

**COUNTY OF FAIRFAX, VIRGINIA**

Financial and Compliance Audit  
Pursuant to OMB Circular A-133  
(Single Audit)

June 30, 2007

(With Independent Auditors' Reports Thereon)

# COUNTY OF FAIRFAX, VIRGINIA

## Table of Contents

	<b>Page</b>
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	3
Schedule of Expenditures of Federal Awards	5
Notes to Schedule of Expenditures of Federal Awards	10
Schedule of Findings and Questioned Costs	12



KPMG LLP  
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**Independent Auditors' Report on Internal Control over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

The Board of Supervisors  
County of Fairfax, Virginia:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Fairfax, Virginia (the County), as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 8, 2007. We did not audit the financial statements of the discretely presented component units of the Fairfax County Redevelopment and Housing Authority (FCRHA), a discretely presented component unit of the County, which represents 1.81% and .28%, respectively, of total assets and revenues of the aggregate discretely presented component units. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 (specifications) issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Our consideration of internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, and grants, and other matters did not include the entities audited by the other auditors referred to in the previous paragraph. The findings, if any, of those other auditors are not included herein.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.



Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County in a separate letter dated November 8, 2007.

This report is intended solely for the information and use of the Board of Supervisors, management, the Auditor of Public Accounts, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

**KPMG LLP**

November 8, 2007



**KPMG LLP**  
2001 M Street, NW  
Washington, DC 20036

**Independent Auditors' Report on Compliance with Requirements  
Applicable to Each Major Program and on Internal Control over  
Compliance in Accordance with OMB Circular A-133**

The Board of Supervisors  
County of Fairfax, Virginia:

**Compliance**

We have audited the compliance of the County of Fairfax, Virginia (the County), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program, occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

**Internal Control over Compliance**

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned



functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### **Schedule of Expenditures of Federal Awards**

We have audited the 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, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 8, 2007. We did not audit the financial statements of the discretely presented component units of the Fairfax County Redevelopment and Housing Authority (FCRHA), a discretely presented component unit of the County, which represents 1.81% and .28%, respectively, of total assets and revenues of the aggregate discretely presented component units. Our audit was performed for the purpose of forming opinions on the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Supervisors, management, the Auditor of Public Accounts of the Commonwealth of Virginia, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*KPMG LLP*

November 8, 2007

**COUNTY OF FAIRFAX, VIRGINIA**

Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

<b>Federal grantor/recipient state agency/program title</b>	<b>Federal catalogue number</b>	<b>Expenditures</b>
Department of Agriculture:		
Direct awards:		
Food Donation	10.550	\$ 98,022
National School Lunch Program	10.555	2,812,300
Child and Adult Care Food Program	10.558	3,532,746
Summer Food Service Program for Children	10.559	180,366
Passed through the Commonwealth of Virginia:		
Department for the Aging:		
Food Donation	10.550	307,524
Department of Health:		
Special Supplemental Nutrition Program for Women, Infants, and Children (MOA 409 OFHS)	10.557	1,350,948
Department of Mental Health, Mental Retardation, & Substance Abuse Services:		
State Administrative Matching Grants for Food Stamp Program	10.561	123,672
Department of Social Services:		
Child and Adult Care Food Program	10.558	150,362
State Administrative Matching Grants for Food Stamp Program	10.561	4,553,652
Department of Education:		
School Breakfast Program	10.553	2,205,964
National School Lunch Program	10.555	12,998,001
Department of Commerce:		
Direct awards:		
Coastal Zone Management Administration Awards	11.419	2,150,000
Chesapeake Bay Studies	11.457	30,136
Technology Opportunities Program	11.552	182,681
Passed through the Commonwealth of Virginia:		
Department of Environmental Quality:		
Coastal Zone Management Administration Awards	11.419	207,800
Department of Defense:		
Direct awards:		
Junior ROTC (Department of Navy)	12.000	412,845
Impact Aid for Children with Severe Disabilities Program	12.003	507,420
Federal Shelter Program (Department of the Army)	12.115	47,000
Passed through the Commonwealth of Virginia:		
Department of Education:		
Payments to States in Lieu of Real Estate	12.112	14,186
Department of Housing and Urban Development:		
Direct awards:		
Supportive Housing for Persons with Disabilities	14.181	253,332
Lower Income Housing Assistance – Section 8 New Construction/Substantial Rehabilitation	14.182	2,165,237
Community Development Block Grants/Entitlement Grants	14.218	8,716,776
Emergency Shelter Grants Program	14.231	265,611
Supportive Housing Program	14.235	868,179
Shelter Plus Care	14.238	1,128,672
HOME Investment Partnerships Program	14.239	5,018,825
Community Development Block Grants/Brownfields Economic Development Initiative	14.246	197,692
Fair Housing Assistance Program – State and Local	14.401	42,873
Public and Indian Housing	14.850	1,536,686
Resident Opportunity and Supportive Services (Program year 2000)	14.870	21,956
Resident Opportunity and Supportive Services (Program year 2001)	14.870	816
Resident Opportunity and Supportive Services (Program year 2002)	14.870	2,083

**COUNTY OF FAIRFAX, VIRGINIA**

Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

<b>Federal grantor/recipient state agency/program title</b>	<b>Federal catalogue number</b>	<b>Expenditures</b>
Resident Opportunity and Supportive Services (Program year 2003)	14.870	\$ 11,893
Resident Opportunity and Supportive Services (Program year 2004)	14.870	34,671
Resident Opportunity and Supportive Services (Program year 2005)	14.870	40,559
Section 8 Housing Choice Vouchers	14.871	36,350,385
Public Housing Capital Fund	14.872	1,679,140
Department of the Interior:		
Direct awards:		
Wildlife Restoration	15.611	71,438
Partners for Fish and Wildlife	15.631	26,194
Chesapeake Bay Gateways Network	15.930	18,379
Department of Justice:		
Direct awards:		
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program (2002-DD-BX-0024, 07-C3713AD06)	16.580	76,518
State Criminal Alien Assistance Program	16.606	1,230,716
Bulletproof Vest Partnership Program	16.607	19,101
Public Safety Partnership and Community Policing Grants	16.710	832,557
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	90,753
Passed through the Commonwealth of Virginia:		
Department of Criminal Justice Services:		
Prisoner Reentry Initiative Demonstration (Offender Reentry) (doc-03-045, doc 7-5-06, MOA-29-03-01)	16.202	199,236
Juvenile Accountability Incentive Block Grants (07-08-JB-OT, 06-H3224JB04)	16.523	71,865
Juvenile Justice and Delinquency Prevention – Allocation to States (06-D3958JB05, 07-A5267JJ04)	16.540	63,591
Gang-Free Schools and Communities – Community-Based Gang Intervention	16.544	150,000
Crime Victim Assistance (07-H3445SA06)	16.575	58,948
Edward Byrne Memorial Formula Grant Program	16.579	35,385
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program (07-C3713AD06)	16.580	17,121
Crime Victim Assistance/Discretionary Grants (06-J9279VW05, 07-K9279VW06, 04G9836VA03, 05-H9836VA04, 06-I9836VA05, 07-J9836VA06, 98-A9836VA97, 99-A9836VA98)	16.582	213,490
Violence Against Women Formula Grants (06-J9333VA05, 07-K9333VA06)	16.588	27,610
Department of Emergency Management:		
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program (2002-DD-BX-0024)	16.580	77,366
Department of Juvenile Justice:		
Juvenile Justice and Delinquency Prevention – Allocation to States	16.540	1,996
Passed through ChildSafeNet:		
Reduction and Prevention of Children’s Exposure to Violence	16.730	759,233
Passed through the County of Loudoun, Virginia:		
Gang-Free Schools and Communities – Community-Based Gang Intervention	16.544	272,057
Passed through the University of Maryland:		
Community Capacity Development Office (Z988308, Z903006)	16.595	413,664
Department of Labor:		
Direct awards:		
Employment Service/Wagner-Peyser Funded Activities	17.207	9,428
Disability Employment Policy Development	17.720	237,905
Passed through the Commonwealth of Virginia:		
Department for the Aging:		
Senior Community Service Employment Program	17.235	63,300

**COUNTY OF FAIRFAX, VIRGINIA**

Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

<u>Federal grantor/recipient state agency/program title</u>	<u>Federal catalogue number</u>	<u>Expenditures</u>
Virginia Employment Commission:		
WIA Adult Program (LWA11-05-05, LWA11-06-01T)	17.258	\$ 514,902
WIA Youth Activities (LWA 11-05-05, LWA 11-06-01)	17.259	392,556
WIA Dislocated Workers (noo 11-02-03, LWA11-05-05, LWA 11-06-03, LWA 11-05A-01)	17.260	907,719
Incentive Grants – WIA Section 503	17.267	90,000
Department of State:		
Direct awards:		
Overseas Educational Advising	19.432	50,229
Department of Transportation:		
Direct awards:		
Highway Planning and Construction	20.205	10,573
Job Access – Reverse Commute	20.516	216,431
Passed through the Commonwealth of Virginia:		
Department of Conservation and Recreation:		
Recreation Trails Program	20.219	13,951
Department of Motor Vehicles:		
State and Community Highway Safety (OP02-21-58221, J2-06-52095, AL02-55-58955-01, CP-2006-52432-2433, CP04-50358-12, 06-A4770AD05, J2-2007-57061-2535)	20.600	105,884
Occupant Protection (AL-2006-52402-2434)	20.602	1,049
Department of Transportation:		
Highway Planning and Construction	20.205	5,712,866
Job Access – Reverse Commute	20.516	106,591
Equal Employment Opportunity Commission:		
Direct awards:		
Employment Discrimination – Private Bar Program	30.005	62,479
Library of Congress:		
Direct awards:		
Library of Congress – Library Services	42.006	235,335
National Aeronautics and Space Administration:		
Direct awards:		
Aerospace Education Services Program	43.001	36,018
National Foundation on Arts and the Humanities:		
Direct awards:		
National Leadership Grants	45.312	44,461
Environmental Protection Agency:		
Direct awards:		
Air Pollution Control Program Support	66.001	62,395
Passed through the National Fish and Wildlife Foundation:		
Surveys, Studies, Investigations and Special Purpose Grants	66.606	32,316
Department of Education:		
Direct awards:		
Impact Aid	84.041	6,108,612
Safe and Drug-Free Schools and Community	84.186	21,286
Education for Homeless Children and Youth	84.196	48,420
Fund for the Improvement of Education	84.215	298,919
Foreign Language Assistance	84.293	137,934

**COUNTY OF FAIRFAX, VIRGINIA**

Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

<b>Federal grantor/recipient state agency/program title</b>	<b>Federal catalogue number</b>	<b>Expenditures</b>
Passed through the Commonwealth of Virginia:		
Department of Education:		
Adult Education – State Grant Program (VAEL/CIVICS-2005-134, 61112 192-02-10)	84.002	\$ 927,231
Title I Grants to Local Educational Agency (S010A060046, S010A050046)	84.010	15,924,187
Special Education – Grants to States (H027A060107, H027A040107)	84.027	29,315,552
Vocational Education – Basic Grants to States (61095/171-03-05)	84.048	1,718,754
Special Education – Preschool Grants (H173A060112)	84.173	742,435
Safe and Drug-Free Schools and Community (Q186A060048, Q186A050048)	84.186	543,098
Twenty-First Century Community Learning (S287C060047, 712-60565/s287c040047)	84.287	306,580
State Grants for Innovative Programs (S298A060047, S298A050047)	84.298	312,302
Education Technology State Grants (S318X060046, S318X050046)	84.318	182,557
Advanced Placement Program (S330B070003 029)	84.330	53,912
English Language Acquisition Grants(T365A060046, T365A050046)	84.365	3,529,656
Improving Teacher Quality State Grants(S367A060044, S367A050044)	84.367	4,332,839
Hurricane Education Recovery	84.938	544,748
Department of Mental Health, Mental Retardation, & Substance Abuse Services: Special Education – Grants for Infants and Families with Disabilities (3/4/2013)	84.181	830,072
Department of Health and Human Services:		
Direct awards:		
Head Start	93.600	6,749,912
Medicare – Prescription Drug Coverage	93.770	872,560
Medical Assistance Program	93.778	1,990,710
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	54,173
HIV Care Formula Grants	93.917	79,733
Passed through the Commonwealth of Virginia:		
Department for the Aging:		
Special Programs for the Aging – Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals (01-94-AAA-VA-1320)	93.042	56,192
Special Programs for the Aging – Title III, Part B_Grants for Supportive Services and Senior Centers (01-94-AAA-VA-1320)	93.044	454,035
Special Programs for the Aging – Title III, Part C_Nutrition Services (01-94-AAA-VA-1712)	93.045	519,979
National Family Caregiver Support	93.052	150,048
Medicare – Supplementary Medical Insurance	93.774	16,100
Department of Health:		
Project Grants and Cooperative Agreements for Tuberculosis Control Programs (401-603-03-40503-45301-00-3, 601-409-45307-07-11)	93.116	100,900
Immunization Grants (409-v-1000-4050200-43273-04, 409-EE-1000-4401300-43273)	93.268	69,324
Centers for Disease Control and Prevention – Investigations and Technical Assistance (96330-2006-001, 96330-2007-001, MOA 409 OFHS)	93.283	619,625
Maternal and Child Health Services Block Grant to the States (MOA 409 OFHS)	93.994	254,224
Department of Medical Assistance Services:		
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	49,482
Department of Mental Health, Mental Retardation, & Substance Abuse Services:		
Projects for Assistance in Transition from Homelessness (PATH) (State Performance Contract)	93.150	155,381
Child Care and Development Block Grant (State Performance Contract)	93.575	47,440
National Bioterrorism Hospital Preparedness Program	93.889	4,000

**COUNTY OF FAIRFAX, VIRGINIA**

Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

<b>Federal grantor/recipient state agency/program title</b>	<b>Federal catalogue number</b>	<b>Expenditures</b>
Block Grants for Community Mental Health Services (State Performance Contract)	93.958	\$ 1,348,508
Block Grants for Prevention and Treatment of Substance Abuse (State Performance Contract)	93.959	3,308,262
Department of Social Services:		
Family Planning – Services (409ofhs)	93.217	14,925
Promoting Safe and Stable Families	93.556	392,814
Temporary Assistance for Needy Families (GBEN-05-02-11, G-SVC-06-058-12)	93.558	3,017,790
Child Support Enforcement	93.563	876
Refugee and Entrant Assistance – State Administered Programs	93.566	203,833
Low-Income Home Energy Assistance	93.568	89,717
Community Services Block Grant	93.569	586,590
Child Care and Development Block Grant	93.575	5,421,514
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	12,713,369
Chafee Education and Training Vouchers Program (ETV)	93.599	43,975
Adoption Incentive Payments	93.603	10,012
Foster Care – Title IV-E	93.658	7,378,694
Adoption Assistance	93.659	1,308,133
Social Services Block Grant	93.667	3,835,659
Chafee Foster Care Independence Program	93.674	96,129
State Children’s Insurance Program	93.767	8,013
State Medicaid Fraud Control Units	93.775	145,267
Medical Assistance Program	93.778	3,934,859
Department of Homeland Security:		
Direct awards:		
National Urban Search and Rescue (US&R) Response System	97.025	1,241,220
Passed through the Commonwealth of Virginia:		
Department of Criminal Justice Services:		
State Domestic Preparedness Equipment Support Program	97.004	380,168
Department of Emergency Management:		
State Domestic Preparedness Equipment Support Program	97.004	333,023
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	926,688
Citizen Corps	97.053	24,186
Homeland Security Grant Program	97.067	57,999
Buffer Zone Protection Plan (BZPP)	97.078	121,815
Passed through the District of Columbia Homeland Security & Emergency Management Agency:		
State Domestic Preparedness Equipment Support Program	97.004	528,949
Urban Areas Security Initiative	97.008	127,235
Homeland Security Grant Program	97.067	13,791,926
State Homeland Security Program (SHSP)	97.073	922,349
United States Agency for International Development:		
Direct awards:		
USAID Foreign Assistance for Programs Overseas	98.001	1,081,079
		<u>\$ 245,353,105</u>

See accompanying notes to schedule of expenditures of federal awards.

## COUNTY OF FAIRFAX, VIRGINIA

### Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

#### (1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes all federal grant activity of the County of Fairfax, Virginia (the County), and its component units, except those of the discretely presented tax credit partnership component units of the Fairfax County Redevelopment and Housing Authority (FCRHA). The County's reporting entity is defined in note A, Part 1 of the County's basic financial statements. The Schedule has been prepared on the modified accrual basis of accounting as defined in note A, Part 3 of the County's basic financial statements.

The information in this schedule is presented in accordance with the requirements of Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

#### (2) Noncash and Other Programs

Women, Infant and Children (WIC) program vouchers are issued by the Commonwealth of Virginia to eligible County citizens during the year. The value of these vouchers is not included on the accompanying schedule because the Virginia Department of Health determines eligibility for and monitors the WIC program. However, the County's administrative expenditures for the program are included on the accompanying schedule in the Special Supplemental Nutrition Program for Women, Infants and Children Grant (10.557).

The Commonwealth of Virginia Department of Agriculture and Consumer Services (VDACS), Division of Marketing, administers the United States Department of Agriculture (USDA) donated food program within the Commonwealth of Virginia. USDA provides values for all donated food. For CFDA number 10.555, the County received a net value of donated food in the amount of \$254,518 for the year ended June 30, 2007.

The U.S. Department of Housing and Urban Development (HUD) has insured certain mortgage loan borrowings made by the County through the FCRHA in connection with certain low income housing projects. These loans had outstanding principal due of \$4,552,590 at June 30, 2007. In March 2007 FCRHA paid off an outstanding loan from HUD for capital improvements to a low income housing project and an outstanding Section 241f loan from HUD. In addition, FCRHA held Federal Housing Administration (FHA)-insured mortgage revenue bonds secured by land, buildings, and equipment of \$5,275,000 at June 30, 2007. Finally, FCRHA issued certain bonds and notes to permanently finance certain public housing projects. Principal and interest on these bonds and notes are paid by HUD through the Annual Contributions Contract of the Public and Indian Housing grant (14.850). Such payments totaled \$234,186 during the year ended June 30, 2007.

**COUNTY OF FAIRFAX, VIRGINIA**

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

The Homeland Security Grant Program (97.067) is granted by the U.S. Department of Homeland Security to enhance the capacity of State and local emergency responders to prevent, respond to, and recover for weapons of mass destruction (WMD) terrorism incidents involving chemical, biological, radiological, nuclear, and explosive devices and cyber attacks. Several Washington, DC metropolitan jurisdictions receive funding under this program. In addition to purchasing equipment or supplies for their own jurisdiction, they may purchase these items for surrounding jurisdictions and then transfer, or donate, the items to other jurisdictions per the federal government or pass-through entity's instructions. For the year ended June 30, 2007, Fairfax County received \$105,888 in equipment or supplies from other jurisdictions under the Homeland Security Grant Program.

**(3) Subrecipients**

Of the federal expenditures presented in the Schedule, the County provided the following amounts to subrecipients:

<b>Program title</b>	<b>Federal CFDA number</b>	<b>Amount provided to subrecipients</b>
Food Donation	10.550	\$ 154,251
Community Development Block Grant/Entitlement Grants	14.218	1,919,247
Supportive Housing Program	14.235	108,649
Shelter Plus Grant III	14.238	1,128,672
Special Programs for the Aging – Title III B	93.044	40,253
Special Programs for the Aging – Title III C – Nutrition Services	93.045	311,252
Head Start	93.600	1,491,964
State Domestic Preparedness Equipment Support Program	97.004	378,581
Homeland Security Grant Program	97.067	1,456,372

**COUNTY OF FAIRFAX, VIRGINIA**

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

**(1) Summary of Auditors' Results**

Type of report issued on the financial statements: Unqualified

Internal control over financial reporting:

Material weakness identified? No

Significant deficiency identified that is not considered a material weakness? None reported

Noncompliance material to financial statements noted? No

Significant deficiencies in internal control over major programs noted? None reported

Type of report issued on compliance for major programs: Unqualified

Any findings which are required to be reported under

Section .510(a) of OMB Circular A-133? No

Major programs are as follows:

- (1) Food Stamp Cluster (10.561)
- (2) CDBG Cluster (14.218)
- (3) HOME Investment Partnerships Program (14.239)
- (4) Highway Planning and Construction Cluster (20.205)
- (5) Special Education Cluster (84.027/84.173)
- (6) Impact Aid (84.041)
- (7) Head Start (93.600)

Dollar threshold used to distinguish between Type A and Type B programs: \$3 million

Auditee qualified as a low-risk auditee? Yes

**(2) Findings and Questioned Costs for Federal Awards**

None.

**(3) Status of Prior Year Findings**

**Item Number 2006-1** related to Section 8, Housing Choice Vouchers (14.871) Resolved