434,541	3,876,461,684	3,710,669,082
Expenditures					
Current:					
General government administration	142,882,772	131,833,676	133,726,104	149,274,890	149,122,282
Judicial administration	50,071,223	50,502,397	39,347,205	43,230,230	43,509,367
Public safety	594,264,731	573,559,767	565,403,962	583,525,248	569,302,568
Public works	194,764,262	203,941,440	218,774,283	215,701,070	218,923,642
Health and welfare	557,655,637	539,471,030	489,662,065	488,328,771	488,090,226
Community development	185,214,980	166,588,005	150,881,980	148,394,752	145,834,184
Parks, recreation, and cultural	51,248,180	45,300,724	65,451,624	71,536,790	73,762,142
Intergovernmental (1):					
Community development	195,414,873	196,331,575	64,962,498	111,546,162	53,272,255
Parks, recreation, and cultural	56,373,285	51,963,744	50,660,393	57,753,807	97,512,863
Education	1,769,700,781	1,744,248,387	1,784,128,380	1,784,670,681	1,733,929,914
Capital outlay	215,858,520	126,573,819	108,546,444	103,631,142	269,431,452
Debt service:					
Principal retirement	199,199,649	192,553,364	180,329,456	181,248,484	172,491,889
Interest and other charges	122,995,432	111,835,136	113,476,133	107,665,231	103,891,079
Total expenditures	4,335,644,325	4,134,703,064	3,965,350,527	4,046,507,258	4,119,073,863
Excess of revenues over (under) expenditures	(464,595,072)	(315,419,519)	(158,915,986)	(170,045,574)	(408,404,781)
Other Financing Sources (Uses)					
Transfers in	547,558,731	485,495,544	515,765,999	519,572,088	493,747,382
Transfers out	(551,771,067)	(485,707,880)	(508,672,574)	(514,736,191)	(506,661,485)
Bonds issued	434,761,982	449,668,535	370,806,378	211,699,021	250,487,439
Refunding bonds issued	297,015,139	50,968,368	199,228,007	61,224,951	-
Payments to escrow agent	(295,465,222)	(50,785,617)	(198,007,662)	(61,085,125)	-
Capital leases, installment purchases, and other	-	6,535,000	-	5,197,257	38,771,498
Total other financing sources	432,099,563	456,173,950	379,120,148	221,872,001	276,344,834
Special Item	3,499,567	3,499,567	-	-	-
Net change in fund balances	\$ (28,995,942)	144,253,998	220,204,162	51,826,427	(132,059,947)
Debt service as a percentage of noncapital expenditures	7.8%	7.6%	7.6%	7.3%	7.2%

Source: Fairfax County Department of Finance

Notes:

- (1) 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 2003 to conform with the presentations for subsequent years.

Fiscal Year					
2007	2006	2005	2004	2003	
					Revenues
2,747,313,169	2,591,610,934	2,398,277,235	2,200,570,345	2,054,784,694	Taxes
44,581,986	45,335,405	40,591,871	40,310,942	38,625,237	Permits, privilege fees, and regulatory licenses
482,930,649	484,822,403	435,486,897	451,720,871	415,759,761	Intergovernmental
219,607,480	202,707,290	182,316,633	168,106,332	157,604,088	Charges for services
14,867,509	15,108,251	15,554,264	13,307,318	11,065,873	Fines and forfeitures
122,013,330	91,543,648	44,975,930	25,582,447	25,336,155	Revenue from the use of money and property
13,393,966	15,876,280	11,135,242	12,607,810	12,481,015	Recovered costs
6,771,263	6,708,723	6,920,481	7,220,453	14,569,936	Contributions and other
<u>3,651,479,352</u>	<u>3,453,712,934</u>	<u>3,135,258,553</u>	<u>2,919,426,518</u>	<u>2,730,226,759</u>	Total revenues
					Expenditures
					Current:
133,968,481	123,677,400	120,937,429	112,177,459	108,912,669	General government administration
41,062,317	38,113,725	35,409,832	34,127,757	34,087,541	Judicial administration
562,006,584	532,941,254	461,387,643	422,501,453	405,593,918	Public safety
210,888,400	195,231,421	180,096,171	171,616,126	157,131,104	Public works
463,193,567	442,392,799	421,059,009	395,790,648	380,515,142	Health and welfare
163,601,525	140,630,700	112,375,464	87,925,272	92,061,094	Community development
68,455,248	63,493,502	54,152,986	49,149,335	52,411,059	Parks, recreation, and cultural
					Intergovernmental (1):
52,461,994	36,375,841	42,713,945	30,280,310	30,003,932	Community development
51,998,820	67,429,466	65,432,258	66,231,453	57,108,484	Parks, recreation, and cultural
1,665,173,825	1,548,705,318	1,516,057,490	1,372,602,724	1,306,972,343	Education
151,872,354	159,498,041	114,008,813	85,091,794	54,684,186	Capital outlay
					Debt service:
163,468,305	155,731,090	149,333,276	144,474,933	140,564,084	Principal retirement
97,148,791	93,863,245	90,670,315	83,091,312	81,949,450	Interest and other charges
<u>3,825,300,211</u>	<u>3,598,083,802</u>	<u>3,363,634,631</u>	<u>3,055,060,576</u>	<u>2,901,995,006</u>	Total expenditures
<u>(173,820,859)</u>	<u>(144,370,868)</u>	<u>(228,376,078)</u>	<u>(135,634,058)</u>	<u>(171,768,247)</u>	Excess of revenues over (under) expenditures
					Other Financing Sources (Uses)
500,822,272	494,604,574	454,613,670	412,033,079	355,467,852	Transfers in
(513,738,563)	(502,270,865)	(458,514,510)	(416,933,079)	(355,667,852)	Transfers out
248,483,479	199,964,050	280,615,984	199,224,018	282,510,708	Bonds issued
-	381,982,418	141,081,070	257,362,098	183,893,333	Refunding bonds issued
-	(381,019,900)	(140,525,562)	(255,977,448)	(183,541,600)	Payments to escrow agent
-	15,424,016	807,522	7,774,660	1,565,293	Capital leases, installment purchases, and other
<u>235,567,188</u>	<u>208,684,293</u>	<u>278,078,174</u>	<u>203,483,328</u>	<u>284,227,734</u>	Total other financing sources
					Special Item
-	-	15,500,000	-	18,200,000	Net change in fund balances
<u>61,746,329</u>	<u>64,313,425</u>	<u>65,202,096</u>	<u>67,849,270</u>	<u>130,659,487</u>	
7.1%	7.3%	7.4%	7.7%	7.8%	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)
2012	\$ 146,877,992	47,040,882	839,163	194,758,037	14,689,068	1.07
2011	142,995,627	44,784,450	859,782	188,639,859	13,707,594	1.09
2010	151,207,936	55,600,077	1,187,930	207,995,943	14,960,334	1.04
2009	171,891,606	57,778,239	1,142,302	230,812,147	14,935,364	0.92
2008	176,497,713	52,001,524	1,025,674	229,524,911	12,972,693	0.89
2007	175,316,906	44,088,497	950,707	220,356,110	12,261,651	0.89
2006	141,857,826	36,942,894	960,617	179,761,337	10,462,057	1.00
2005	112,858,706	31,946,040	991,053	145,795,799	9,779,970	1.13
2004	99,189,600	30,057,551	902,495	130,149,646	9,261,168	1.16
2003	84,668,753	30,233,837	846,936	115,749,526	8,720,806	1.21

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
2012	1.07	0.27	0.242
2011	1.09	0.27	0.245
2010	1.04	0.26	0.228
2009	0.92	0.24	0.209
2008	0.89	0.24	0.197
2007	0.89	0.24	0.186
2006	1.00	0.25	0.220
2005	1.13	0.28	0.265
2004	1.16	0.28	0.275
2003	1.21	0.30	0.285

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 2012			
Rank	Taxpayer	Taxable Assessed Value (1)	Pct. of Total Taxable Assessed Value (2)
1	TYSONS CORNER PROPERTY HOLDINGS LLC	\$ 976,928,710	0.50 %
2	CESC SKYLINE LLC	567,399,410	0.29
3	FAIRFAX COMPANY OF VIRGINIA LLC	330,603,500	0.17
4	FEDERAL HOME LOAN MORTGAGE CORP	327,747,110	0.17
5	SUMMIT PROPERTIES PARTNERSHIP LP	273,016,670	0.14
6	BRANDYWINE ACQUISTION PARTNERS LP	267,481,930	0.14
7	RESTON TOWN CENTER PROPERTY LLC	266,485,030	0.14
8	WASHINTON GAS LIGHT CO	253,337,717	0.13
9	CAMPUS POINT REALTY CORP	239,798,250	0.12
10	SRI SEVEN FAIR LAKES LLC	238,281,740	0.12
Totals		<u>\$ 3,741,080,067</u>	<u>1.92 %</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 2012 is \$193,918,874,000.
 Total taxable assessed value for fiscal year 2003 is \$129,247,150,810.

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		
2012	\$ 2,055,354,905	2,048,202,774	99.65 %	-	2,055,354,905
2011	2,024,903,008	2,017,592,586	99.64	(803,874)	2,024,099,134
2010	2,122,256,675	2,113,800,763	99.60	(833,632)	2,121,423,043
2009	2,088,602,937	2,078,433,868	99.51	(1,278,160)	2,087,324,778
2008	2,014,871,776	2,005,101,989	99.52	(1,404,038)	2,013,467,738
2007	1,935,626,339	1,926,279,952	99.52	(330,604)	1,935,295,735
2006	1,779,168,760	1,769,793,216	99.47	(1,199,811)	1,777,968,949
2005	1,656,668,208	1,648,504,246	99.51	(769,052)	1,655,899,157
2004	1,518,549,518	1,511,904,661	99.56	(641,570)	1,517,907,948
2003	1,410,550,906	1,405,218,191	99.62	(313,728)	1,410,237,178

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. FY2012, taxes are levied for calendar year 2011.
- (2) Adjustments to the original levy include exonerations, tax relief, and supplemental assessments.

Fiscal Year 2003

Rank	Taxpayer	Taxable Assessed Value (1)	Pct. of Total Taxable Assessed Value (2)
1	West Group Properties LLC	\$ 487,950,525	0.38 %
2	Lehndorff Tysons Property	470,204,250	0.36
3	Prentiss Properties	352,895,465	0.27
4	Dominion Power	337,069,744	0.26
5	Franconia Two LP	241,960,480	0.19
6	Fairfax Company	240,363,390	0.19
7	Washington Gas Light Company	193,854,713	0.15
8	EOP Reston Town Center	187,062,585	0.14
9	Mobil Oil Corporation	174,142,430	0.13
10	Springfield Campus LLC	171,051,950	0.13
Totals		<u>\$ 2,856,555,532</u>	<u>2.20 %</u>

Collections in Subsequent Years	Total Collections to Date	
	Amount	Pct. of Adjusted Levy (3)
-	2,048,202,774	99.65 %
4,345,187	2,021,937,773	99.89
6,450,683	2,120,251,446	99.94
8,432,725	2,086,866,593	99.98
8,116,694	2,013,218,683	99.99
8,832,302	1,935,112,254	99.99
8,028,837	1,777,822,053	99.99
7,106,626	1,655,610,872	99.98
6,113,311	1,518,017,972	100.00
5,003,944	1,410,222,135	100.00

(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)	State Literary Fund Loans (000s)
2012	\$ 2,017,435	716,700	-	35,433	11,234	12,155	-
2011	1,996,210	557,841	-	38,258	15,025	12,466	-
2010	1,997,045	321,654	-	42,813	8,064	6,236	-
2009	1,895,765	209,653	25,855	45,958	8,339	6,535	-
2008	1,860,900	222,623	26,385	48,903	7,809	1,610	-
2007	1,784,240	234,290	26,885	11,933	11,736	1,725	8
2006	1,700,980	234,863	27,360	12,578	16,169	1,725	15
2005	1,661,385	241,732	27,805	-	22,277	1,955	86
2004	1,618,775	167,354	28,230	-	19,961	2,070	158
2003	1,577,156	173,450	28,625	-	17,513	2,185	230

Source: Fairfax County Department of Finance

Notes:

- (1) Amounts for bonds are reported gross, excluding premiums and/or discounts and deferred amounts on refundings. See Note J in Notes to the Financial Statements for additional information regarding the County's outstanding debt.
- (2) The Certificates of Participation relate to the County's acquisition of the South County Government Center, which is reported as a capital lease in the financial statements. The lease was signed on November 1, 2000, and the first payment was due on October 15, 2002. The Certificates of Participation bonds were refunded on March 10, 2010 by EDA Series 2010 Revenue Bonds.
- (3) See Table 4.1 for personal income data. The percentage is calculated using personal income data for the prior calendar year.
- (4) See Table 4.1 for population data. The ratio is calculated using population data for the prior calendar year.

Business-type Activities (1)			
Revenue Bonds (000s)	Total Primary Government (000s)	Pct. of Personal Income (3)	Debt Per Capita (4)
565,100	3,358,057	4.627 %	3,104
565,100	3,184,900	4.388	2,944
546,783	2,922,595	3.929	2,721
559,070	2,751,175	3.699	2,619
418,593	2,586,823	3.669	2,484
376,008	2,446,825	3.646	2,359
386,783	2,380,473	3.724	2,303
398,602	2,353,842	4.001	2,303
405,586	2,242,134	4.094	2,215
474,272	2,273,431	4.310	2,263

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

General Bonded Debt Outstanding (1)							
Fiscal Year	General Obligation Bonds (000s)	Lease Revenue Bonds (2) (000s)	Certificates of Participation (000s)	State Literary Fund Loans (000s)	Total (000s)	Pct. of Actual Taxable Value of Real Property (3)	Debt Per Capita (4)
2012	\$ 2,017,435	716,700	-	-	2,734,135	1.40 %	2,528
2011	1,996,210	557,841	-	-	2,554,051	1.35	2,361
2010	1,997,045	321,654	-	-	2,318,699	1.11	2,158
2009	1,895,765	209,653	25,855	-	2,131,273	0.92	2,029
2008	1,860,900	222,623	26,385	-	2,109,908	0.92	2,026
2007	1,784,240	234,290	26,885	8	2,045,423	0.93	1,972
2006	1,700,980	234,863	27,360	15	1,963,218	1.09	1,899
2005	1,661,385	241,732	27,805	86	1,931,008	1.32	1,889
2004	1,618,775	167,354	28,230	158	1,814,517	1.39	1,793
2003	1,577,156	173,450	28,625	230	1,779,461	1.54	1,772

Source: Fairfax County Department of Finance

Notes:

- (1) Amounts for bonds are reported gross, excluding premiums and/or discounts and deferred amounts on refundings. See Note J in Notes to the Financial Statements for additional information regarding the County's outstanding debt.
- (2) 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, 2011

	Debt Outstanding (1) (000s)	Percentage Applicable (2)	Share of Overlapping Debt (000s)
<i>Overlapping debt (2):</i>			
Town of Herndon general obligation bonds	\$ 16,965	100.0 %	\$ 16,965
Town of Vienna general obligation bonds	10,543	100.0	<u>10,543</u>
Total overlapping debt			<u>27,508</u>
<i>County direct debt (3):</i>			
General obligation bonds			2,017,435
Revenue bonds			716,700
Certificates of participation			-
Notes			35,433
Capital leases			11,234
HUD Section 108 loan			12,155
State Literary Fund loans			<u>-</u>
Total direct debt			<u>2,792,957</u>
Total direct and overlapping debt			<u>\$ 2,820,465</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)				
	2012	2011	2010	2009	2008
(a) Debt limit (2)	\$ 6,320,578	6,108,656	6,680,146	7,354,368	7,334,790
Total debt applicable to limit (3)	<u>2,734,135</u>	<u>2,554,051</u>	<u>2,318,699</u>	<u>2,131,273</u>	<u>2,109,908</u>
Self-imposed debt margin	<u>\$ 3,586,443</u>	<u>3,554,605</u>	<u>4,361,447</u>	<u>5,223,095</u>	<u>5,224,882</u>
Total debt applicable to limit as a percentage of debt limit	43.26%	41.81%	34.71%	28.98%	28.77%
Total debt applicable to limit as a percentage of assessed value	1.30%	1.25%	1.04%	0.87%	0.86%

Debt Margin Calculation for Fiscal Year 2012:

Assessed value (2)	<u>\$ 210,685,949</u>
Debt limit (3% of assessed value)	<u>6,320,578</u>
Debt applicable to limit: (3)	
General obligation bonds (1)	2,017,435
Revenue bonds (1)	<u>716,700</u>
Total debt applicable to limit	<u>2,734,135</u>
Self-imposed debt margin	<u>\$ 3,586,443</u>

	Fiscal Year (000s)				
	2012	2011	2010	2009	2008
(b) Debt service limit	\$ 341,854	334,490	330,895	335,364	332,217
Total debt service requirements applicable to limit (4)	<u>288,302</u>	<u>285,551</u>	<u>277,370</u>	<u>276,105</u>	<u>267,624</u>
Self-imposed debt service margin	<u>\$ 53,552</u>	<u>48,939</u>	<u>53,525</u>	<u>59,259</u>	<u>64,593</u>
Total debt service requirements applicable to limit as a percentage of the debt service limit	84.33%	85.37%	83.82%	82.33%	80.56%
Total debt service requirements applicable to limit as a percentage of annual general fund expenditures and transfers out	8.43%	8.54%	8.38%	8.23%	8.06%

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)					
2007	2006	2005	2004	2003	
7,057,254	5,820,845	4,782,421	4,324,646	3,888,560	Debt limit (2)
2,045,423	1,963,218	1,931,008	1,814,517	1,779,461	Total debt applicable to limit (3)
5,011,831	3,857,627	2,851,413	2,510,129	2,109,099	Self-imposed debt margin
					Total debt applicable to limit as a percentage of debt limit
28.98%	33.73%	40.38%	41.96%	45.76%	
					Total debt applicable to limit as a percentage of assessed value
0.87%	1.01%	1.21%	1.26%	1.37%	

Fiscal Year (000s)					
2007	2006	2005	2004	2003	
322,551	303,501	279,878	259,515	244,792	Debt service limit
253,433	239,326	224,544	213,027	212,107	Total debt service requirements applicable to limit (4)
69,118	64,175	55,334	46,488	32,685	Self-imposed debt service margin
					Total debt service requirements applicable to limit as a percentage of the debt service limit
78.57%	78.86%	80.23%	82.09%	86.65%	
					Total debt service requirements applicable to limit as a percentage of annual general fund expenditures and transfers out
7.86%	7.89%	8.02%	8.21%	8.67%	

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

Fiscal Year	Gross Revenues (1) (000s)	Operating Expenses (2) (000s)	Net Available Revenue (000s)	Debt Service (3)			Coverage
				Principal (000s)	Interest (000s)	Total (000s)	
2012	\$ 155,218	\$ 84,757	\$ 70,461	\$ 15,797	\$ 25,436	\$ 41,233	1.71 %
2011	155,218	84,757	70,461	15,797	25,436	41,233	1.71
2010	138,702	83,112	55,590	12,287	22,892	35,179	1.58
2009	122,532	85,307	37,225	11,778	17,888	29,666	1.25
2008	130,349	79,870	50,479	11,341	21,004	32,345	1.56
2007	121,193	73,663	47,530	10,859	17,489	28,348	1.68
2006	127,780	72,705	55,075	9,910	18,028	27,938	1.97
2005	121,476	67,226	54,250	8,939	18,351	27,290	1.99
2004	120,063	70,124	49,939	11,842	22,054	33,896	1.47
2003	112,515	70,579	41,936	10,249	23,457	33,706	1.24

Source: Fairfax County Department of Finance

Notes:

- (1) Gross revenues include all revenues, except the amortization of deferred gain on bond refundings.
- (2) Operating expenses do not include depreciation and amortization.
- (3) 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)
2011	1,100,692	\$ 71,145,429	\$ 64,637	37.6	58.0 %	174,933	4.2%
2010	1,081,726	72,577,324	67,094	37.5	56.1	172,391	4.9
2009	1,074,227	74,380,758	69,241	37.3	58.1	169,538	4.8
2008	1,050,315	74,385,409	70,822	39.4	58.5	166,307	3.4
2007	1,041,507	70,500,650	67,691	39.1	59.0	164,486	2.2
2006	1,037,311	67,111,947	64,698	38.4	58.7	164,284	2.2
2005	1,033,646	63,917,568	61,837	38.1	58.5	164,408	2.5
2004	1,022,298	58,830,183	57,547	37.6	57.4	164,195	2.7
2003	1,012,090	54,771,275	54,117	37.9	56.3	163,386	3.1
2002	1,004,435	52,744,891	52,512	37.3	55.9	161,385	3.4

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 2010 has been updated to reflect actual reported figures, while 2011 has been estimated using percent change in per capita personal income from 2009 and 2010.
- (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. The previously reported estimated figures for the most recent prior year have been updated to reflect the final reported figures from the Commission.

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

Employer	Fiscal Year 2012 (1)			Fiscal Year 2003 (1)		
	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	23,534	1	4.05 %	20,712	1	3.95 %
Federal Government	23,361	2	4.02	10,136	3	1.93
Fairfax County Government	12,070	3	2.08	11,506	2	2.19
Booz-Allen Hamilton	7,000-10,000	4	1.46	5,000-6,000	7	0.86
Inova Health System	7,000-10,000	5	1.46	9,000-10,000	4	1.81
Science Applications International Corporation	4,000-6,999	6	0.95	5,000-6,000	6	1.05
George Mason University	4,000-6,999	7	0.95	-	-	-
Federal Home Loan Mortgage	4,000-6,999	8	0.95	3,000-4,000	10	0.67
Northrup Grumman	4,000-6,999	9	0.95	6,000-7,000	5	1.24
The Mitre Corp	1,000-3,999	10	0.43	2,000-3,000	-	-
Computer Science Corporation	1,000-3,999	-	0.43	4,000-5,000	9	0.86
Lockheed Martin Corporation	1,000-3,999	-	0.43	2,000-3,000	-	0.48
Raytheon				4,000-5,000	8	0.86
Totals			<u>18.16 %</u>			<u>15.90 %</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 2012 excluding data for Fairfax County Government and Fairfax County Public Schools, is from the 1st quarter of calendar year 2012 VEC. Employment information for fiscal year 2003 is from 2003 CAFR.
- (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 2012 is estimated at 581,547, based on VEC's report for first quarter 2012. Average total County employment for fiscal year 2003 was estimated at 524,697.



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				
	2012	2011	2010	2009	2008
Primary Government:					
General government administration	2,257.0	1,362.0	1,375.0	1,466.5	1,446.5
Judicial administration	390.0	386.0	386.0	391.0	384.0
Public safety	4,335.0	4,256.0	4,304.0	4,331.0	4,321.0
Public works	481.0	972.0	970.5	1,118.5	1,129.5
Health and welfare	3,571.0	2,976.0	2,865.8	2,913.3	2,922.3
Community development	491.0	666.0	678.0	531.0	495.0
Parks, recreation, and cultural	753.0	422.0	604.5	641.5	636.2
Total	12,278.0	11,040.0	11,183.8	11,392.8	11,334.5
Component Units:					
<i>Public Schools:</i>					
Education	23,534.0	22,938.8	22,851.6	23,014.3	22,994.2
<i>Redevelopment and Housing Authority:</i>					
Community development	230.0	228.0	228.0	238.0	238.0
<i>Park Authority:</i>					
Parks, recreation, and cultural	605.0	603.0	600.0	620.0	618.0

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
2007	2006	2005	2004	2003	
					<u>Primary Government:</u>
1,437.5	1,426.5	1,417.5	1,415.0	1,415.0	General government administration
381.0	370.0	370.0	370.0	376.0	Judicial administration
4,297.8	4,163.4	4,000.4	3,941.9	3,865.2	Public safety
1,128.5	1,103.5	1,100.5	1,133.5	1,137.5	Public works
2,986.3	2,867.1	2,818.2	2,808.3	2,840.4	Health and welfare
487.0	469.0	447.5	403.1	431	Community development
605.5	599.5	585.0	590.5	571.9	Parks, recreation, and cultural
<u>11,323.6</u>	<u>10,999.0</u>	<u>10,739.1</u>	<u>10,662.3</u>	<u>10,637.0</u>	Total
					<u>Component Units:</u>
					<i>Public Schools:</i>
<u>22,706.8</u>	<u>22,561.8</u>	<u>22,246.5</u>	<u>21,770.1</u>	<u>21,291.7</u>	Education
					<i>Redevelopment and Housing Authority:</i>
<u>236.0</u>	<u>234.0</u>	<u>234.0</u>	<u>234.0</u>	<u>235.0</u>	Community development
					<i>Park Authority:</i>
<u>615.5</u>	<u>611.3</u>	<u>609.7</u>	<u>592.3</u>	<u>586.3</u>	Parks, recreation, and cultural

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

Function/Program	Fiscal Year				
	2012	2011	2010	2009	2008
Primary Government:					
<i>General government administration:</i>					
Real property parcels assessed	358,489	357,943	357,872	358,179	357,180
Personal property vehicles assessed	963,595	956,528	948,285	947,698	940,437
Businesses licensed	46,919	46,597	46,872	47,750	47,768
Best qualified job applicants forwarded to departments	22,466	20,563	11,672	11,028	19,343
Number of contacts with citizens (Office of Public Affairs)					
<i>Judicial administration:</i>					
Cases filed in General District Court	313,369	328,580	334,971	345,240	336,776
Booking transactions	42,290	48,569	49,784	55,806	54,134
General District Court probation program new adult enrollment	755	1,353	1,300	1,819	1,455
<i>Public safety:</i>					
<i>Police:</i>					
Recruits graduating Criminal Justice Academy	28	42	37	41	108
Total cases assigned	13,725	12,083	13,199	11,078	11,200
Total cases cleared	7,699	6,820	9,503	6,158	7,850
Parking tickets issued	58,550	61,252	64,079	66,003	66,962
<i>Sheriff:</i>					
Court cases heard annually	478,726	451,744	435,853	459,836	459,543
Average daily Adult Detention Center inmate population	1,257	1,226	1,279	1,309	1,155
<i>Fire and rescue:</i>					
Fire investigations conducted	260	306	312	276	331
Fire inspection activities conducted	17,917	19,251	15,468	24,641	26,830
EMS incidents	67,073	64,066	65,898	65,662	64,433
Animals impounded	4,323	4,365	4,087	5,176	5,899
<i>Public works:</i>					
Gross square feet of facilities maintained	8,613,111	8,532,386	8,494,171	8,079,711	8,569,129
Tons of County waste disposed	796,472	789,721	789,198	845,541	917,463
Total tons recycled	571,116	472,646	445,625	491,113	488,240
Total average daily wastewater flow treated (million gallons)	102.7	100	107.7	101	99
<i>Health and welfare:</i>					
<i>Persons served through Community Services Board programs:</i>					
Intellectual Disability Services (IDS)	6,736	12,390	11,447	11,318	12,006
Alcohol and drug services	3,281	5,153	5,115	5,136	5,397
Intellectual disability	2,087	2,319	2,297	2,685	2,808
Infant Toddler Connection	2,803	2,801	2,448	2,374	2,044
Home and Congregate Meals for Older Adults	479,555	504,093	584,942	624,745	624,745
Food Stamp applications processed	17,604	17,593	17,739	15,412	11,057
Medicaid/FAMIS applications processed	20,544	19,711	17,760	18,700	17,298
Primary care clinic visits	54,336	56,018	51,447	50,012	50,054
Child immunization vaccines given at clinics	29,365	31,152	65,725	36,062	39,587

Fiscal Year					Function/Program
2007	2006	2005	2004	2003	
Primary Government:					
<i>General government administration:</i>					
354,830	349,995	345,338	341,651	337,350	Real property parcels assessed
941,788	947,135	955,658	942,860	949,061	Personal property vehicles assessed
47,556	48,074	47,248	47,176	40,649	Businesses licensed
20,336	23,850	20,207	17,777	14,863	Best qualified job applicants forwarded to departments
		31,534,181	44,010,264	22,224,683	Number of contacts with citizens (Office of Public Affairs)
<i>Judicial administration:</i>					
308,118	314,964	306,347	281,002	249,708	Cases filed in General District Court
53,389	52,069	52,120	51,972	48,395	Booking transactions
1,369	1,092	1,181	768	742	General District Court probation program new adult enrollment
<i>Public safety:</i>					
Police:					
89	76	96	154	135	Recruits graduating Criminal Justice Academy
11,224	10,752	10,407	11,257	10,890	Total cases assigned
6,937	6,182	6,839	7,949	7,556	Total cases cleared
66,993	77,459	81,881	32,743	21,367	Parking tickets issued
Sheriff:					
458,358	488,453	496,080	456,574	425,022	Court cases heard annually
1,095	1,046	1,031	1,044	1,034	Average daily Adult Detention Center inmate population
Fire and rescue:					
380	395	380	372	465	Fire investigations conducted
18,942	17,396	20,052	20,816	21,330	Fire inspection activities conducted
64,088	62,036	61,636	62,420	60,306	EMS incidents
5,202	5,753	7,013	5,773	6,447	Animals impounded
<i>Public works:</i>					
7,720,206	7,620,961	7,564,973	7,525,059	7,460,673	Gross square feet of facilities maintained
1,008,263	1,020,009	1,006,837	965,119	883,088	Tons of County waste disposed
498,139	424,923	437,235	514,220	386,019	Total tons recycled
107	102	104	108	106	Total average daily wastewater flow treated (million gallons)
NEED Stormwater statistic					
<i>Health and welfare:</i>					
Persons served through Community Services Board programs:					
11,191	11,165	11,006	10,641	10,438	Intellectual Disability Services (IDS)
5,456	5,684	5,290	5,665	6,323	Alcohol and drug services
2,297	1,890	1,809	1,926	1,985	Intellectual disability
1,314	1,719	1,541	1,434	1,254	Infant Toddler Connection
570,614	505,520	462,049	456,735	451,152	Senior home-delivered meals
9,363	9,343	8,611	9,645	9,327	Food Stamp applications processed
15,621	14,548	13,359	14,376	15,499	Medicaid/FAMIS applications processed
47,022	48,032	47,616	47,899	39,733	Primary care clinic visits
44,775	39,762	32,644	44,537	52,395	Child immunization vaccines given at clinics

(continued)

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

Function/Program	Fiscal Year				
	2012	2011	2010	2009	2008
<i>Community development:</i>					
Building inspections	136,532	131,236	119,132	130,492	144,388
Building permits issued	54,138	52,450	59,662	49,783	59,662
Zoning permits processed	15,000	15,768	14,791	14,379	18,435
Fairfax Connector bus passengers	10,895,833	10,283,313	9,629,993	10,901,053	9,810,228
<i>Parks, recreation, and cultural:</i>					
Senior Center attendance	260,943	258,359	254,830	278,054	276,326
Teen Center attendance	97,913	95,993	99,267	90,600	103,357
Community Center attendance	224,163	219,768	211,637	211,781	190,397
Library visits	5,246,854	5,439,426	5,685,827	6,128,289	5,794,036
Circulation of all library materials	13,034,816	13,241,259	13,879,073	13,931,027	13,065,309
Component Units:					
<i>Public Schools:</i>					
Combined SAT scores (1)	1,659	1,654	1,664	1,664	1,654
Number of lunches served daily	86,703	85,154	83,514	83,385	81,432
Number of breakfasts served daily	15,400	12,825	11,911	10,456	10,555
Student enrollment	177,918	174,933	172,391	169,538	166,307
Special education enrollment	24,807	24,489	14,157	14,071	13,499
ESOL enrollment	27,944	22,650	19,222	22,001	21,783
<i>Redevelopment and Housing Authority:</i>					
Residents housed through subsidized rental programs:					
Federal Public Housing	2,818	2,839	2,866	2,863	2,878
Federal Housing Choice Vouchers	9,317	9,103	8,138	8,454	8,264
County Rental Program-multifamily and seniors (2)	6,166	6,006	6,113	6,398	4,941
Homes sold in First-Time Homebuyer Program	32	51	63	120	152
<i>Park Authority:</i>					
REC Center attendance	2,006,294	1,988,830	1,868,390	1,847,391	1,778,914
Golf course rounds	294,828	281,930	289,384	298,631	322,175
Visits to natural, cultural, historic, and interpretive sites	881,510	723,351	616,441	606,411	566,815
Class, camp, and program participation	176,240	166,430	152,002	157,590	161,213

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

Notes:

- (1) Starting in FY2006, a writing section was added to the SAT, for a possible total score of 2400, compared to 1600 in FY2005 and prior years.
- (2) Prior to FY2007, the numbers for the Fairfax County Rental Program included only properties managed by the FCRHA.



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

Function/Program	Fiscal Year				
	2012	2011	2010	2009	2008
Primary Government:					
<i>General government administration:</i>					
Government office buildings (square feet)	3,605,182	3,792,927	3,630,519	3,836,771	3,393,794
Vehicle maintenance facilities	4	4	4	4	4
<i>Judicial administration:</i>					
Correctional facilities (inmate capacity)	1,257	1,260	1,260	1,260	1,260
Courtrooms	44	40	39	35	34
<i>Public safety:</i>					
<i>Police:</i>					
Stations	8	8	8	8	8
Vehicles	1,263	1,255	1,289	1,290	1,280
Helicopters	2	2	2	2	2
Criminal justice academy (trainee capacity)	240	240	240	240	240
<i>Fire and rescue:</i>					
County-operated fire and rescue stations	28	28	27	26	24
Volunteer fire and rescue stations	9	9	10	11	13
Combination stations	4	4	4	4	4
Vehicles	495	496	502	495	496
Boats	4	2	2	2	2
Training facilities (trainee capacity)	186	186	186	186	186
Animal shelters (animal capacity)	158	134	146	158	158
<i>Public works:</i>					
Miles of sanitary sewer lines	3,398	3,390	3,380	3,378	3,353
Sewer pumping stations	65	65	65	65	65
Refuse collection, recycling, and disposal vehicles	264	264	263	254	289
Miles of stormwater drainage lines	1,607	1,593	1,586	1,575	1,554
Stormwater retention ponds	1,373	1,349	1,334	1,303	1,267
Landfills and transfer stations	3	3	3	3	3
<i>Health and welfare:</i>					
Health-related clinics	8	5	5	5	5
Shelters	6	6	6	6	4
Community Services Board Centers	10	10	10	10	9
<i>Community development:</i>					
Community centers	7	7	7	7	5
Bus shelters	350	194	184	184	181
Transit centers and park & ride lots	38	45	51	51	48
Fairfax Connector buses	254	271	255	220	212
<i>Parks, recreation, and cultural:</i>					
Libraries	23	23	23	22	21
Community centers	2	2	2	2	3
Trails and walkways (miles)	649	645	641	634	696

Fiscal Year					Function/Program
2007	2006	2005	2004	2003	
Primary Government:					
<i>General government administration:</i>					
3,080,056	3,027,973	3,027,973	3,027,973	3,027,973	Government office buildings (square feet)
4	4	4	4	4	Vehicle maintenance facilities
<i>Judicial administration:</i>					
1,260	1,260	1,260	1,260	1,260	Correctional facilities (inmate capacity)
35	35	35	35	35	Courtrooms
<i>Public safety:</i>					
Police:					
8	8	8	8	7	Stations
1,280	1,326	1,283	1,248	1,334	Vehicles
2	2	2	2	2	Helicopters
230	230	230	230	230	Criminal justice academy (trainee capacity)
Fire and rescue:					
22	21	20	20	20	County-operated fire and rescue stations
13	11	11	11	11	Volunteer fire and rescue stations
4	4	4	4	4	Combination stations
462	458	447	431	397	Vehicles
2	2	2	2	2	Boats
177	177	152	152	152	Training facilities (trainee capacity)
158	158	158	158	158	Animal shelters (animal capacity)
<i>Public works:</i>					
3,328	3,306	3,289	3,267	3,240	Miles of sanitary sewer lines
65	65	64	64	61	Sewer pumping stations
229	229	228	224	222	Refuse collection, recycling, and disposal vehicles
1,758	1,520	1,507	1,044	835	Miles of stormwater drainage lines
1,222	1,196	1,146	1,116	1,060	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	Shelters
9	9	9	9	9	Community Services Board centers
<i>Community development:</i>					
5	5	5	5	5	Community centers
74	57	53	42	28	Bus shelters
19	8	6	6	7	Transit centers and park & ride lots
202	170	170	170	163	Fairfax Connector buses
<i>Parks, recreation, and cultural:</i>					
21	21	21	21	21	Libraries
3	3	3	3	3	Community centers
605	596	631	626	616	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				
	2012	2011	2010	2009	2008
<u>Component Units:</u>					
<i>Public Schools:</i>					
Elementary schools	138	139	139	137	137
Middle schools	22	22	22	22	22
High/secondary schools	25	25	25	25	25
Special education centers	7	8	8	9	10
Alternative high schools	2	2	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	1,420	1,420	1,429	1,442	1,437
Senior Housing Program	494	494	494	494	494
Partnership Program	779	779	779	689	689
<i>Park Authority:</i>					
Acres of park land	23,196	22,894	22,524	24,277	24,149
Athletic fields	274	273	284	289	289
Trail miles	320	317	314	312	299
Play areas and tot lots	205	204	201	201	201
Tennis courts	227	229	229	229	229
Multi-use courts	132	132	132	132	132
Recreational centers	9	9	9	9	9
Golf courses	9	9	9	9	9
Historic sites	68	68	67	67	64
Nature/visitor centers	7	7	7	7	7
Marinas	3	3	3	3	3

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

Fiscal Year					Function/Program
2007	2006	2005	2004	2003	
<u>Component Units:</u>					
<i>Public Schools:</i>					
137	136	136	136	132	Elementary schools
22	22	22	22	22	Middle schools
25	25	24	24	24	High/secondary schools
11	13	15	20	21	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
736	702	683	670	666	County Rental Program
494	460	400	400	400	Senior Housing Program
689	491	491	491	491	Partnership Program
<i>Park Authority:</i>					
23,976	23,687	23,517	22,987	22,644	Acres of park land
288	288	275	274	274	Athletic fields
297	211	204	204	204	Trail miles
194	192	205	205	201	Play areas and tot lots
229	229	225	223	222	Tennis courts
132	128	119	118	119	Multi-use courts
9	9	9	8	8	Recreational centers
9	9	8	8	8	Golf courses
64	64	65	65	60	Historic sites
7	7	7	7	7	Nature/visitor centers
3	3	3	3	3	Marinas





Fairfax County Government Center
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Fairfax, VA 22035
www.fairfaxcounty.gov



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