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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013



## DEPARTMENT OF FINANCE

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**COUNTY OF FAIRFAX, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For the Fiscal Year Ended June 30, 2013

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# County of Fairfax, Virginia

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

November 22, 2013

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 Fiscal Year 2013 (July 1, 2012 - June 30, 2013) 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.

The following subjects are discussed in this letter:

- Economic Conditions and Outlook
- Major Initiatives and Accomplishments
- About Fairfax County
- Financial Information
- Independent Audit
- Awards
- Acknowledgements

Important information regarding the financial statements and audit is discussed under the Financial Information heading located on page XVI.

## ECONOMIC CONDITION AND OUTLOOK

### 2013 Federal Sequestration

Federal employment and contracting is important to the County's economy. Federal employment makes up almost 10 percent of wages in the County, with over 20,000 jobs coming from federal civilian employment alone. There are concerns that sequestration will continue to impact federal employment and diminish overall job growth. However, the County's economy continues to be resilient and relies on the federal government for only about 1 percent of the budget. Despite sequestration, new office construction continues to be strong and this speculative development reflects confidence in the stability of the County's office market. It is important to note that the County holds a **reserve in the Fiscal Year 2014 Adopted Budget of approximately \$8.1 million** to offset the potential impacts of the federal budget reductions.

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From October 1 through 16, 2013, the federal government entered into a shut-down when Congress failed to appropriate funds for fiscal year 2014. The economic impact of this event continues to be analyzed, but it is anticipated that a negative impact will be seen in sales tax and business licenses as a result of a decline in consumer confidence and the uncertainty created for federal employees and contractors in the region.

### The Local Economy

For years, Fairfax County has benefited from its proximity to the nation's capital. However, the prolonged uncertainty over sequestration has dampened business investment, hiring, income growth and overall economic activity. Evidence of the economic impact includes:

Increased office vacancy rate, which at the end of 2012 was 14.4 percent, the highest on record since 1992.

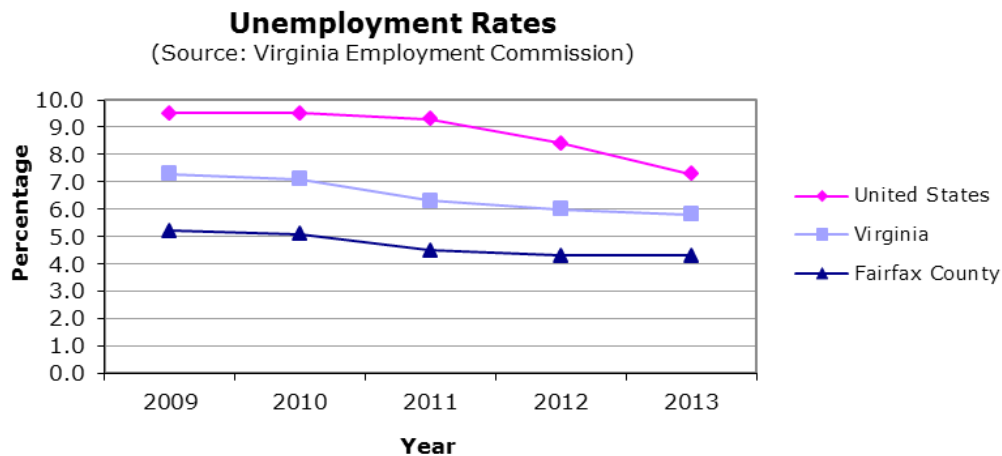
Leasing activity was at a five-year low.

Commercial real estate property values were flat over the last 18 months after increasing steadily during 2010 and 2011.

Sales taxes received by the County in September 2013 for retail sales that occurred in July declined for the second consecutive month. Some federal agencies began furloughs in June 2013 and the Department of Defense agencies began furloughing their civilian employees in July. The decline in sales taxes in June and July is believed to be at least partially due to these furloughs. Actual Fiscal Year 2013 receipts rose just 2.5 percent, the lowest rate in three years.

**However, on the positive side:**

**The unemployment rate in the County has decreased to 4.3 percent**, down from its 5.7 percent peak in January 2010, but still much higher than the 2.2 percent annual rate experienced in 2006 prior to the economic downturn.



Average **home prices posted an increase of 6 percent** in July 2013 from a year earlier, based on the Case-Shiller home price index for the Washington Metropolitan Area. There have also been improvements in the Washington region's resale housing market due to historically low mortgage interest rates. Real estate data from the Metropolitan Regional Information System through July 2013 show that during the first seven months of 2013, **the volume of home sales increased 13.4 percent** over last year, which is the most homes sold in this seven month period since 2006. **The average home sales price in Fairfax County was up 7.5 percent in July 2013 over the same period last year.**

**Online Resource:** [www.fairfaxcounty.gov/budget](http://www.fairfaxcounty.gov/budget)



## Economic Development

Economic development promotes a vibrant, diversified business community, enhancing the commercial tax base. Economic development activities of the County are carried out through the Fairfax County Economic Development Authority (FCEDA), which promotes Fairfax County as a preferred location for business start-up, expansion, relocation, and capital investment. FCEDA commissioners are appointed by the Board of Supervisors. It works with new and existing businesses to help identify their facility needs, offer business development support, and assist in resolving county and state related issues. Recent highlights include:

### Jobs

In Fiscal Year 2013, the FCEDA worked with **215 businesses that will add more than 9,000 jobs** to Fairfax County's primary economy. Companies such as Amazon Web Services, Intelsat, Kaiser Permanente and CACI International announced expansions in or relocations to Fairfax County along with scores of other U.S., foreign-owned, and small, minority- and veteran-owned businesses.

### Office Space

The total **inventory of office space in the county was more than 114 million square feet** at June 30, 2013, 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 39 million square feet. At June 30, 2013, the vacancy rates (including sublet space) for the office market and industrial/flex markets were 16.9 percent and 12.5 percent, respectively.

### Foreign Companies

The FCEDA maintains marketing offices in seven important global business centers: Bangalore, India; Boston; London; Los Angeles, Munich, Germany; Seoul, South Korea; and Tel Aviv, Israel. In 2012, the EDA assisted 31 foreign-owned businesses with their decision to locate or expand in Fairfax County. **More than 400 foreign-owned firms from 46 countries have a presence in the County.**

**Online Resource:** [www.fairfaxcountyeda.org](http://www.fairfaxcountyeda.org)

## MAJOR INITIATIVES AND ACCOMPLISHMENTS

### Development Initiatives

#### Tysons

**By 2050, Tysons will be transformed into a walkable, urban center, home to up to 100,000 residents and 200,000 jobs.** The County has approved a Comprehensive Plan for the redevelopment of Tysons into a major residential and commercial center. The plan takes advantage of the four new Metro stations coming to Tysons in 2014. Currently, the area employs around 100,000 people with only 17,000 residents, creating a significant amount of traffic as people commute to and from work.

**Tysons is envisioned as Fairfax County's "downtown," 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 rail. During 2013, steps toward implementing this vision included the completion of a number of transportation studies including the Tysons Metrorail Station Access Management Study, the Mobility Hub for Tysons Corner Metrorail Stations Study, a consolidated traffic impact study for Tysons East, and the preliminary design review for the Jones Branch Connector and adoption of a public-private funding mechanism for transportation improvements. Additional transportation studies are underway, as well as work on a Master Plan for Tysons Parks.

Advancing the County's objectives of assuring Fairfax is an excellent place to live, work, and play, the Board of Supervisors works with developers to achieve a healthy balance of public facilities along with new development. **In 2013, three athletic fields, a fire station, and a school site were proffered by**

approved zoning application, showing progress towards achieving necessary public facilities. Seven zoning applications were approved for approximately **8 million square feet of non-residential development** and **9 million square feet of residential development**, and another 8 applications are under review.

### **Mosaic District**

The County created the Mosaic Community Development Authority (CDA) for a thirty-one acre site in Merrifield. The CDA facilitates economic development of the Merrifield Town Center area and finances facilities such as public roads, parks, a parking garage, and other infrastructure improvements. The Merrifield Town Center, including supported facilities, were substantially complete by the end of 2012.

The improvements have enabled the creation of an urban downtown area with a number of public spaces for the enjoyment of area residents. Plans include approximately **500,000 square feet of retail and office space**, 850 multi-family units, 112 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, an urban model Target, and a number of other retail establishments. The development of the Merrifield Town Center area has stimulated growth in surrounding areas, including plans to redevelop a former junk yard into 26 high-end townhomes.

**Online Resources:** [www.fairfaxcounty.gov/tysons](http://www.fairfaxcounty.gov/tysons) and [www.fcrcvit.org/merrifield/towncenter.htm](http://www.fcrcvit.org/merrifield/towncenter.htm)

## **Transportation Improvements**

Improving transportation is a priority for the County, especially given the trend of rapid population growth and urbanization of the County. Several major initiatives are underway to improve transportation in the County, these include:

### **Regional Cooperation**

The County is an active member of the multi-jurisdictional Northern Virginia Transportation Authority (NVTA). NVTA was created to develop and implement solutions to transportation issues across the Northern Virginia region. Under a landmark Commonwealth of Virginia transportation bill, **\$1.9 billion in new transportation funding will be available over the next six years**. NVTA's first year goal is to jumpstart those congestion relief projects that will make the most effective use of this funding. A significant part of this funding comes from a 0.7 percent addition to the sales tax in the region, designated for deposit to the NVTA Fund.

### **Dulles Corridor Metrorail Project**

This 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 1 consists of rail from Vienna, through Tysons, to Reston; Phase 2 will extend 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 1 and 2. The Phase I Tax District will provide \$400 million and the Phase 2 Tax District will provide \$330 million in funding. Phase 1 construction began in 2009 and is scheduled to be operational in early 2014. Phase 2 is scheduled to begin construction in late 2013 with construction complete in 2018.

### **The I-95 Express Lanes Project**

The project will **create approximately 29 miles of express lanes on I-95**. This project will add capacity to the existing HOV Lanes from the Prince William Parkway to the vicinity of Edsall Road; and improve the existing two HOV lanes for six miles from Route 234 to the Prince William Parkway. **A nine-mile reversible two-lane extension of the existing HOV lanes from Dumfries to Garrisonville Road in Stafford County will help to alleviate the worst traffic bottleneck in the region.** The project also includes consideration of transit and park-and-ride lots. The project is currently in the design-build stage, and is scheduled for completion in December 2014.

### **The Route 1 Widening Project**

Route 1 is being expanded from four to six lanes from Old Mill Road to Telegraph Road, through the Fort Belvoir area. **Supported by \$180 million in federal funding**, this project includes sidewalk, trail, and a wide median to accommodate future transit. Construction is underway on this design-build project being managed by the Federal Highway Administration.

### **The Route 7 Widening Project**

Route 7 is being widened from four to six lanes from Rolling Holly Avenue to Reston Avenue in the northwest part of Fairfax County. The project will include 10-foot wide trails on both sides of Route 7. Construction is underway, with completion scheduled in 2015.

### **Wiehle Avenue Metro Station Facility**

Expected to open in 2015, the Wiehle Avenue parking facility is a multi-level parking structure with 2,300 parking spaces, 12 bus bays, and 45 “Kiss & Ride” parking spaces. The related roads and infrastructure improvements will tie the Wiehle Avenue Metro Station parking structure to the Metro platform at the Wiehle-Reston East Park & Ride facility.

### **The Springfield Community Business Center (CBC) Garage**

The garage will provide a multi-modal transportation facility with a bus transfer center and approximately 1,100 commuter parking spaces. It will also accommodate unstructured carpooling (often referred to as slug lines), pedestrians, and bicycles. A conceptual study is complete and design is beginning in fall 2013.

**Online Resource:** [www.fairfaxcounty.gov/living/transportation](http://www.fairfaxcounty.gov/living/transportation)

## **Technology Initiatives**

The e-Government (e-Gov) initiative is a program supporting the County’s goal of a “government without walls, doors, or clocks”. The comprehensive strategy is the foundation for the County’s Open Government, Transparency, Customer Service, and Public Engagement strategies, as well as enabling County agencies’ operational effectiveness goals, such as a mobile workforce and Continuity of Operations.

The County deployed 13 mobile applications (app) in the areas of tax transactions and reporting, land-use information, permits and inspections, social services resources, and customer services in public works. A mobile app was developed for the location of voting precincts. Mobile initiatives have transformed ‘office’ work to ‘anywhere’ work, increasing productivity.

In response to the public’s increasing desire for openness of government, the County launched an initiative to meet this demand. A new web-based financial transparency application was launched in 2013. This application allows the public to easily navigate financial information related to vendor payments, expenditures and budgetary information.

**Online Resource:** [www.fairfaxcounty.gov/DIT/ITplan](http://www.fairfaxcounty.gov/DIT/ITplan) and [www.fairfaxcounty.gov/transparency](http://www.fairfaxcounty.gov/transparency)

## Environmental Stewardship

In Fairfax County, environmental stewardship and prudent management of our natural environment and resources are essential and fundamental responsibilities. Decisions with environmental impacts are guided by the strategic and policy framework described in the Board's Environmental Agenda, titled Environmental Excellence for Fairfax County: A 20-year Vision. 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. Implementing this long-term strategic planning requires cooperation and coordination between County residents, government leadership and County agencies. Key County projects to improve the County's environment include:

### Lighting Retrofits and Upgrades

To promote energy efficiency and conservation at Fairfax County Park Authority facilities, lighting will be upgraded to LED fixtures, and controls will be installed to manage operating hours more efficiently. These energy saving retrofit replacements will reduce related light energy usage by approximately 80 percent, improve lighting, and reduce greenhouse gas emissions.

### The Invasive Plant Removal Program

Invasive plant removal is a program to remove environmentally damaging plants at County parks. More than 6,000 trained volunteer leaders have contributed 20,000 hours of service since the program's inception in 2005, improving over 1,000 acres of parkland.

**Online Resource:** [www.fairfaxcounty.gov/living/environment/eip/bos\\_environmental\\_agenda.pdf](http://www.fairfaxcounty.gov/living/environment/eip/bos_environmental_agenda.pdf)

## Affordable Housing

The County's affordable housing policy, known as the Housing 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, which began in 2010, has four goals: to end homelessness in ten years, to provide affordable housing options to those with special needs, to meet the affordable housing needs of low-income working families, and to produce workforce housing.** Current Housing Blueprint initiatives include:

### 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 initiative is the Penny for Affordable Housing Fund, which is the dedication of a "half penny" of the real estate tax rate for affordable housing initiatives. The values of the "half penny" in fiscal year 2013 and fiscal year 2014 are \$9,975,000 and \$10,330,000, respectively. The Board's Affordable Housing Preservation **Initiative has preserved a total of 2,638 units** of affordable housing as of the end of Fiscal Year 2013.

### Affordable Dwelling Unit Program

The Affordable Dwelling Unit (ADU) Ordinance requires 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 offered 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 September 2013, a total of **2,499 units (1,139 rentals and 1,360 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.

### **Workforce Housing Policy**

The 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 September 2013, a total of 3,864 Workforce Dwelling Units (WDU)** have been committed by private developers in rezoning actions approved by the Board of Supervisors, and 61 WDUs have been constructed.

**Online Resource:** [www.fairfaxcounty.gov/rha](http://www.fairfaxcounty.gov/rha)

## **Quality Communities**

Fairfax County prides itself on its cultural assets, as well as parks and diverse recreational opportunities, including:

### **Destinations**

The Steven F. Udvar-Hazy Center, part of the Smithsonian National Air and Space Museum is located at Dulles International Airport. Wolf Trap Farm Park for the Performing Arts is a renowned cultural facility offering year-round programs across a broad range of art forms. Other well-known attractions include Mount Vernon, the home of George Washington; Woodlawn Plantation, George Washington's wedding gift to his nephew; and Gunston Hall, the home of George Mason. The Workhouse Arts Center, a collaboration between the County and the Lorton Arts Foundation, is a distinctive cultural arts center and an example of creative re-use of what was previously a medium-security prison.

### **Parks**

The Fairfax County Park Authority manages **23,265 acres of park land, including 241 athletic fields and 31 synthetic turf fields, 203 playgrounds, 320 miles of trails, 9 recreation centers, 8 golf courses**, several lakes and historic sites, thus offering diverse recreational options. The County's newest golf course, Laurel Hill Golf Club, was honored by being selected as the **site of the United States Golf Association's 2013 Public Links Championship**.

### **Library**

Approximately **13 million items** were borrowed from the Library's collection of nearly 3 million books, CDs, DVDs, magazines, and other items. There were 5.2 million visits made to the branches and 4.3 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**

With more than 200 shopping centers and over seven thousand restaurants, 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. The Reston Town Center offers more than fifty retail shops and thirty restaurants in the County's first and largest mixed-used development. Fairfax Corner, another mixed-use development, offers main street style shopping at both national chains and local boutiques.



## ABOUT FAIRFAX COUNTY

### GOVERNMENTAL STRUCTURE

Fairfax 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.

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.

### Employment

More than 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 jobs in the County are in the high-wage, highly skilled information technology and professional services sectors.** Recent achievements and highlights include:

Fairfax County companies annually appear on a number of prestigious regional and national "best of business" lists in an array of categories that reflect the diversity and strength of Fairfax County's vibrant business community. Seven firms made Inc. magazine's list of 500 fastest-growing U.S. companies in 2013.

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 10.

**Fairfax County is home to 10 Fortune 500 companies.**

**More than 6,700 technology establishments directly employ 142,000 people.** Technology firms specialize in aerospace, biotech/biomedical, energy environment, engineering/R&D, enterprise software, systems integration, technology consulting, media and telecommunications. Of technology companies with more than 400 employees, 25 firms have corporate or North American headquarters in Fairfax County.

### Demographic Information

Based on U.S. Census Bureau data for 2012, the County's estimated population was 1,118,602.

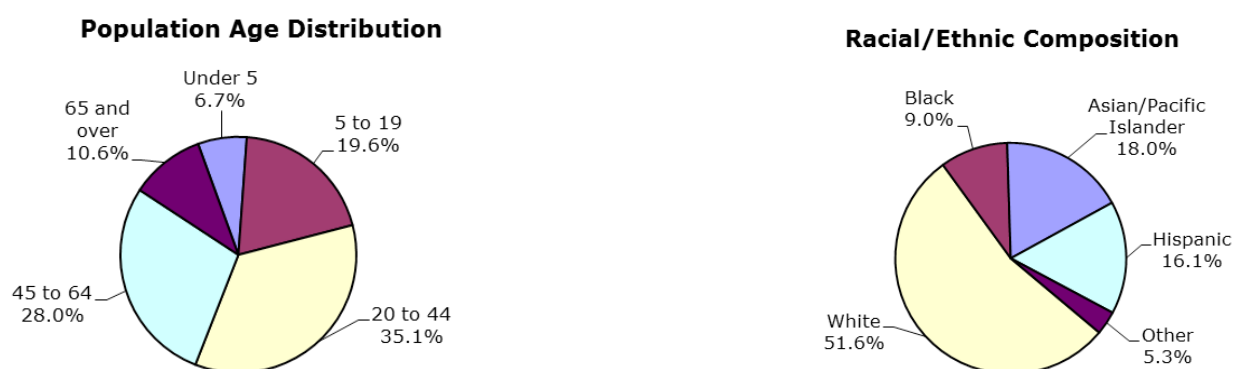
In 1980, Fairfax County was the third most populous jurisdiction in the Washington, D.C. metropolitan area, as defined by the U.S. Census Bureau, with a population of 596,900. **Since 1990, Fairfax County has been**

### 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 **estimated annual median household income of \$107,096 in 2012**, compared with \$61,741 in the Commonwealth of Virginia and \$51,371 in the United States.

In 2012, approximately **38.6 percent of the population was 45 years of age or older**, while about 26.3 percent of the population was under 19 years old. More than 46 percent of the County's population consisted of ethnic minorities, and more than 38 percent of all County residents speak a language other than English at home.



Source: U.S. Census Bureau, 2012 American Community Survey

### Public Schools

Fairfax County Public Schools (FCPS), with a **student population of 184,625**, is the largest educational system in the Commonwealth of Virginia. 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.

In the 2013, 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 four gold medal school in the nation. In addition, Langley High School was ranked in the top 100 of America's Best High Schools. In total, FCPS received 13 gold medal awards and three silver medal awards.

### Colleges and Universities

Higher education plays a critical role in developing a highly skilled and competitive workforce. The County is home to campuses of five major universities; more than 40 colleges and universities offer graduate and undergraduate programs throughout the area.

Among the larger institutions are George Mason University (GMU), one of the top 150 national universities in the United States, according to the 2014 ranking released by U.S. News & World Report, and Northern Virginia Community College (NVCC). **Combined, GMU and NVCC serve approximately 90,000 students and offer 223 programs of study across 6 campuses.** Additionally, the County is home to satellite campuses for the University of Virginia, Virginia Tech and The Commonwealth Graduate Engineering Program.

**Online Resource:** [www.fairfaxcounty.gov/government/about](http://www.fairfaxcounty.gov/government/about)

## FINANCIAL INFORMATION

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.

## INDEPENDENT AUDIT

The County's financial statements have been audited as required by the *Code of Virginia* and received an unmodified 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.

## 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 synopsis of proposed changes is advertised and a public hearing is held prior to the adoption of amendments to the current year budget when adjustments exceed one percent of total expenditures.

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, 2013, the Revenue Stabilization Fund and Managed Reserve balances were \$107,624,846 and \$71,727,394, 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, 2013, 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 September 2013, only 9 of 50 states, 39 of 3,143 counties, and 32 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.

## **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 2012. 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 2013, the County's Noman 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 Noman M. Cole Jr. Plant has met this standard for more than 15 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.

**National Association of Counties (NACo) 2013 Achievement 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 three County programs and projects with 2013 Achievement Awards.

- **Government Center Innovative Stream Restoration**

The Government Center Stream Restoration project was awarded Best in Category in the category of Environmental Protection and Energy. It is a water quality project that included a stream restoration and pond retrofits on county property. The effort was a public/private partnership that provided habitat improvements and public education opportunities. The most innovative aspect of the project was the use of dredged material that was taken from an existing pond and pumped into custom-made geotextile bags that were placed between stone grade-control structures, raising the stream bed elevation and reconnecting the stream to the floodplain. The effort was a public/private partnership that provided habitat improvements and public education opportunities.

- **Chantilly Regional Library's Kaleidoscope Story Time**

Adaptive Programming for Children on the Autism Spectrum: Since October 2012, staff at Fairfax County Public Library's Chantilly Regional branch has offered a monthly story time adapted to children on the autism spectrum and with other developmental challenges. The project arose from an increasing awareness of the numbers of children on the autism spectrum both nationally and in our local area, as well as inquiries from parents and a regional support group – Parents of Autistic Children. To develop the program, Chantilly library staff met with the parents group to survey needs and partnered with Fairfax County Public Schools for training and observation.

- **Class and Summer Camp Summits**

The Park Authority's Class and Summer Camp Summits bring together staff and partners from across the community to make use of customer feedback, which improves service. The summits draw from an online class evaluation system now in operation for its fourth year that has collected more than 20,000 customer responses evaluating over 700 program titles. What makes this program unique is that instead of the traditional point-in-time snapshot survey, the online class evaluation system is ongoing, conducted every quarter giving staff the opportunity to see trends and more quickly target areas needing improvement. In addition to ratings, the online evaluations are a gold mine of customer comments for program managers to use in refining service delivery. It is a simple strategy: identify and target areas of relatively weak performance in the things that matter most to customers, make changes, and the program will see the greatest increase in customer satisfaction and revenue.

## 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.

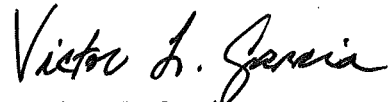
Respectfully,



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, 2013

**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  
David M. Rohrer  
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**

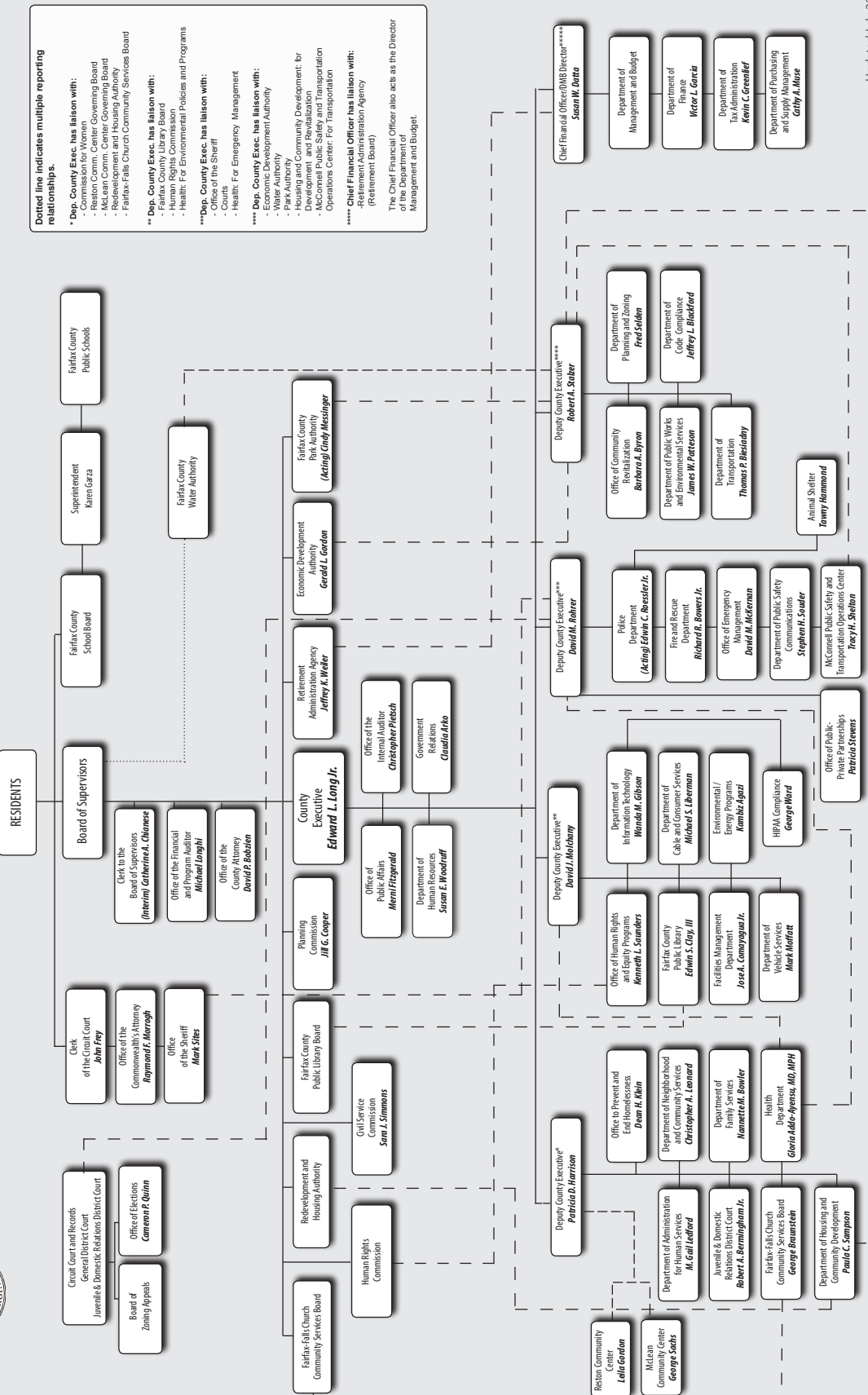
Christopher J. Pietsch, Director

**INDEPENDENT AUDITORS**

KPMG LLP



# Organization of Fairfax County Government



**Dotted line indicates multiple reporting relationships.**

- Dep. County Exec. has liaison with:**
  - Commission for Women
  - Reston Comm. Center Governing Board
  - McLean Comm. Center Governing Board
  - Recreation and Auditing Authority
  - Fairfax Falls Church Community Services Board
- Dep. County Exec. has liaison with:**
  - Fairfax County Library Board
  - Human Rights Commission
  - Health: For Environmental Policies and Programs
- Dep. County Exec. has liaison with:**
  - Office of the Sheriff
  - Courts
  - Health: For Emergency Management
- Dep. County Exec. has liaison with:**
  - Economic Development Authority
  - Water Authority
  - Park Authority
  - Housing and Community Development: for District Center Board
  - McConnell Public Safety and Transportation Operations Center: For Transportation
- Chief Financial Officer has liaison with:**
  - Reston Community Center
  - McLean Community Center
  - Retirement Board

The Chief Financial Officer also acts as the Director of the Department of Management and Budget.

Updated July 2013

This report was prepared by:

**COUNTY OF FAIRFAX, VIRGINIA**  
**DEPARTMENT OF FINANCE**

12000 Government Center Parkway, Suite 214  
Fairfax, Virginia 22035  
(703) 324-3120, TTY 711  
[www.fairfaxcounty.gov](http://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

Janet Burns  
Sue Donelson  
Anand S. Goutam, CPA  
Yin Jia, CPA  
Rochanie Perera  
Clyde Prentice Jr.

Tanya D. Burrell, CPA, MPA, Chief, Financial Operations Division

Nanette A. Velasco  
Heather Zhan

With the support and assistance of many others.



**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, 2012. 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.



Government Finance Officers Association

**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, 2012**

Executive Director/CEO





KPMG LLP  
Suite 12000  
1801 K Street, NW  
Washington, DC 20006

## **Independent Auditors' Report**

The Board of Supervisors  
County of Fairfax, Virginia:

### **Report on the Financial Statements**

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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

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 7%, 4%, and 4%, 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 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*, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion based on our audit and the report of another auditor, 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, as of June 30, 2013, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

### ***Other Matters***

#### ***Required Supplementary Information***

U.S. generally accepted accounting principles require that the 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 105 through 110 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.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, other supplementary information and the statistical section, as listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information on pages 113 through 232 is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 basic 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 are fairly stated in all material respects in relation to the basic financial statements as a whole.



The Fairfax County Board of Supervisors  
November 22, 2013  
Page 3 of 3

The introductory section on pages VII through XXV and the statistical section on pages 234 through 267 have 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.

#### *Accounting Change*

As discussed in Note N to the basic financial statements, the County implemented Governmental Accounting Standards Board (GASB) Statement number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and except for the County Retirement System early implemented GASB Statement number 65, *Items Previously Reported As Assets and Liabilities*. The County has reclassified the deferred amount on refunding previously reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources, respectively. As a result of this implementation, the County adjusted the 2013 opening balance for net position in order to expense bond issuance costs in the period in which they were incurred.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2013 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

**KPMG LLP**

November 22, 2013



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## 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, 2013. 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 and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$1,264.5 million on a government-wide basis at June 30, 2013.
- For the fiscal year, taxes and other revenues of the County's governmental activities amounted to \$4,044.2 million. Expenses amounted to \$4,093.9 million.
- For the fiscal year, revenues of the County's business-type activities were \$202.5 million, and expenses were \$169.2 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 \$79.4 million for fiscal year 2013, compared to a decrease of \$29.0 million for fiscal year 2012.
- The County's General Fund reported a fund balance of \$329.3 million, a decrease of \$24.4 million, or 6.9 percent, from June 30, 2012.

#### General Financial Highlights

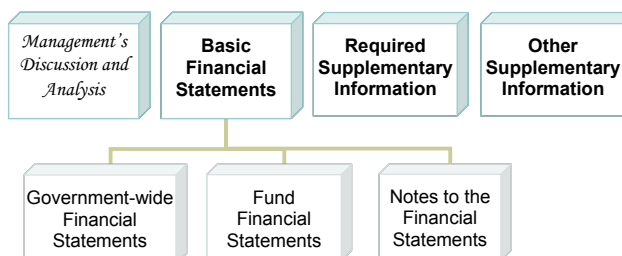
- In September 2012, the Economic Development Authority issued \$42.4 million of revenue bonds (Silver Line Phase 1 Project) Series 2012 to finance a portion of the costs of the construction of the first phase of an extension of the Washington Metropolitan Area Transit Authority's mass transit system in Fairfax County.
- In January 2013, the County issued \$206.3 million of Series 2013A General Obligation Public Improvement to finance school, park, road, and other general County improvements. The County also issued \$128.0 million of Series 2013B general obligation refunding bonds to advance refund for multiple outstanding Series bonds in order to save \$14.0 million in future debt service payments, with a \$12.2 million net present value.
- In February 2013, the Fairfax County Redevelopment and Housing Authority issued \$24.7 million of bond anticipation notes to current refund the outstanding Series 2011A bond anticipation notes previously issued to refinance a portion of the purchase price of a multi-family rental housing facility.

## 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.

### Components of the Financial Section



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

### Government-wide Financial Statements

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

The first government-wide statement—the statement of net position—presents information on all of the County's assets and deferred outflow of resources less liabilities, and deferred inflow of resources, resulting in the net position. Over time, increases or decreases in net position 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 position 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 Position

The following tables present a summary of the Statements of Net Position for the reporting entity as of June 30, 2013 and 2012:

Summary of Net Position As of June 30 (\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012*	2013	2012*	2013	2012*
Assets:						
Current and other assets	\$ 4,329.4	4,288.5	\$ 291.1	210.9	\$ 4,620.5	4,499.4
Capital assets (net)	2,397.2	2,290.8	1,350.9	1,303.5	3,748.1	3,594.3
Total assets	6,726.6	6,579.3	1,642.0	1,514.4	8,368.6	8,093.7
Deferred outflow of resources:	45.3	45.9	18.0	6.1	63.3	52.0
Liabilities:						
Current liabilities	641.7	318.7	42.4	36.7	684.1	355.4
Long-term liabilities	3,088.3	3,323.5	645.6	544.9	3,733.9	3,868.4
Total liabilities	3,730.0	3,642.2	688.0	581.6	4,418.0	4,223.8
Deferred inflow of resources:	2,747.5	2,643.1	1.9	2.1	2,749.4	2,645.2
Net position:						
Net investment in capital assets	1,736.9	1,695.1	778.8	769.1	2,515.7	2,464.2
Restricted	215.0	226.4	44.1	51.0	259.1	277.4
Unrestricted (deficit)	(1,657.5)	(1,581.6)	147.2	116.7	(1,510.3)	(1,464.9)
Net position	\$ 294.4	339.9	\$ 970.1	936.8	\$ 1,264.5	1,276.7

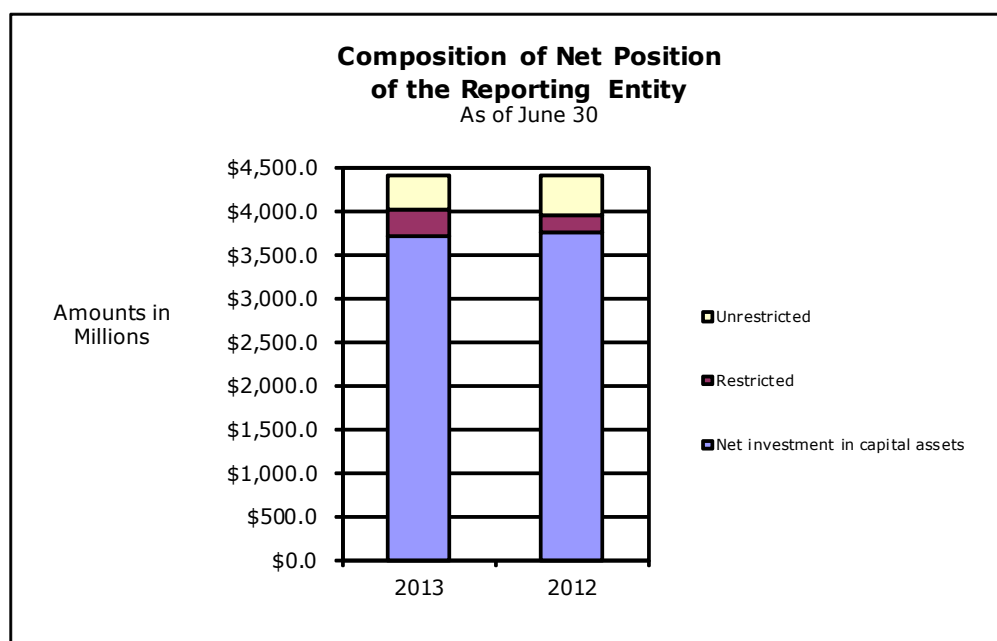
Summary of Net Position- continued As of June 30 (\$ in millions)								
	Total Primary Government		Component Units		Reclassifications**		Total Reporting Entity	
	2013	2012*	2013	2012*	2013	2012	2013	2012*
Assets:								
Current and other assets	\$ 4,620.5	4,499.4	\$ 723.2	882.6	\$ -	-	\$ 5,343.7	\$ 5,382.0
Capital assets (net)	3,748.1	3,594.3	2,831.0	2,809.7	-	-	6,579.1	6,404.0
Total assets	8,368.6	8,093.7	3,554.2	3,692.3	-	-	11,922.8	11,786.0
Deferred outflow of resources:	63.3	52.0	0.5	-	-	-	63.8	52.0
Liabilities:								
Current liabilities	684.1	355.4	194.7	259.6	-	-	878.8	615.0
Long-term liabilities	3,733.9	3,868.4	218.0	296.8	-	-	3,951.9	4,165.2
Total liabilities	4,418.0	4,223.8	412.7	556.4	-	-	4,830.7	4,780.2
Deferred inflow of resources:	2,749.4	2,645.2	-	-	-	-	2,749.4	2,645.2
Net position:								
Net investment in capital assets	2,515.7	2,464.2	2,657.1	2,631.3	(1,463.4)	(1,341.4)	3,709.4	3,754.1
Restricted	259.1	277.4	164.2	31.6	(133.0)	(112.0)	290.3	197.0
Unrestricted (deficit)	(1,510.3)	(1,464.9)	320.7	473.0	1,596.40	1,453.4	406.8	461.5
Net position	\$ 1,264.5	1,276.7	\$ 3,142.0	3,135.9	\$ -	-	\$ 4,406.5	4,412.6

\*Fiscal Year 2012 amounts restated due to the implementation of GASB statement 65. See Note N on p. 103 for more information.

\*\*Reclassification represents County issued debt for Schools and Parks facilities. See Note A - 12 on p. 51 for more information.

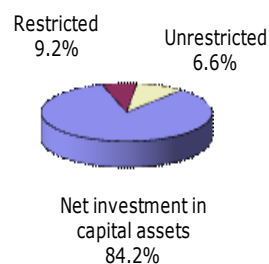
The Commonwealth of Virginia requires that counties, as well as their financially dependent component units, be financed under a single taxing structure. This results in counties issuing general obligation debt to finance capital assets, such as public schools, for their component units. The component 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 position 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 position may serve over time as a useful indicator of a government's financial position. For the reporting entity, assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$4,406.5 million at the end of fiscal year 2013, representing a decrease of \$6.1 million from the net position at June 30, 2012, as shown below.



As shown to the right, the largest portion of net position is the net 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 position portion represents resources that are subject to external restrictions on how they may be used. Net position of the reporting entity are restricted for various uses, some of which include grant programs (\$43.0 million), community centers (\$17.3 million), sewer improvements (\$29.1 million), and housing (\$22.8 million). The balance of net position that are neither related to capital assets nor restricted for specific uses is represented as unrestricted net position.

**Composition of Net Position  
of the Reporting Entity**  
As of June 30, 2013



## Statement of Activities

The following table summarizes the changes in Net Position for the primary government for the fiscal years ended June 30, 2013 and 2012:

Summary of Changes in Net Position For the Fiscal Years Ended June 30 (\$ in millions)							
	Governmental Activities		Business-type Activities		Total Primary Government		
	2013	2012	2013	2012	2013	2012	
Revenues:							
Program revenues:							
Charges for services	\$ 527.9	432.9	\$ 194.0	188.9	\$ 721.9	621.8	
Operating grants and contributions	239.5	256.1	-	-	239.5	256.1	
Capital grants and contributions	22.3	29.7	7.1	14.0	29.4	43.7	
General revenues:							
Real property tax	2,123.8	2,057.9	-	-	2,123.8	2,057.9	
Personal property tax	353.3	317.0	-	-	353.3	317.0	
Business licenses tax	158.8	155.5	-	-	158.8	155.5	
Local sales and use tax	265.0	257.8	-	-	265.0	257.8	
Consumers utility tax	73.5	65.3	-	-	73.5	65.3	
Other taxes	61.0	59.6	-	-	61.0	59.6	
Unrestricted grants and contributions	209.3	218.3	-	-	209.3	218.3	
Revenue from the use of money	9.8	14.8	1.4	0.5	11.2	15.3	
Total revenues	4,044.2	3,864.9	202.5	203.4	4,246.7	4,068.3	
Expenses:							
General government administration	201.4	201.4	**	-	201.4	201.4	**
Judicial administration	46.3	54.7	-	-	46.3	54.7	
Public safety	658.2	621.9	-	-	658.2	621.9	
Public works	185.3	176.7	169.2	163.9	**	354.5	**
Health and welfare	542.1	562.2	-	-	542.1	562.2	
Community development	387.6	393.5	-	-	387.6	393.5	
Parks, recreation, and cultural	112.1	114.8	-	-	112.1	114.8	
Education	1,843.6	1,769.7	-	-	1,843.6	1,769.7	
Interest on long-term debt *	117.3	112.6	-	-	117.3	112.6	
Total expenses	4,093.9	4,007.5	169.2	163.9	4,263.1	4,171.4	
Increase (decrease) in net position before special item	(49.7)	(142.6)	33.3	39.5	(16.4)	(103.1)	
Special items:							
INOVA - Health	4.2	3.5	-	-	4.2	3.5	
Increase (decrease) in net position	(45.5)	(139.1)	33.3	39.5	(12.2)	(99.6)	
Beginning net position	339.9	479.0	936.8	897.3	1,276.7	1,376.3	
Ending net position	\$ 294.4	339.9	** \$ 970.1	936.8	** \$ 1,264.5	1,276.7	**

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

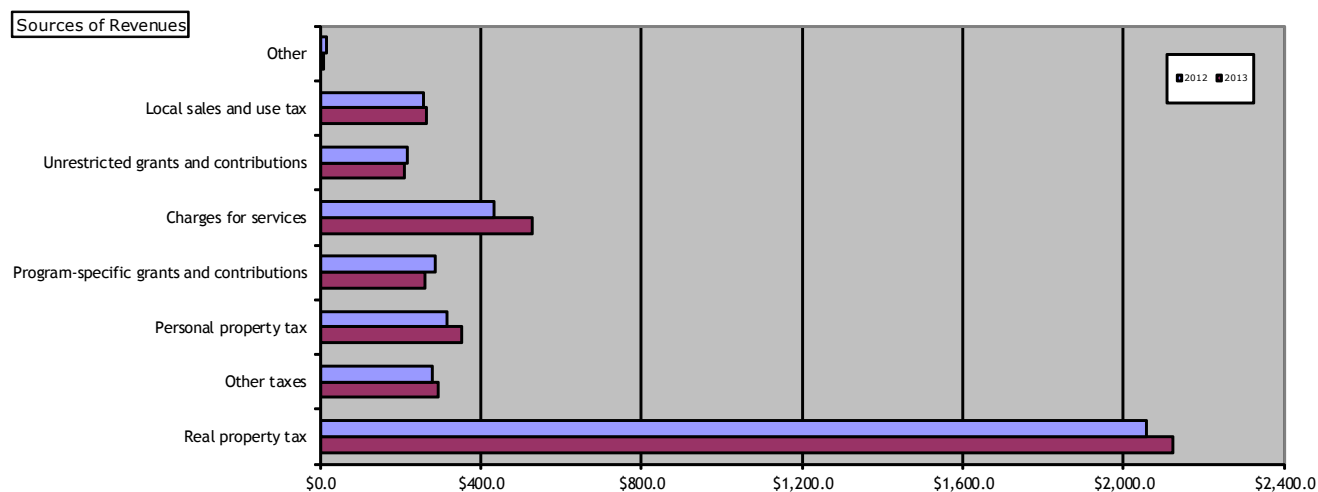
\*\*Fiscal Year 2012 expense amounts restated due to the implementation of GASB statement 65. See Note N on p. 103 for more information.

## Governmental Activities

Revenues for the County's governmental activities were \$4,044.2 million for fiscal year 2013, representing an increase of \$179.3 million over fiscal year 2012. Sources of revenues for fiscal years 2013 and 2012 are shown below:

### Governmental Activities - Revenues by Source

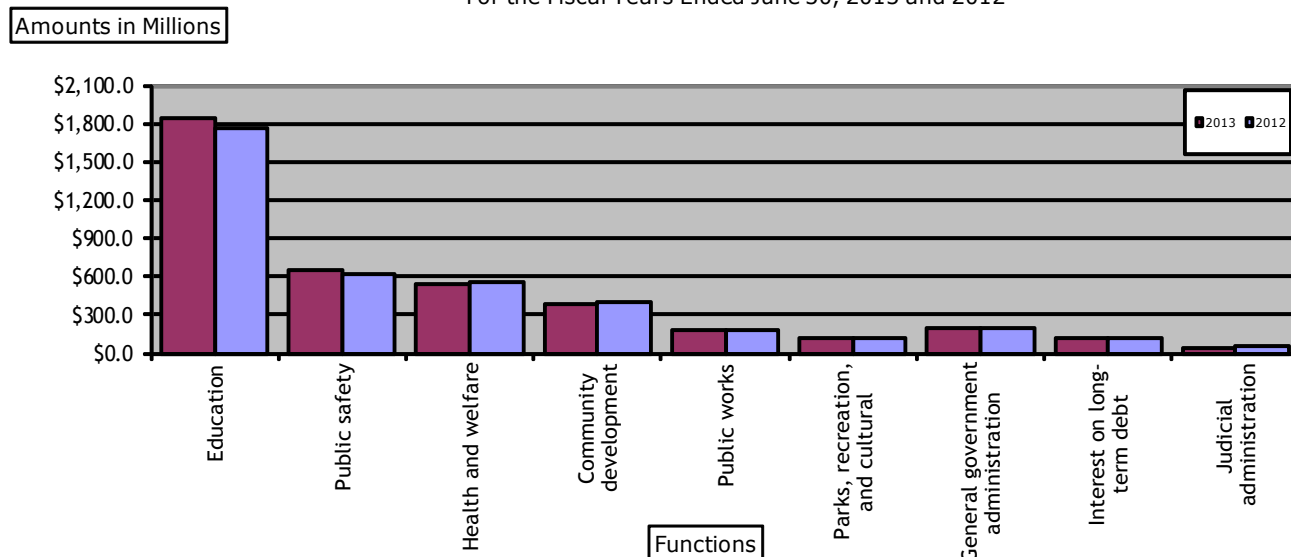
For the Fiscal Years Ended June 30, 2013 and 2012



Taxes constitute the largest source of County revenues, amounting to \$3,035.4 million for fiscal year 2013, an increase of \$122.3 million over fiscal year 2012, primarily due to real property taxes. Real property taxes (\$2,123.8 million) represent 70.0 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, 2013 and 2012



Total cost of all of the County's governmental activities for fiscal year 2013 was \$4,093.9 million, representing an increase of \$86.4 million over fiscal year 2012. As the chart below indicates, education continues to be the County's largest program. Education expenses totaled about \$1.84 billion in fiscal year 2013, 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 \$658.2 million in fiscal year 2013. Public safety expenses increased \$36.3 million compared with \$3.1 million in fiscal year 2012, primarily due market rate adjustments, 2.5 percent performance-based scale and salary increase for non-uniformed merit employees, and the reinstatement of merit and longevity increases for uniformed employees.

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).

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	
	2013	2012	2013	2012
Education	\$ 1,843.6	1,769.7	\$ 1,843.6	1,769.7
Public safety	658.2	621.9	542.1	504.0
Health and welfare	542.1	562.2	338.6	349.4
Community development	387.6	393.5	131.6	216.3
Public works	185.3	176.7	50.3	44.8
General government administration	201.4	201.4	161.8	137.7
Other	275.7	282.1	236.1	247.7
Total	\$ 4,093.9	4,007.5	\$ 3,304.1	3,269.6

Some of the cost of governmental activities was paid by those who directly benefited from the programs, which was \$527.9 million. Other governments and organizations that subsidized certain programs with grants and contributions was \$261.8 million. Of the \$3,304.1 million net cost of services, the amount that taxpayers paid for these programs through County taxes was \$3,035.4 million.

### Business-type Activities

The Sewer System recovers its costs primarily through user service charges and availability fees. For fiscal year 2013, the Sewer System reported an increase in net position of \$33.3 million. Total revenues of the Sewer System decreased \$0.9 million over fiscal year 2012. This decrease was primarily the result of decreases in availability charges and contributions from the Commonwealth of Virginia not fully covered by increases in service charges.

Total expenses of the Sewer System for fiscal year 2013 were \$169.2 million, increasing by \$5.3 million over fiscal year 2012. This increase resulted primarily from increases in the cost for bond interest 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. Fund balance classifications are reported by purpose within these classifications; nonspendable, restricted, committed, assigned, and unassigned as defined by GASB 54.

As of June 30, 2013, the County's governmental funds had a combined fund balance of \$1,045.1 million, compared with \$1,124.5 million at June 30, 2012. Of the fiscal year 2013 fund balance, \$34.8 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 23.3 percent (\$76.8 million) of the total 2013 General fund balance is unassigned,

representing resources not associated with a specified purpose. Of the total nonmajor fund balance, 69.7 percent (\$728.2 million) has been restricted or committed in the special revenue, capital projects, and debt service funds to meet the program needs. Nonspendable prepaid expenditures are 0.1 percent (\$1.5 million) of the total fund balance. At June 30, 2013, \$179.4 million of the General Fund's committed fund balance of \$216.9 million is designated for the managed reserve and revenue stabilization fund based on Fiscal Year 2014 projections.

For the fiscal year ended June 30, 2013, fund balances for all governmental funds decreased by \$79.4 million, compared with the \$29.0 million decrease for fiscal year ended June 30, 2012. Total revenues, other financing sources, and special item were \$5,099.7 million, total expenditures and other financing uses were \$5,179.1 million, resulting in the decrease 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 \$76.8 million, which represents approximately 2.5 percent of the General Fund's total expenditures. Revenues of \$3,498.9 million, less expenditures of \$3,048.1 million and other financing uses of \$475.2 million, resulted in a net decrease in fund balance of \$24.4 million, primarily to support a 2.18 percent market rate adjustment, a 2.5 percent performance-based increase for non-uniformed employees, and merit and longevity increases for uniformed employees. 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 \$54.8 million or 1.5 percent. This increase is due primarily to the carryover of prior-year commitments. The final amended budget revenues and transfers was less than the original budget by \$8.0 million or 0.2 percent, primarily due to the decrease in the Child Care Assistance and Referral Program for Intergovernmental Revenue.

Actual revenues exceeded final budget amounts by \$31.9 million, while actual expenditures were \$62.7 million less than final budget amounts. Highlights of the comparison of final budget to actual figures for the fiscal year ended June 30, 2013, include the following:

- Tax revenues exceeded budgeted amounts by \$27.7 million. The increase is primarily due to the result of increases in Real Estate Taxes, Personal Property Tax receipts, and Other Local taxes.
- Permits, privilege fees, and regulatory licenses were \$2.5 million more than budgeted amounts primarily due to higher than projected receipts for Building and Inspection Fees.
- Charges for services revenues were \$1.7 million more than budgeted amounts primarily due to higher than projected Emergency Medical Services (EMS) Transport and Clerk Fees.
- General government administration expenditures were \$8.8 million, or 8.2 percent, less than budgeted amounts as a result of managing position vacancies, overtime and encumbrances carried forward to the next fiscal year.
- Public safety expenditures were \$15.8 million, or 3.7 percent, less than budgeted amounts mainly as a result of savings associated with managing position vacancies and overtime, personnel savings resulting from no major emergencies, reducing the size and scope of training classes, as well as the carryforward of encumbrances.



- Health and welfare expenditures were \$19.8 million, or 6.6 percent, less than budgeted amounts due to lower than anticipated costs in the Comprehensive Services Act (CSA), a delay in one time funding associated with the procurement of a new Electronic Health Record (EHR), which is needed to meet federal health information technology requirements, and encumbered carryover.
- Nondepartmental expenditures were \$5.9 million, or 2.1 percent, less than budgeted amounts primarily due to savings in group health insurance and contributions to the three County Retirement Systems.

## CAPITAL ASSETS AND LONG-TERM DEBT

### Capital Assets

The County's investment in capital assets as of June 30, 2013, amounted to \$3.7 billion (net of accumulated depreciation and amortization), which represents an increase of \$153.8 million, or 4.3 percent, over last year. Capital assets as of June 30, 2013 and 2012, are summarized below:

<b>Capital Assets As of June 30 (\$ in millions)</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Land	\$ 418.4	417.8	\$ 17.4	17.4	\$ 435.8	435.2
Easements	3.6	3.6	0.4	0.4	4.0	4.0
Buildings, improvements, and infrastructure	2,064.3	2,012.7	1,134.8	1,109.7	3,199.1	3,122.4
Software	86.8	70.6	-	-	86.8	70.6
Equipment and library collections	472.1	461.3	12.2	11.6	484.3	472.9
Construction in progress	309.9	208.1	115.1	85.7	425.0	293.8
Equipment under construction	12.7	21.3	-	-	12.7	21.3
Software in development	3.9	4.4	-	-	3.9	4.4
Purchased capacity	-	-	869.0	823.6	869.0	823.6
Total capital assets	3,371.7	3,199.8	2,148.9	2,048.4	5,520.6	5,248.2
Less: Accumulated depreciation and amortization	(974.5)	(909.1)	(798.0)	(744.8)	(1,772.5)	(1,653.9)
Total capital assets, net	\$ 2,397.2	2,290.7	\$ 1,350.9	1,303.6	\$ 3,748.1	3,594.3

The major capital asset activities for fiscal year 2013 included the following:

- The ongoing costs associated with the upgrade of County and Schools legacy mainframe systems were \$8.2 million during fiscal year 2013.
- Fairfax County investment in the Metrorail extension with fiscal year 2013 expenditures of \$30 million for construction of the Wiehle Avenue Facility.
- Developers' contributions of sewer lines and manholes totaled \$6.0 million.
- Expenditures related to construction of the new stations supporting the Dulles Rail expansion were \$48.4 million in fiscal year 2013.

- Improvements to citizen transportation, including bus and rail service, totaled \$16.2 million.
- The Sewer System's share of the upgrade and operating 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 \$3.1 million, \$9.7 million, \$4.9 million and \$27.7 million, respectively.

Additional information related to the County's capital assets can be found in Note F to the financial statements on page 70.

### Long-term Debt

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

- A limit of \$1.375 billion of general obligation bond sales over a five-year period, for an average of \$275 million annually, with a maximum of \$300 million in any given year, excluding refunding bonds;
- A limitation that total long-term debt (excluding capital leases for equipment and sewer revenue bonds) not exceed 3 percent of the total market value of taxable real and personal property in the County and that annual debt service payments not exceed 10 percent of annual General Fund expenditures and transfers out. For fiscal year 2013, these percentages were 1.19 percent and 8.20 percent, respectively.

In January 2013, the County issued \$206.3 million of Series 2013A General Obligation Public Improvement with a true interest cost of 2.52 percent and a premium of \$43.7 million. Proceeds of \$206.3 million are being used to fund new facilities and improvements, as follows (in millions):

#### County facilities:

Transportation facilities.....	\$ 7.6
Public safety facilities .....	15.2
Other purposes .....	25.7
Park facilities.....	15.0
Transportation facilities.....	15.0
Public Schools facilities .....	<u>127.8</u>
Total bonds issued for new projects .....	<u>\$206.3</u>

In January 2013, the County also issued \$128.0 million of Series 2013B 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 \$14.0 million over the next thirteen years and obtaining an economic gain of \$12.2 million.

In September 2012, the Economic Development Authority issued \$42.4 million of revenue bonds (Silver Line Phase 1 Project) Series 2012 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, with a true interest cost of 3.62 percent and a premium of \$6.3 million.

In February 2013, the Fairfax County Redevelopment and Housing Authority issued \$24.7 million of bond anticipation notes to current refund the outstanding Series 2011A bond anticipation notes previously issued to refinance a portion of the purchase price of a multi-family rental housing facility, with a true interest cost of 0.80 percent.

The following is a summary of the County's gross outstanding long-term debt as of June 30, 2013 and 2012:

<b>Outstanding Long-term Debt As of June 30 (\$ in millions)</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
General obligation bonds issued for:						
County facilities	\$ 737.4	731.4	\$ -	-	\$ 737.4	731.4
Public Schools facilities	1,311.5	1,286.0	-	-	1,311.5	1,286.0
Revenue bonds	734.4	716.7	-	-	734.4	716.7
Sewer revenue bonds	-	-	642.9	552.2	642.9	552.2
Capital leases and other	34.2	43.4	-	-	34.2	43.4
Total County outstanding debt	\$ 2,817.5	2,777.5	\$ 642.9	552.2	\$ 3,460.4	3,329.7

Additional information related to the County's long-term debt can be found in Note J to the financial statements on page 88.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following economic factors are reflected in the General Fund budget for fiscal year 2014:

- The assessed value of all real property increased by \$6.8 billion, or 3.40 percent, over the fiscal year 2013 value. This resulted from a moderate increase in existing residential property values and new construction in the County.
- Equalized residential property assessments rose up to 3.50 percent and non-residential equalization increased .14 percent for fiscal year 2014. Existing residential property values have increased in each of the last three years indicating the continued stabilization of the residential housing market.
- Personal property tax revenue is projected to increase 1.1 percent in fiscal year 2014. The total vehicle volume is forecast to increase .7 percent in fiscal year 2014. There is no longer a lack of vehicle supply and depreciation of vehicles has returned to more normal levels.
- Revenue from investments is expected to increase 11.2 percent, a result of increasing the County's Core portfolio by \$750 million which is anticipated to increase overall yield from 0.50 percent to 0.53 percent.

The fiscal year 2014 Adopted Budget includes revenues of \$3.56 billion, or a 2.7 percent increase over the fiscal year 2013 Revised Budget Plan. Real and personal property taxes represent the majority of budgeted revenues, comprising approximately 77.4 percent of the fiscal year 2014 General Fund revenues. Revenue from real property taxes alone makes up 62.0 percent of total revenues, as compared with approximately 60.9 percent in the fiscal year 2013 Adopted Budget.

Budgeted disbursements, which include expenditures and transfers out, are \$3.59 billion, a 0.2 percent decrease from the fiscal year 2013 Revised Budget Plan. County funding for Public Schools is \$1.89 billion –

approximately 52.7 percent of the County's total General Fund budget. This funding supports operating costs, school construction, and debt service. Total direct expenditure funding decreased by \$22.7 million, or 1.7 percent, over fiscal year 2013.

The following tax rate and fee adjustments were approved for fiscal year 2014:

- Real estate tax rate was increased from \$1.075 to \$1.085 per \$100 of assessed value.
- Commercial real estate tax rate for County transportation increased from \$0.11 to \$0.125 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 remains at \$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 remains at \$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 remains at \$0.02 per \$100 of assessed value.
- A special real estate tax rate collected on all properties within the Tysons Service District is instituted at a rate of \$0.04 per \$100 of assessed value.
- Special tax rate for the Dulles Rail Phase 1 Transportation Improvement District decreased from \$0.22 to \$0.21 per \$100 of assessed value, levied on commercial and industrial properties in the district.
- Special tax rate for the Dulles Rail Phase 2 Transportation Improvement District increased from \$0.15 to \$0.20 per \$100 of assessed value, levied on commercial and industrial properties in the district.

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 2014 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**

Legislation passed by the VA General Assembly during the 2012 special session mandated that beginning July 1, 2012, newly hired employees that participate in the Virginia Retirement System (VRS) must fully pay the employee retirement contribution of five percent. For existing employees, school divisions and localities were able to choose to either shift the entire cost to employees beginning July 1, 2012, or phase in the shift over a five year period. To help offset the financial impact of transitioning the cost to employees, the state required employers to increase salaries for existing employees by the same percentage employees were required to contribute effective July 1, 2012. Fairfax County Public Schools (FCPS), a discretely presented component unit of Fairfax County, began implementation of the mandate with a two percent shift in fiscal year 2013. 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](http://www.fairfaxcounty.gov).



**COUNTY OF FAIRFAX, VIRGINIA**  
**Statement of Net Position**  
**June 30, 2013**

	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Equity in pooled cash and temporary investments	\$ 1,257,178,997	113,392,387	1,370,571,384
Cash in banks	-	-	-
Investments	-	-	-
Receivables (net of allowances):			
Accounts	27,196,677	208,793	27,405,470
Accrued interest	4,006,412	2,774	4,009,186
Property taxes:			
Delinquent	20,372,875	-	20,372,875
Not yet due	2,434,206,366	-	2,434,206,366
Business license taxes - delinquent	3,150,507	-	3,150,507
Loans	57,572,425	-	57,572,425
Notes	-	-	-
Due from intergovernmental units (net of allowances):			
Property tax relief:			
Property tax relief - not yet due	211,313,944	-	211,313,944
Other	75,114,036	45,520,211	120,634,247
Due from primary government	-	-	-
Due from component units	363,342	-	363,342
Loan to component unit	12,832,200	-	12,832,200
Lease to component unit	51,480,000	-	51,480,000
Interfund receivables	270,125	(270,125)	-
Inventories of supplies	2,131,637	402,306	2,533,943
Prepaid and other assets	1,463,140	-	1,463,140
Restricted assets:			
Equity in pooled cash and temporary investments	40,009,597	94,875,160	134,884,757
Cash with fiscal agents	129,105,144	15,035,893	144,141,037
Certificates of deposit - performance bonds	34,428	-	34,428
Investments	-	21,920,400	21,920,400
Unearned financing fees (net of amortization)	-	-	-
Net OPEB Asset	1,515,610	-	1,515,610
Land held for sale	-	-	-
Capital assets:			
Non-depreciable/non-amortizable:			
Land	418,402,250	17,407,323	435,809,573
Easements	3,555,058	406,829	3,961,887
Construction in progress	309,940,835	115,149,188	425,090,023
Equipment under construction	12,655,371	-	12,655,371
Software in development	3,917,834	-	3,917,834
Depreciable/amortizable:			
Equipment	384,571,807	12,179,421	396,751,228
Software	86,797,615	-	86,797,615
Library collections	87,485,754	-	87,485,754
Purchased capacity	-	869,047,701	869,047,701
Buildings and improvements	1,341,750,545	88,398,832	1,430,149,377
Infrastructure	722,637,965	1,046,377,246	1,769,015,211
Accumulated depreciation	(967,406,773)	(540,574,645)	(1,507,981,418)
Accumulated amortization	(7,072,956)	(257,456,512)	(264,529,468)
Total assets	6,726,552,767	1,642,023,182	8,368,575,949
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred loss on refunding of debt	45,313,702	18,000,552	63,314,254
Total deferred outflows of resources	\$ 45,313,702	18,000,552	63,314,254

See accompanying notes to the financial statements.



## EXHIBIT A

Total Component Units	Reclassifications (See Note A-12)	Total Reporting Entity	
<b>ASSETS</b>			
429,394,826	-	1,799,966,210	Equity in pooled cash and temporary investments
12,691,060	-	12,691,060	Cash in banks
3,685,186	-	3,685,186	Investments
			Receivables (net of allowances):
5,037,697	-	32,443,167	Accounts
560,958	-	4,570,144	Accrued interest
			Property taxes:
-	-	20,372,875	Delinquent
-	-	2,434,206,366	Not yet due
-	-	3,150,507	Business license taxes - delinquent
-	-	57,572,425	Loans
26,463,220	-	26,463,220	Notes
			Due from intergovernmental units (net of allowances):
			Property tax relief:
-	-	211,313,944	Property tax relief - not yet due
63,467,012	-	184,101,259	Other
2,547,390	-	2,547,390	Due from primary government
-	-	363,342	Due from component units
-	-	12,832,200	Loan to component unit
-	-	51,480,000	Lease to component unit
-	-	-	Interfund receivables
2,734,210	-	5,268,153	Inventories of supplies
4,839,497	-	6,302,637	Prepaid and other assets
			Restricted assets:
134,932,122	-	269,816,879	Equity in pooled cash and temporary investments
17,121,396	-	161,262,433	Cash with fiscal agents
2,195,032	-	2,229,460	Certificates of deposit - performance bonds
2,021,115	-	23,941,515	Investments
1,108,177	-	1,108,177	Unearned financing fees (net of amortization)
13,392,985	-	14,908,595	Net OPEB Asset
1,026,747	-	1,026,747	Land held for sale
			Capital assets:
			Non-depreciable/non-amortizable:
433,926,474	-	869,736,047	Land
17,016,009	-	20,977,896	Easements
208,617,693	-	633,707,716	Construction in progress
-	-	12,655,371	Equipment under construction
6,265,521	-	10,183,355	Software in development
			Depreciable/amortizable:
283,414,586	-	680,165,814	Equipment
4,865,424	-	91,663,039	Software
34,769,180	-	122,254,934	Library collections
-	-	869,047,701	Purchased capacity
3,620,005,573	-	5,050,154,950	Buildings and improvements
-	-	1,769,015,211	Infrastructure
(1,775,385,238)	-	(3,283,366,656)	Accumulated depreciation
(2,474,501)	-	(267,003,969)	Accumulated amortization
3,554,239,351	-	11,922,815,300	Total assets
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
545,888	-	63,860,142	Deferred loss on refunding of debt
545,888	-	63,860,142	Total deferred outflows of resources

continued

**COUNTY OF FAIRFAX, VIRGINIA**  
**Statement of Net Position**  
**June 30, 2013**

	Primary Government		Total
	Governmental	Business-type	Primary
	Activities	Activities	Government
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 97,039,287	1,183,979	98,223,266
Accrued salaries and benefits	43,814,515	671,023	44,485,538
Contract retainages	5,940,807	10,271,510	16,212,317
Accrued interest payable	36,375,398	7,241,935	43,617,333
Due to primary government	-	-	-
Due to component units	2,547,390	-	2,547,390
Unearned revenue	38,761,380	-	38,761,380
Performance and other deposits	87,008,067	-	87,008,067
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds payable, net	202,106,457	-	202,106,457
Revenue bonds payable, net	27,052,289	21,800,736	48,853,025
Notes payable, net	3,830,000	-	3,830,000
Compensated absences payable	63,235,119	1,223,124	64,458,243
Landfill closure and postclosure obligation	-	-	-
Obligations under capital leases and installment purchases	1,728,922	-	1,728,922
Insurance and benefit claims payable	29,514,308	-	29,514,308
Loan from primary government	-	-	-
Unearned Rent	-	-	-
Other	2,708,008	-	2,708,008
Portion due or payable after one year:			
General obligation bonds payable, net	2,024,778,529	-	2,024,778,529
Revenue bonds payable, net	742,609,603	644,676,583	1,387,286,186
Notes payable, net	28,882,500	-	28,882,500
Compensated absences payable	44,473,603	964,124	45,437,727
Landfill closure and postclosure obligation	68,181,679	-	68,181,679
Obligations under capital leases and installment purchases	1,749,072	-	1,749,072
Insurance and benefit claims payable	29,165,535	-	29,165,535
Net pension obligation	119,219,051	-	119,219,051
Loan from primary government	-	-	-
Unearned Rent	-	-	-
Other	29,206,712	-	29,206,712
Total liabilities	3,729,928,231	688,033,014	4,417,961,245
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred tax revenue	2,743,662,768	-	2,743,662,768
Unavailable revenue	3,707,409	-	3,707,409
Deferred gain on refunding of debt	134,536	1,931,477	2,066,013
Total deferred inflows of resources	2,747,504,713	1,931,477	2,749,436,190
<b>NET POSITION</b>			
Net investment in capital assets	1,736,906,426	778,825,722	2,515,732,148
Restricted for:			
Grant programs	42,950,228	-	42,950,228
Sewer improvements	-	29,078,061	29,078,061
Repair and replacement	-	-	-
Community centers	17,256,610	-	17,256,610
Housing	-	-	-
Transportation	154,743,247	-	154,743,247
Capital projects	-	-	-
Debt service	-	15,035,893	15,035,893
Unrestricted (deficit)	(1,657,422,986)	147,119,567	(1,510,303,419)
Net position	\$ 294,433,525	970,059,243	1,264,492,768

See accompanying notes to the financial statements.

EXHIBIT A  
concluded

Total Component Units	Reclassifications (See Note A-12)	Total Reporting Entity	
<b>LIABILITIES</b>			
44,086,390	-	142,309,656	Accounts payable and accrued liabilities
36,804,338	-	81,289,876	Accrued salaries and benefits
7,447,673	-	23,659,990	Contract retainages
5,461,893	-	49,079,226	Accrued interest payable
363,342	-	363,342	Due to primary government
-	-	2,547,390	Due to component units
22,147,125	-	60,908,505	Unearned revenue
3,878,439	-	90,886,506	Performance and other deposits
			Long-term liabilities:
			Portion due or payable within one year:
-	-	202,106,457	General obligation bonds payable, net
756,121	-	49,609,146	Revenue bonds payable, net
7,158,762	-	10,988,762	Notes payable, net
27,339,593	-	91,797,836	Compensated absences payable
-	-	-	Landfill closure and postclosure obligation
14,056,827	-	15,785,749	Obligations under capital leases and installment purchases
24,807,564	-	54,321,872	Insurance and benefit claims payable
243,700	-	243,700	Loan from primary government
101,339	-	101,339	Unearned Rent
-	-	2,708,008	Other
			Portion due or payable after one year:
-	-	2,024,778,529	General obligation bonds payable, net
30,745,820	-	1,418,032,006	Revenue bonds payable, net
60,454,884	-	89,337,384	Notes payable, net
13,084,099	-	58,521,826	Compensated absences payable
-	-	68,181,679	Landfill closure and postclosure obligation
70,891,107	-	72,640,179	Obligations under capital leases and installment purchases
28,377,756	-	57,543,291	Insurance and benefit claims payable
-	-	119,219,051	Net pension obligation
12,588,500	-	12,588,500	Loan from primary government
1,853,665	-	1,853,665	Unearned Rent
-	-	29,206,712	Other
412,648,937	-	4,830,610,182	Total liabilities
<b>DEFERRED INFLOWS OF RESOURCES</b>			
-	-	2,743,662,768	Deferred tax revenue
-	-	3,707,409	Unavailable revenue
-	-	2,066,013	Deferred gain on refunding
-	-	2,749,436,190	Total deferred inflow of resources
<b>NET POSITION</b>			
2,657,066,914	(1,463,376,942)	3,709,422,120	Net investment in capital assets
			Restricted for:
6,519,094	-	49,469,322	Grant programs
-	-	29,078,061	Sewer improvements
700,000	-	700,000	Repair and replacement
-	-	17,256,610	Community centers
22,799,619	-	22,799,619	Housing
-	-	154,743,247	Transportation
134,232,122	(132,956,341)	1,275,781	Capital projects
61,115	-	15,097,008	Debt service
320,757,438	1,596,333,283	406,787,302	Unrestricted (deficit)
3,142,136,302	-	4,406,629,070	Net position

**COUNTY OF FAIRFAX, VIRGINIA**  
**Statement of Activities**  
**For the fiscal year ended June 30, 2013**

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government administration	\$ 201,445,282	21,358,761	14,001,774	4,290,115
Judicial administration	46,336,343	15,991,980	7,375,561	-
Public safety	658,186,021	58,883,550	56,916,116	296,805
Public works	185,250,816	117,037,898	508,644	17,443,759
Health and welfare	542,052,102	64,938,672	138,503,508	14,796
Community development	387,551,012	235,619,344	20,101,901	266,789
Parks, recreation, and cultural	112,057,718	14,043,089	2,129,388	-
Education - for Public Schools	1,843,611,090	-	-	-
Interest on long-term debt	117,251,705	-	-	-
Total governmental activities	4,093,742,089	527,873,294	239,536,892	22,312,264
Business-type activities:				
Public works - Sewer	169,212,487	194,030,949	-	7,062,744
Total business-type activities	169,212,487	194,030,949	-	7,062,744
Total primary government	4,262,954,576	721,904,243	239,536,892	29,375,008
Component units:				
Public Schools	2,627,541,127	106,547,191	253,060,520	167,136,265
Redevelopment and Housing Authority	107,581,009	41,038,920	60,756,011	489,767
Park Authority	89,797,211	43,477,706	-	13,504,787
Economic Development Authority	9,324,466	-	-	-
Total component units	\$ 2,834,243,813	191,063,817	313,816,531	181,130,819

**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 and property

Revenue from primary government

Other

**Special items:**

INOVA Health

Total general revenues

Change in net position

Net position, July 1, 2012

Net position, June 30, 2013

See accompanying notes to the financial statements.

## EXHIBIT A-1

<b>Net (Expense) Revenue and Changes in Net Position</b>				
Primary Government			Total	
Governmental Activities	Business-type Activities	Total Primary Government	Component Units	Functions/Programs
				<b>Primary government:</b>
				Governmental activities:
(161,794,632)	-	(161,794,632)	-	General government administration
(22,968,802)	-	(22,968,802)	-	Judicial administration
(542,089,550)	-	(542,089,550)	-	Public safety
(50,260,515)	-	(50,260,515)	-	Public works
(338,595,126)	-	(338,595,126)	-	Health and welfare
(131,562,978)	-	(131,562,978)	-	Community development
(95,885,241)	-	(95,885,241)	-	Parks, recreation, and cultural
(1,843,611,090)	-	(1,843,611,090)	-	Education - for Public Schools
(117,251,705)	-	(117,251,705)	-	Interest on long-term debt
(3,304,019,639)	-	(3,304,019,639)	-	Total governmental activities
				Business-type activities:
-	31,881,206	31,881,206	-	Public works - Sewer
-	31,881,206	31,881,206	-	Total business-type activities
(3,304,019,639)	31,881,206	(3,272,138,433)	-	Total primary government
				<b>Component units:</b>
-	-	-	(2,100,797,151)	Public Schools
-	-	-	(5,296,311)	Redevelopment and Housing Authority
-	-	-	(32,814,718)	Park Authority
-	-	-	(9,324,466)	Economic Development Authority
-	-	-	(2,148,232,646)	Total component units
				<b>General revenues:</b>
				Taxes:
2,123,759,406	-	2,123,759,406	-	Real property
353,275,799	-	353,275,799	-	Personal property
158,768,484	-	158,768,484	-	Business licenses
265,029,666	-	265,029,666	-	Local sales and use
73,450,331	-	73,450,331	-	Consumers utility
28,281,179	-	28,281,179	-	Recordation
32,694,178	-	32,694,178	-	Occupancy, tobacco, and other
209,291,717	-	209,291,717	420,471,861	Grants and contributions not restricted to specific programs
9,836,372	1,409,377	11,245,749	415,858	Revenue from the use of money and property
-	-	-	1,732,130,960	Revenue from primary government
-	-	-	1,667,408	Other
4,200,000	-	4,200,000	-	<b>Special items:</b>
3,258,587,132	1,409,377	3,259,996,509	2,154,686,087	INOVA Health
(45,432,507)	33,290,583	(12,141,924)	6,453,441	Total general revenues
339,866,032	936,768,660	1,276,634,692	3,135,682,861	Change in net position
\$ 294,433,525	970,059,243	1,264,492,768	3,142,136,302	Net position, July 1, 2012
				Net position, June 30, 2013

**COUNTY OF FAIRFAX, VIRGINIA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2013**

**EXHIBIT A-2**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Equity in pooled cash and temporary investments	\$ 532,913,123	554,429,328	1,087,342,451
Receivables (net of allowances):			
Accounts	12,187,011	14,955,534	27,142,545
Accrued interest	49,340	3,955,545	4,004,885
Property taxes:			
Delinquent	20,372,875	-	20,372,875
Not yet due	2,434,206,366	-	2,434,206,366
Business license taxes - delinquent	3,150,507	-	3,150,507
Loans	-	57,572,425	57,572,425
Due from intergovernmental units (net of allowances):			
Property tax relief - not yet due	211,313,944	-	211,313,944
Other	48,050,022	26,337,656	74,387,678
Due from component units	363,342	-	363,342
Loan to component unit	-	12,832,200	12,832,200
Lease to component unit	-	51,480,000	51,480,000
Interfund receivables	5,450,834	1,827,249	7,278,083
Prepaid and other assets	1,061,713	401,427	1,463,140
Restricted assets:			
Equity in pooled cash and temporary investments	-	40,009,597	40,009,597
Cash with fiscal agents	633,354	128,284,790	128,918,144
Certificates of deposit - performance bonds	34,428	-	34,428
Total assets	3,269,786,859	892,085,751	4,161,872,610
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total deferred outflows of resources	-	-	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 3,269,786,859</b>	<b>892,085,751</b>	<b>4,161,872,610</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 46,668,656	40,573,974	87,242,630
Accrued salaries and benefits	35,043,657	7,620,779	42,664,436
Contract retainages	-	5,940,807	5,940,807
Accrued interest payable	-	1,026,351	1,026,351
Due to component units	2,179,627	367,763	2,547,390
Interfund payables	-	7,837,249	7,837,249
Unearned revenue	24,546,530	87,176,913	111,723,443
Performance and other deposits	67,726,750	19,281,317	87,008,067
Total liabilities	176,165,220	169,825,153	345,990,373
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred tax revenue	2,743,662,768	-	2,743,662,768
Unavailable revenue	20,690,622	6,456,398	27,147,020
Total deferred inflows of resources	2,764,353,390	6,456,398	2,770,809,788
<b>Total liabilities and deferred inflows of resources</b>	<b>\$ 2,940,518,610</b>	<b>176,281,551</b>	<b>3,116,800,161</b>

## EXHIBIT A-2

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid amounts	\$ 727,441	748,799	1,476,240
Total Nonspendable	727,441	748,799	1,476,240
Restricted for:			
Public safety, courts, and judicial	-	25,515,102	25,515,102
General public works	-	110,183,236	110,183,236
Stormwater management	-	29,559,119	29,559,119
Transportation	-	154,932,897	154,932,897
Social services, health and welfare	-	9,467,562	9,467,562
Housing and community development	-	29,833,883	29,833,883
Parks, recreation, and cultural	-	30,992,500	30,992,500
Debt service	-	13,144,740	13,144,740
Capital projects	-	156,996,862	156,996,862
Other purposes	-	5,189,055	5,189,055
Total Restricted	-	565,814,956	565,814,956
Committed to:			
Revenue stabilization	107,624,846	-	107,624,846
Managed reserves	71,727,394	-	71,727,394
Public safety, courts, and judicial	1,035,646	4,415,916	5,451,562
Transportation	-	46,451,053	46,451,053
Social services, health and welfare	1,376,443	8,409,806	9,786,249
Housing and community development	25,486	14,355,653	14,381,139
Parks, recreation, and cultural	1,623,461	-	1,623,461
Debt service	-	19,655,744	19,655,744
Capital projects	-	69,060,578	69,060,578
Other purposes	33,465,985	-	33,465,985
Total Committed	216,879,261	162,348,750	379,228,011
Assigned to:			
Public safety, courts, and judicial	6,013,982	-	6,013,982
General public works	5,537,668	-	5,537,668
Social services, health and welfare	13,324,618	-	13,324,618
Housing and community development	966,157	-	966,157
Parks, recreation, and cultural	2,979,001	-	2,979,001
Other purposes	6,020,490	-	6,020,490
Total Assigned	34,841,916	-	34,841,916
Unassigned:	76,819,631	(13,108,305)	63,711,326
Total fund balances	329,268,249	715,804,200	1,045,072,449
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,269,786,859	892,085,751	4,161,872,610

See accompanying notes to the financial statements.

continued



**COUNTY OF FAIRFAX, VIRGINIA**  
**Reconciliation of the Balance Sheet to the Statement of Net Position**  
**Governmental Funds**  
**June 30, 2013**

**EXHIBIT A-2**  
concluded

Fund balances - Total governmental funds \$ 1,045,072,449

Amounts reported for governmental activities in the statement of net position (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	\$ 416,463,562	
Easements	3,555,058	
Construction in progress	309,940,835	
Equipment under construction	6,794,058	
Software in development	3,743,594	
Depreciable/amortizable assets:		
Equipment	257,547,685	
Software	84,771,268	
Library collections	87,485,754	
Buildings and improvements	1,320,117,282	
Infrastructure	<u>719,811,145</u>	
Total capital assets	3,210,230,241	
Less accumulated depreciation/amortization	<u>(883,511,575)</u>	2,326,718,666

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 unearned  
revenue in the funds:

Delinquent taxes (net of allowances):		
Property	\$ 17,686,390	
Business license	3,150,507	
Other charges for services	645,166	
Lease to component unit	<u>51,480,000</u>	72,962,063

When an asset is recorded in governmental fund financial statements, but the revenue is not  
available, it is reported as deferred inflow of resources in the funds:

Sales and use and other taxes	\$ 21,033,470	
EMS transport and other charges for services	<u>2,406,141</u>	23,439,611

For debt refundings resulting in defeasance of debt, the difference between the reacquisition  
price and the net carrying amount of the old debt should be reported as a  
deferred outflow of resources or a deferred inflow of resources:

Deferred loss on refunding of debt	45,313,702
Deferred gain on refunding of debt	(134,536)

Certain other receivables are accrued only in the government-wide statements 726,358

OPEB costs are recognized as expenditures in the fund statements,  
but are deferred in the government-wide statements. 1,515,610

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 position.

Assets:		
Current assets	\$ 173,040,133	
Capital assets	161,484,793	
Less accumulated depreciation/amortization	(90,968,154)	
Liabilities	<u>(74,843,673)</u>	168,713,099

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	\$ (2,226,884,986)	
Revenue bonds payable, net	(769,661,892)	
Notes payable	(32,712,500)	
Compensated absences payable	(104,560,696)	
Landfill closure and postclosure obligation	(68,181,679)	
Obligations under capital leases and installment purchases	(1,408,926)	
Net pension obligation	(119,219,051)	
Other long-term liabilities	(31,914,720)	
Accrued interest on long-term debt	<u>(35,349,047)</u>	(3,389,893,497)

Net position of governmental activities \$ 294,433,525



**COUNTY OF FAIRFAX, VIRGINIA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the fiscal year ended June 30, 2013**

**EXHIBIT A-3**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 3,008,000,381	28,288,441	3,036,288,822
Permits, privilege fees, and regulatory licenses	38,201,352	24,209,752	62,411,104
Intergovernmental	339,758,071	215,128,856	554,886,927
Charges for services	68,546,107	269,113,954	337,660,061
Fines and forfeitures	16,792,348	50,604	16,842,952
Developers' contributions	10,473	164,869	175,342
Revenue from the use of money and property	18,554,603	15,684,810	34,239,413
Recovered costs	7,695,967	6,380,632	14,076,599
Gifts, donations, and contributions	1,294,507	867,187	2,161,694
<b>Total revenues</b>	<b>3,498,853,809</b>	<b>559,889,105</b>	<b>4,058,742,914</b>
<b>EXPENDITURES</b>			
Current:			
General government administration	165,846,296	7,101,565	172,947,861
Judicial administration	44,865,364	886,509	45,751,873
Public safety	581,786,118	57,869,065	639,655,183
Public works	79,745,099	118,458,871	198,203,970
Health and welfare	349,735,140	193,079,230	542,814,370
Community development	49,760,626	142,239,643	192,000,269
Parks, recreation, and cultural	37,985,735	16,284,698	54,270,433
Intergovernmental:			
Community development	9,989,987	168,034,179	178,024,166
Parks, recreation, and cultural	29,591,048	22,903,477	52,494,525
Education - for Public Schools	1,683,462,921	160,148,169	1,843,611,090
Capital outlay:			
General government administration	9,623,346	960,739	10,584,085
Judicial administration	167,696	-	167,696
Public safety	297,806	2,326,961	2,624,767
Public works	614,691	61,449,220	62,063,911
Health and welfare	628,993	16,504,913	17,133,906
Community development	19,684	76,256,601	76,276,285
Parks, recreation, and cultural	3,564,993	1,143,197	4,708,190
Debt service:			
Principal retirement	347,692	234,267,724	234,615,416
Interest and other charges	52,732	127,301,038	127,353,770
<b>Total expenditures</b>	<b>3,048,085,967</b>	<b>1,407,215,799</b>	<b>4,455,301,766</b>
Excess (deficiency) of revenues over (under) expenditures	450,767,842	(847,326,694)	(396,558,852)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	10,030,457	515,305,142	525,335,599
Transfers out	(485,201,216)	(51,152,920)	(536,354,136)
General obligation bonds issued	-	206,335,000	206,335,000
Premium on general obligation bonds issued	-	43,732,464	43,732,464
Revenue bonds issued	-	42,390,000	42,390,000
Premium on revenue bonds issued	-	6,319,053	6,319,053
General obligation refunding bonds issued	-	128,000,000	128,000,000
Premium on general obligation refunding bonds issued	-	18,501,301	18,501,301
General obligation payments to refunded bonds escrow agent	-	(145,945,515)	(145,945,515)
Refunding bonds issued	-	24,650,000	24,650,000
<b>Total other financing sources (uses)</b>	<b>(475,170,759)</b>	<b>788,134,525</b>	<b>312,963,766</b>
<b>SPECIAL ITEM</b>			
INOVA Health	-	4,200,000	4,200,000
Net change in fund balances	(24,402,917)	(54,992,169)	(79,395,086)
Fund balances, July 1, 2012	353,671,166	770,796,369	1,124,467,535
<b>Fund balances, June 30, 2013</b>	<b>\$ 329,268,249</b>	<b>715,804,200</b>	<b>1,045,072,449</b>

See accompanying notes to the financial statements.

continued

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT A-3

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

concluded

## Governmental Funds

For the fiscal year ended June 30, 2013

Net change in fund balances - Total governmental funds \$ (79,395,086)

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	\$ 173,558,840	
Less depreciation/amortization expense	<u>(76,437,540)</u>	97,121,300

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. (11,544,639)

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 18,245,917

Build America Bonds interest subsidy accrual is not recognized as revenue in the fund statements (69,219)

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 unearned revenue in the funds:

Delinquent property taxes	\$ (4,762)	
Delinquent business license taxes	(548,550)	
Other charges for services	<u>71,606</u>	(481,706)

Some revenues will not be collected for several months after the fiscal year ends, hence, they are not considered "available" revenues and are deferred inflow of resources in the governmental funds:

Sales and use and other taxes	\$ (476,467)	
EMS transport and other charges for services	<u>1,078,185</u>	601,718

The receipt of principal payments for the lease to the component unit does not result in a revenue in the statement of activities. (1,360,000)

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 position and does not affect the statement of activities. The following were issued:

Series 2013A General Obligation Bonds	\$ (250,067,464)	
Series 2013B General Obligation Refunding Bonds	(146,501,301)	
EDA Series 2012 Transportation District Improvement Revenue Bc	(48,709,053)	
FCRHA Bond Anticipation Notes 2013A	<u>(24,650,000)</u>	(469,927,818)

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. (526,000)

Certain other long-term liabilities are recognized only in the government-wide statements, resulting in a net difference. 835,264

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 position and do not result in an expense in the statement of activities.

Principal repayments of matured bonds, notes, and loans	\$ 227,067,783	
Payment to escrow agent to refund bonds	145,945,515	
Principal payments of capital leases and installment purchases	<u>7,547,634</u>	380,560,932

Interest on long-term debt is reported as an expenditure in the governmental funds when it is due.

In the statement of activities, however, interest expense is affected as this interest accrues and as bond-related items are amortized. This difference in interest reporting is as follows:

Accrued interest on bonds, loans, and capital leases	\$ (3,292,264)	
Amortization of bond premiums and discounts	25,778,754	
Amortization of deferred gains on bond refundings	517,274	
Amortization of deferred losses on bond refundings	<u>(12,821,995)</u>	10,181,769

Under the modified accrual basis of accounting used in the governmental funds, expenditures for the following are not recognized until they mature. In the statement of activities, however, they are reported as expenses and liabilities as they accrue. The timing differences are as follows:

Landfill closure and postclosure costs	\$ (3,832,009)	
Compensated absences	(1,747,414)	
Net pension obligation	(16,034,820)	
Other	<u>6,772,500</u>	(14,841,743)

Internal service funds are used by management to provide certain goods and services to governmental funds. The change in net position is reported with governmental activities. 25,166,804

Change in net position of governmental activities \$ (45,432,507)

**COUNTY OF FAIRFAX, VIRGINIA**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2013**

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
<b>ASSETS</b>		
Current assets:		
Equity in pooled cash and temporary investments	\$ 113,392,387	169,836,546
Accounts receivable	208,793	54,132
Accrued interest receivable	2,774	1,527
Due from intergovernmental units (net of allowance)	45,520,211	-
Interfund receivables	-	829,291
Inventories of supplies	402,306	2,131,637
Total unrestricted current assets	159,526,471	172,853,133
Restricted assets:		
Equity in pooled cash and temporary investments	94,875,160	-
Cash with fiscal agents	15,035,893	187,000
Investments	21,920,400	-
Total restricted current assets	131,831,453	187,000
Total current assets	291,357,924	173,040,133
Long-term assets:		
Capital assets:		
Non-depreciable/non-amortizable:		
Land	17,407,323	1,938,688
Easements	406,829	-
Construction in progress	115,149,188	-
Equipment under construction	-	5,861,313
Software in development	-	174,240
Depreciable/amortizable:		
Equipment	12,179,421	127,024,122
Software	-	2,026,347
Purchased capacity	869,047,701	-
Buildings and improvements	88,398,832	21,633,263
Infrastructure	1,046,377,246	2,826,820
Accumulated depreciation	(540,574,645)	(90,084,810)
Accumulated amortization	(257,456,512)	(883,344)
Total capital assets, net	1,350,935,383	70,516,639
Total long-term assets	1,350,935,383	70,516,639
Total assets	1,642,293,307	243,556,772
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred loss on refunding of debt	18,000,552	-
Total deferred outflows of resources	\$ 18,000,552	-

See accompanying notes to the financial statements.

## EXHIBIT A-4

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,183,979	9,796,657
Accrued salaries and benefits	671,023	1,150,079
Contract retainages	10,271,510	-
Interfund payables	270,125	-
Accrued interest payable	7,241,935	-
Revenue bonds payable, net	21,800,736	-
Compensated absences payable	1,223,124	1,715,258
Obligations under capital leases	-	1,335,470
Insurance and benefit claims payable	-	29,514,308
Total current liabilities	42,662,432	43,511,772
Long-term liabilities:		
Revenue bonds payable, net	644,676,583	-
Compensated absences payable	964,124	1,432,768
Obligations under capital leases	-	733,598
Insurance and benefit claims payable	-	29,165,535
Total long-term liabilities	645,640,707	31,331,901
Total liabilities	688,303,139	74,843,673
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred gain on refunding of debt	1,931,477	-
Total deferred inflow of resources	1,931,477	-
<b>NET POSITION</b>		
Net investment in capital assets	778,825,722	68,447,572
Restricted for:		
Sewer improvements	29,078,061	-
Debt service	15,035,893	-
Unrestricted	147,119,567	100,265,527
Net position	\$ 970,059,243	168,713,099

**COUNTY OF FAIRFAX, VIRGINIA**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the fiscal year ended June 30, 2013**

**EXHIBIT A-5**

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
<b>OPERATING REVENUES:</b>		
Sales of services		
Charges for services	\$ 173,553,631	283,246,492
Intergovernmental	-	10,878
Other	-	107,182
Total operating revenues	173,553,631	283,364,552
<b>OPERATING EXPENSES:</b>		
Personnel services	25,607,805	29,017,428
Materials and supplies	13,238,456	1,942,370
Equipment operation and maintenance	-	57,951,458
Risk financing and benefit payments	-	151,593,453
Depreciation and amortization	54,358,299	11,968,320
Professional consultant and contractual services	47,594,864	12,492,863
Other	-	6,271,886
Total operating expenses	140,799,424	271,237,778
Operating gain	32,754,207	12,126,774
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Availability fees	20,477,318	-
Insurance recoveries	-	1,234,495
Interest revenue	1,409,377	297,493
Interest expense	(28,052,165)	(79,704)
Bond issuance costs	(699,561)	-
Amortization of deferred gain on bond refunding	151,242	-
Gain on disposal of capital assets	187,421	340,387
Total nonoperating revenues (expenses)	(6,526,368)	1,792,671
Gain before contributions, special item, and transfers	26,227,839	13,919,445
Capital contributions	7,062,744	228,823
Transfers in	-	11,018,536
Change in net position	33,290,583	25,166,804
Net position, July 1, 2012	936,768,660	143,546,295
Net position, June 30, 2013	\$ 970,059,243	168,713,099

See accompanying notes to the financial statements.



**COUNTY OF FAIRFAX, VIRGINIA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the fiscal year ended June 30, 2013**

**EXHIBIT A-6**

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 173,657,339	-
Receipts from interfund services provided	-	283,711,591
Payments to suppliers and contractors	(60,584,089)	(68,165,266)
Payments to employees	(25,571,218)	(28,862,770)
Claims and benefits paid	-	(150,925,161)
Payments for interfund services used	-	(6,396,222)
Intergovernmental revenue received	-	10,878
Net cash provided by operating activities	87,502,032	29,373,050
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers from other funds	-	11,018,536
Net cash provided by noncapital financing activities	-	11,018,536
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Availability fees received	20,477,318	-
Capital grants received	1,107,952	-
Principal payments on sewer revenue bonds	(17,217,217)	-
Interest payments on sewer revenue bonds	(27,091,441)	-
Revenue bonds issued, including premium	105,867,439	-
Payment of bond issuance costs	(699,561)	-
Deposit with fiscal agent for legal reserve	(5,404,101)	-
Proceeds from sale of capital assets	187,421	459,218
Purchase of capital assets, other than purchased capacity	(50,380,282)	(13,525,897)
Acquisition of purchased capacity	(40,650,962)	-
Principal payments on obligations under capital leases	-	(1,113,042)
Interest payments on obligations under capital leases	-	(79,704)
Net cash provided (used) by capital and related financing activities	(13,803,434)	(14,259,425)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sales of restricted investments	18,170,534	-
Purchases of investments	(22,132,264)	-
Interest received	1,412,216	299,781
Net cash provided by investing activities	(2,549,514)	299,781
Net decrease in cash and cash equivalents	71,149,084	26,431,942
Cash and cash equivalents, July 1, 2012	137,118,463	143,591,604
Cash and cash equivalents, June 30, 2013	\$ 208,267,547	170,023,546
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 32,754,207	12,126,774
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	54,358,299	11,968,320
Insurance recoveries	-	1,234,495
Change in assets and liabilities:		
Decrease in accounts receivable	-	399,461
(Increase) decrease in intergovernmental receivables	103,708	-
(Increase) in interfund receivables	-	(52,422)
(Increase) decrease in inventories of supplies	24,638	(42,547)
(Increase) decrease in other assets	(54,768)	10,878
Increase (decrease) in accounts payable and accrued liabilities	279,361	3,573,688
Increase in accrued salaries and benefits	21,644	450,843
Increase (decrease) in interfund payables	14,943	(296,440)
Total adjustments to operating	54,747,825	17,246,276
Net cash provided by operating activities	\$ 87,502,032	29,373,050
<b>Noncash investing, capital, and financing activities:</b>		
Capital contributions - sewer lines, manholes, and equipment	\$ 5,954,792	228,823
Initiation of an obligation under capital lease	-	904,893
Net increase in long-term debt resulting from the issuance of loans/revenue bonds by UOSA	4,785,859	-
Increase in fair value of investments not classified as cash and cash equivalents	89,561	-

See accompanying notes to the financial statements.

**COUNTY OF FAIRFAX, VIRGINIA**  
**Statement of Fiduciary Net Position**  
**June 30, 2013**

**EXHIBIT A-7**

	Pension Trust Funds	OPEB Trust Fund	Agency Funds
<b>ASSETS</b>			
Equity in pooled cash and temporary investments	\$ 8,707,745	2,333,265	2,179,172
Cash collateral for securities lending	75,775,624	-	-
Accounts receivable	-	-	61,516
Contributions receivable	9,590,951	-	-
Accrued interest and dividends receivable	6,842,099	39,303	-
Receivable from sale of investments	183,237,686	-	-
Equipment	7,251	-	-
Investments, at fair value:			
U.S. Government and agency securities	169,128,018	-	-
Asset-backed securities	365,341,491	-	-
Corporate and other bonds	644,401,668	-	-
Common and preferred stock	1,538,894,502	-	-
Short-term investments	496,372,993	-	-
Investment in pooled funds	<u>2,587,279,691</u>	<u>148,542,663</u>	<u>-</u>
Total assets	<u>6,085,579,719</u>	<u>150,915,231</u>	<u>\$ 2,240,688</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total deferred outflows of resources	-	-	-
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	10,681,056	26,892	-
Accrued salaries and benefits	77,396	-	-
Interfund payable	29,727	-	-
Payable for purchase of pension investments	223,747,729	-	-
Liabilities for collateral received under securities lending agreements	75,775,624	-	-
Liabilities under reimbursement agreements	-	-	2,240,688
Total liabilities	<u>310,311,532</u>	<u>26,892</u>	<u>\$ 2,240,688</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Total deferred inflows of resources	-	-	-
<b>NET POSITION</b>			
Held in trust for pension/OPEB benefits	<u>\$ 5,775,268,187</u>	<u>150,888,339</u>	

See accompanying notes to the financial statements.

**COUNTY OF FAIRFAX, VIRGINIA**  
**Statement of Changes in Plan Net Position**  
**Trust Funds**  
**For the fiscal year ended June 30, 2013**

**EXHIBIT A-8**

	Pension Trust Funds	OPEB Trust Fund
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 215,181,525	38,306,234
Plan members	53,748,642	-
Other	-	1,262,891
Total contributions	268,930,167	39,569,125
Investment income:		
From investment activities:		
Net appreciation in fair value of investments	386,515,705	11,348,368
Interest	56,027,281	63,285
Dividends	40,570,434	-
Total income from investment activities	483,113,420	11,411,653
Less investment activities expenses:		
Management fees	19,601,922	100,154
Other	1,757,957	500
Total investment activities expenses	21,359,879	100,654
Net income from investment activities	461,753,541	11,310,999
From securities lending activities:		
Securities lending income	1,196,192	-
Less securities lending expenses:		
Management fees	374,434	-
Total securities lending activities expenses	374,434	-
Net income from securities lending activities	821,758	-
Net investment income	462,575,299	11,310,999
Total additions	731,505,466	50,880,124
<b>DEDUCTIONS</b>		
Benefits	348,410,213	13,531,790
Refunds of contributions	4,068,639	-
Administrative expenses	2,726,856	153,804
Total deductions	355,205,708	13,685,594
Net increase	376,299,758	37,194,530
Net position, July 1, 2012	5,398,968,429	113,693,809
Net position, June 30, 2013	\$ 5,775,268,187	150,888,339

See accompanying notes to the financial statements.

**COUNTY OF FAIRFAX, VIRGINIA**  
**Combining Statement of Net Position**  
**Component Units**  
**June 30, 2013**

	Public Schools	Redevelopment and Housing Authority
<b>ASSETS</b>		
Equity in pooled cash and temporary investments	\$ 359,416,873	29,286,410
Cash in banks	-	12,691,060
Investments	-	3,685,186
Receivables (net of allowances):		
Accounts	4,097,440	935,582
Accrued interest	172,210	326,480
Notes	-	26,463,220
Due from intergovernmental units	63,362,895	-
Due from primary government	279,978	-
Inventories of supplies	2,734,210	-
Prepaid and other assets	285,276	4,554,221
Restricted assets:		
Equity in pooled cash and temporary investments	125,378,229	-
Cash with fiscal agents	-	17,121,396
Certificates of deposit - performance bonds	-	2,195,032
Investments	-	1,960,000
Net OPEB Asset	13,392,985	-
Unearned financing fees (net of amortization)	-	1,108,177
Property held for sale	-	1,026,747
Capital assets:		
Non-depreciable/non-amortizable:		
Land	44,869,395	42,096,776
Easements	-	-
Construction in progress	193,374,318	1,833,004
Software in development	6,265,521	-
Depreciable/amortizable:		
Equipment	267,744,446	1,943,111
Software	4,865,424	-
Library collections	34,769,180	-
Buildings and improvements	3,035,603,055	218,097,802
Accumulated depreciation	(1,473,329,850)	(119,597,165)
Accumulated amortization	(2,474,501)	-
Total assets	<u>2,680,807,084</u>	<u>245,727,039</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred amounts from the refunding debt	-	-
Total deferred outflows of resources	<u>\$ -</u>	<u>-</u>
See accompanying notes to the financial statements.		

## EXHIBIT A-9

Park Authority	Economic Development Authority	Total Component Units	
<b>ASSETS</b>			
40,691,543	-	429,394,826	Equity in pooled cash and temporary investments
-	-	12,691,060	Cash in banks
-	-	3,685,186	Investments
			Receivables (net of allowances):
4,675	-	5,037,697	Accounts
62,268	-	560,958	Accrued interest
-	-	26,463,220	Notes
104,117	-	63,467,012	Due from intergovernmental units
1,783,018	484,394	2,547,390	Due from primary government
-	-	2,734,210	Inventories of supplies
-	-	4,839,497	Prepaid and other assets
			Restricted assets:
9,553,893	-	134,932,122	Equity in pooled cash and temporary investments
-	-	17,121,396	Cash with fiscal agents
-	-	2,195,032	Certificates of deposit - performance bonds
61,115	-	2,021,115	Investments
-	-	13,392,985	Net OPEB Asset
-	-	1,108,177	Unearned financing fees (net of amortization)
-	-	1,026,747	Land held for sale
			Capital assets:
			Non-depreciable/non-amortizable:
346,960,303	-	433,926,474	Land
17,016,009	-	17,016,009	Easements
13,410,371	-	208,617,693	Construction in progress
-	-	6,265,521	Software in development
			Depreciable/amortizable:
13,688,182	38,847	283,414,586	Equipment
-	-	4,865,424	Software
-	-	34,769,180	Library collections
365,536,755	767,961	3,620,005,573	Buildings and improvements
(182,123,372)	(334,851)	(1,775,385,238)	Accumulated depreciation
-	-	(2,474,501)	Accumulated amortization
626,748,877	956,351	3,554,239,351	Total assets
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
545,888	-	545,888	Deferred amounts from the refunding debt
545,888	-	545,888	Total deferred outflows of resources

continued

**COUNTY OF FAIRFAX, VIRGINIA**  
**Combining Statement of Net Position**  
**Component Units**  
**June 30, 2013**

	Public Schools	Redevelopment and Housing Authority
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 34,287,206	7,343,718
Accrued salaries and benefits	33,900,268	437,863
Contract retainages	7,209,628	-
Accrued interest payable	895,326	4,548,934
Due to primary government	-	128,676
Unearned revenue	14,889,057	1,931,413
Performance and other deposits	781,524	2,328,621
Long-term liabilities:		
Portion due or payable within one year:		
Revenue bonds payable, net	-	697,786
Notes payable	-	7,158,762
Compensated absences payable	24,029,318	571,569
Obligations under capital leases and installment purchases	14,056,827	-
Insurance and benefit claims payable	24,807,564	-
Loan from primary government	-	-
Unearned rent	-	-
Portion due or payable after one year:		
Revenue bonds payable, net	-	25,302,420
Notes payable	-	60,454,884
Compensated absences payable	10,298,278	648,700
Obligations under capital leases and installment purchases	70,891,107	-
Insurance and benefit claims payable	28,377,756	-
Loan from primary government	-	-
Unearned rent	965,703	-
Total liabilities	<u>265,389,562</u>	<u>111,553,346</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Total deferred inflow of resources	-	-
<b>NET POSITION</b>		
Net investment in capital assets	2,026,739,054	73,094,587
Restricted for:		
Grant and education programs	6,519,094	-
Repair and replacement	-	-
Housing	-	22,799,619
Capital projects	125,378,229	-
Debt service	-	-
Unrestricted (deficit)	<u>256,781,145</u>	<u>38,279,487</u>
<b>Net position</b>	<u>\$ 2,415,417,522</u>	<u>134,173,693</u>

See accompanying notes to the financial statements.

**EXHIBIT A-9**

concluded

Park Authority	Economic Development Authority	Total Component Units	
<b>LIABILITIES</b>			
2,113,150	342,316	44,086,390	Accounts payable and accrued liabilities
2,324,129	142,078	36,804,338	Accrued salaries and benefits
238,045	-	7,447,673	Contract retainages
17,633	-	5,461,893	Accrued interest payable
234,666	-	363,342	Due to primary government
5,326,655	-	22,147,125	Unearned revenue
768,294	-	3,878,439	Performance and other deposits
			Long-term liabilities:
			Portion due or payable within one year:
58,335	-	756,121	Revenue bonds payable, net
-	-	7,158,762	Notes payable
2,579,399	159,307	27,339,593	Compensated absences payable
-	-	14,056,827	Obligations under capital leases and installment purchases
-	-	24,807,564	Insurance and benefit claims payable
243,700	-	243,700	Loan from primary government
-	101,339	101,339	Unearned rent
			Portion due or payable after one year:
5,443,400	-	30,745,820	Revenue bonds payable, net
-	-	60,454,884	Notes payable
2,017,097	120,024	13,084,099	Compensated absences payable
-	-	70,891,107	Obligations under capital leases and installment purchases
-	-	28,377,756	Insurance and benefit claims payable
12,588,500	-	12,588,500	Loan from primary government
-	887,962	1,853,665	Unearned rent
33,953,003	1,753,026	412,648,937	Total liabilities
<b>DEFERRED INFLOWS OF RESOURCES</b>			
-	-	-	Total deferred inflow of resources
<b>NET POSITION</b>			
556,761,316	471,957	2,657,066,914	Net investment in capital assets
			Restricted for:
-	-	6,519,094	Grant and education programs
700,000	-	700,000	Repair and replacement
-	-	22,799,619	Housing
8,853,893	-	134,232,122	Capital projects
61,115	-	61,115	Debt service
26,965,438	(1,268,632)	320,757,438	Unrestricted (deficit)
593,341,762	(796,675)	3,142,136,302	Net position

**COUNTY OF FAIRFAX, VIRGINIA**  
**Combining Statement of Activities**  
**Component Units**  
**For the fiscal year ended June 30, 2013**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Public Schools:				
Education	\$ 2,627,541,127	106,547,191	253,060,520	167,136,265
Redevelopment and Housing Authority:				
Community development	107,581,009	41,038,920	60,756,011	489,767
Park Authority:				
Parks, recreation, and cultural	89,797,211	43,477,706	-	13,504,787
Economic Development Authority:				
Community development	9,324,466	-	-	-
<b>Total component units</b>	<b>\$ 2,834,243,813</b>	<b>191,063,817</b>	<b>313,816,531</b>	<b>181,130,819</b>

**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 position

Net position, July 1, 2012

Net position, June 30, 2013

See accompanying notes to the financial statements.



## EXHIBIT A-10

<b>Net (Expense) Revenue and Changes in Net Position</b>				
Public Schools	Redevelopment and Housing Authority	Park Authority	Economic Development Authority	Total Component Units
(2,100,797,151)	-	-	-	(2,100,797,151)
-	(5,296,311)	-	-	(5,296,311)
-	-	(32,814,718)	-	(32,814,718)
-	-	-	(9,324,466)	(9,324,466)
(2,100,797,151)	(5,296,311)	(32,814,718)	(9,324,466)	(2,148,232,646)
433,102,170	-	(12,630,309)	-	420,471,861
73,812	222,454	119,592	-	415,858
-	-	-	-	-
1,683,322,285	-	39,498,643	9,310,032	1,732,130,960
1,667,408	-	-	-	1,667,408
2,118,165,675	222,454	26,987,926	9,310,032	2,154,686,087
17,368,524	(5,073,857)	(5,826,792)	(14,434)	6,453,441
2,398,048,998	139,247,550	599,168,554	(782,241)	3,135,682,861
\$ 2,415,417,522	134,173,693	593,341,762	(796,675)	3,142,136,302



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**COUNTY OF FAIRFAX, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013**

**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 was located within the Sully, 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. In March 2006, the Board of Supervisors voted to change the boundaries, placing all boarders within the Hunter Mill Magisterial District. This change became effective January 1, 2007. 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 presentation consists of a special revenue, a debt service fund, and a capital projects fund. This authority provides services that exclusively benefit the County and was established with a tax increment financing agreement. 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 2013, Fairfax Water collected approximately \$136.0 million on behalf of the County, and as of June 30, 2013, the County has receivables of approximately \$32.1 million due from Fairfax Water.

#### Joint Ventures

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

The County is a participant in the Northern Virginia Regional Park Authority (NVRPA). NVRPA is a joint venture created under the Virginia Park Authorities Act of 1959 to protect and preserve Northern Virginia's rich heritage of woods, meadows, lakes, and streams. The governing body of NVRPA is comprised of two members from each of the 6 member jurisdictions: Fairfax, Arlington, and Loudoun Counties, and the Cities of Alexandria, Falls Church, and Fairfax. Each member jurisdiction provides contributions in direct proportion to its share of the region's population. The County's contributions are accounted for in the 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 position 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.

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, 2013, 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, 2013, interest earned by these funds and assigned directly to the County's General Fund is as shown on the right.

<b><u>Primary Government</u></b>	
Nonmajor Governmental Funds	\$ 3,444,155
Internal Service Funds	178,524
<b>Total primary government</b>	<b>3,622,679</b>
<b><u>Component Units</u></b>	
Public Schools	1,966,751
FCRHA	41,889
Park Authority	16,183
<b>Total component units</b>	<b>2,024,823</b>
<b>Total reporting entity</b>	<b>\$ 5,647,502</b>



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**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. Derivative instruments are financial contracts with valuations dependent on the values of one or more underlying assets, reference rates or financial indices. Detailed information on derivative investments is found in Note B.

**8. Inventories**

The consumption method of accounting for inventories is used. 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, 2013, the Sewer System has cash and investments that are restricted for the following uses:

<b>Restricted Assets of the Sewer System</b>	
Extensions and improvements	\$ 88,671,882
Nitrogen removal facilities	
Long-term debt service requirements	28,123,678
Current debt service requirements	15,035,893
Total restricted assets	<u>\$ 131,831,453</u>

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

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

## 10. Capital Assets

Capital assets, including land, 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	30 - 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 Position

Net position is comprised of three categories: Net investment in capital assets; Restricted net position; and Unrestricted net position. The first category of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds that are attributable to these capital assets. Restricted net position is restricted assets reduced by liabilities and deferred inflows of resources related to those assets. As of June 30, 2013, the primary government had \$259.1 million restricted net position, of which \$172.0 million was restricted by enabling legislation. Net position which is neither restricted nor related to net investment in capital assets, is reported as unrestricted net position.

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 Position (Exhibit A), the debt reduces *unrestricted net position* for the primary government, while the capital assets are reported in *net investment in capital assets* and the unspent bond proceeds are reported in *restricted net position* 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 \$1,596.3 million is reclassified as shown below to present the total reporting entity column of Exhibit A.

	Primary Government	Component Units	Reclassification of Debt Issued for:			Total Reporting Entity
			Public Schools Facilities	Park Authority Facilities	Total Reclassification of Debt Issued	
Net Position (summarized)						
Net Investment in capital assets, net of related debt	\$ 2,515,732,148	2,657,066,914	(1,292,610,815)	(170,766,127)	(1,463,376,942)	3,709,422,120
Restricted	259,064,039	164,311,950	(125,610,375)	(7,345,966)	(132,956,341)	290,419,648
Unrestricted	(1,510,303,419)	320,757,438	1,418,221,190	178,112,093	1,596,333,283	406,787,302
Net position	\$ 1,264,492,768	3,142,136,302	-	-	-	4,406,629,070

### 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
<b>Primary Government</b>	
<b>General Fund</b>	
Public safety, courts, and judicial	\$ 6,013,982
General public works	5,537,668
Social services, health and welfare	13,324,618
Housing and community development	966,157
Parks, recreation, and cultural	2,979,001
Other purposes	14,981,485
Total General Fund	43,802,911
<b>Capital Projects Funds</b>	
Capital Project	\$ 61,246,415

### 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 Capital Renewal Construction Fund had a deficit fund balance at June 30, 2013, of \$7.3 million. This fund is primarily funded from a transfer from the County General Fund, with additional revenue from the Virginia Department of Transportation and Virginia State Police. 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 F and F-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, but not eliminated, 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, 2013, are summarized at fair value as shown below:

Investment Type	Fair Value	Weighted Average Maturity (Days)
<b>Primary Government - Pooled Investments:</b>		
<b>Pooled Investments:</b>		
Agency discount notes	\$ 98,357,944	2.28
Commercial paper	532,336,514	54.82
Corporate Notes	3,903,449	0.08
Money market funds	74,036,743	0.01
Negotiable certificates of deposit	<u>596,280,851</u>	21.12
Total fair value	<u>\$ 1,304,915,501</u>	
Portfolio weighted average maturity		78.31
<b>Component Units - Pooled Investments:</b>		
Agency discount notes	\$ 35,742,056	2.28
Commercial paper	193,444,486	54.82
Corporate Notes	1,418,465	0.08
Money market funds	26,904,034	0.01
Negotiable certificates of deposit	<u>216,681,064</u>	21.12
Total fair value	<u>\$ 474,190,105</u>	
Portfolio weighted average maturity		78.31

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 30 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, 2013, are summarized at fair value as shown below:

Investment Type	Fair Value	Duration (Years)
<b>Primary Government - Pension Trust Funds:</b>		
U.S. Government securities	\$ 95,082,751	6.0
	46,047,990	8.5
	27,997,277	5.9
Corporate and other bonds	493,803,311	3.4
	60,081,461	5.8
	90,516,896	5.2
Asset-backed securities *	208,141,967	3.2
	68,538,931	4.2
	88,660,593	4.2
Short-term investments	323,460,170	0.1
	29,674,338	0.1
	<u>143,238,485</u>	0.1
Total fair value	<u>\$ 1,675,244,170</u>	
<b>Component Unit - Pension Trust Fund:</b>		
U.S. Treasuries	\$ 101,163,027	4.1
Agencies	12,808,451	1.7
Asset-backed securities *	2,991,078	6.7
Cash and Cash equivalents	13,245,154	0.2
Corporate bonds	146,515,176	6.0
Municipal bonds	8,934,563	4.7
Mortgages	109,120,931	2.6
Commercial mortgage-backed security	2,589,013	3.2
Foreign bonds	48,531,974	2.1
Convertible and preferred bonds	12,971,731	7.5
Emerging markets	51,102,964	4.7
Other	<u>25,618,198</u>	0.8
Total fair value	<u>\$ 535,592,260</u>	

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

### 3. Credit Risk

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

As of June 30, 2013, the reporting entity had investments in the following issuers with credit quality ratings as a percent of total investments in debt securities as shown on the opposite page:

Investment Type	Credit Quality Rating *							
	AAA	AA	A	BBB	BB	B	Below B	Unrated
<b>Primary Government</b>								
<b>Pooled Investments:</b>								
Commercial paper	- %	0.6 %	12.4 %	- %	- %	- %	- %	22.0 ** %
Money market funds	-	-	-	-	-	-	-	4.9 **
Corporate notes	-	0.3	-	-	-	-	-	-
Certificates of deposit:								
Negotiable	-	7.9	31.0	-	-	-	-	-
Insured	-	-	-	-	-	-	-	3.0 **
Agency discount note	-	6.5	-	-	-	-	-	-
Demand deposit account		1.2	10.2	-	-	-	-	-
<b>Pension Trust Funds:</b>								
U.S. Government securities	0.3 %	9.8 %	- %	- %	- %	- %	- %	- %
Corporate and other bonds	2.0	2.2	4.3	1.7	5.7	8.0	2.8	11.9
Asset-backed securities	0.2	8.0	0.3	0.6	0.5	0.3	8.0	3.8
Short-term investments	-	2.1	-	-	-	-	-	27.5
<b>Component Units</b>								
<b>Pooled Investments:</b>								
Commercial paper	- %	0.6 %	12.4 %	- %	- %	- %	- %	22.0 ** %
Money market funds	-	-	-	-	-	-	-	4.9 **
Corporate notes	-	0.3	-	-	-	-	-	-
Negotiable	-	7.9	31.0	-	-	-	-	-
Insured	-	-	-	-	-	-	-	3.0 **
Agency discount note	-	6.5	-	-	-	-	-	-
Demand deposit account		1.2	10.2	-	-	-	-	-
<b>Pension Trust Fund:</b>								
Government securities/agencies	- %	9.1 %	- %	- %	- %	- %	- %	4.3 %
Mortgage-backed securities	0.3	6.4	0.1	0.1	-	-	-	0.1
Domestic bonds	-	0.5	2.6	8.9	3.6	1.7	0.6	37.9
Convertible bonds	-	-	-	0.6	0.8	-	-	0.9
International bonds	2.2	0.3	6.6	3.5	2.0	-	-	3.4
Cash and cash equivalents	-	-	-	-	-	-	-	3.5

\* Credit quality ratings are determined using S&P's long-term rating schema, which approximates the greatest degree of risk as of June 30, 2013.

\*\* Insured CD's are not rated by rating agencies. Though not rated on S&P long term, the 22.0% of Commercial Paper and 4.9% 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, money market funds and demand deposit accounts	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, demand deposit accounts 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 position 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, 2013, is as follows:

Securities Lent	Underlying Securities	Cash Collateral Investment Value	Securities Collateral Investment Value
<b>Primary Government - Pension Trust Funds:</b>			
Lent for cash collateral:			
U.S. Government securities	\$ 3,100,047	3,163,945	-
Corporate and other bonds	6,059,643	6,214,970	-
Common and preferred stock	64,138,611	66,396,709	-
Lent for securities collateral:			
U.S. Government securities	78,489,762	-	80,670,106
Corporate and other bonds	3,887,792	-	3,967,711
Common and preferred stock	193,181,943	-	212,887,397
Total securities lent	<u>\$ 348,857,798</u>	<u>75,775,624</u>	<u>297,525,214</u>
<b>Component Unit - Pension Trust Fund:</b>			
Lent for cash collateral:			
U.S. Government and agency securities	\$ 1,925,021	1,964,661	-
Domestic corporate bonds	6,593,923	6,753,205	-
Domestic stock	52,324,482	53,587,572	-
International stock	3,986,141	4,193,530	-
Total securities lent	<u>\$ 64,829,567</u>	<u>66,498,968</u>	<u>-</u>

## 6. Foreign Currency Risk

Per the reporting entity's policy, pooled investments are limited to U.S. dollar denominated instruments. The pension trust funds are allowed to invest in foreign currency denominated instruments. The component unit's pension trust fund's policy allows investment managers to invest

up to 25 percent of the portfolio in securities issued by non-U.S. guarantors with up to 10 percent in emerging markets. As of June 30, 2013, the fair value in U.S. dollars of the pension trust funds' foreign currency investments are as follows:

International Securities	Cash and Cash Equivalents	Equity	Convertible and Fixed Income	Total U.S. Dollars
<b>Primary Government - Pension Trust Funds:</b>				
Australian dollar	\$ 67,968	30,036,289	23,189,651	53,293,908
Brazil real	5,166	2,315,655	5,042,963	7,363,784
British pound sterling	291,600	40,100,370	45,766,128	86,158,098
Canadian dollar	161,621	11,116,742	1,363,201	12,641,564
Danish krone	-	7,612,093	5,084,792	12,696,885
Euro currency unit	635,826	57,956,102	51,156,127	109,748,055
Hong Kong dollar	47,344	29,247,296	6,568,122	35,862,762
Hungarian forint	-	2,940,349	6,013,305	8,953,654
Japanese yen	888,059	58,063,303	49,194,837	108,146,199
Malaysian ringgit	-	3,119,762	6,479,736	9,599,498
Mexican new peso	434,942	13,316,103	23,244,220	36,995,265
New Turkish Lira	-	1,960,358	4,025,407	5,985,765
New Zealand dollar	2,955	2,232,511	5,389,419	7,624,885
Norwegian krone	-	-	3,317,374	3,317,374
Philippines peso	-	130,675	1,100,149	1,230,824
Polish zloty	-	3,049,410	6,272,563	9,321,973
Singapore dollar	6,072	10,837,733	4,721,968	15,565,773
South African comm rand	28,550	5,608,716	4,699,090	10,336,356
South Korean won	-	3,166,088	7,999,251	11,165,339
Swedish krona	273,201	8,085,766	5,406,709	13,569,260
Swiss franc	14	15,309,367	7,898,219	23,207,600
Other currencies	72,183	3,266,113	1,797,561	5,135,857
Total fair value	\$ 2,915,501	309,470,801	275,730,792	587,920,678
<b>Component Unit - Pension Trust Fund:</b>				
Australian dollar	\$ 78,418	4,533,115	3,733,573	8,345,106
Brazil real	29,075	1,319,733	12,232,194	13,581,002
Canadian dollar	59,005	11,201,414	6,313,729	17,574,148
Chilean peso	1,481,005	-	671,291	2,152,296
Columbian peso	96,963	-	4,179,923	4,276,886
Czech koruna	2,521	-	-	2,521
Danish krone	-	1,035,166	-	1,035,166
Euro currency unit	558,184	67,179,721	1,288,276	69,026,181
Hong Kong dollar	420,952	14,761,042	-	15,181,994
Hungarian forint	83	-	2,194,601	2,194,684
Indonesian rupiah	9,594	257,649	-	267,243
Israeli Shekel	10,114	-	-	10,114
Japanese yen	175,706	46,420,387	-	46,596,093
Malaysian ringgit	105,720	1,418,822	4,315,452	5,839,994
Mexican new peso	5,593	1,297,169	7,941,978	9,244,740
New Taiwan Dollar	-	4,618,994	-	4,618,994
New Turkish Lira	10,608	2,204,287	2,566,572	4,781,467
New Zealand dollar	34,735	165,321	7,286,014	7,486,070
Norwegian krone	13,161	4,946,245	2,723,572	7,682,978
Peruvian nuevo sol	-	-	2,689,845	2,689,845
Philippine peso	85,333	40,561	-	125,894
Polish zloty	98,279	418,355	6,324,943	6,841,577
Pound Sterling	242,872	48,861,069	279,568	49,383,509
Russian rouble	-	-	3,238,945	3,238,945
South African comm rand	94	1,297,673	4,933,380	6,231,147
Singapore dollar	46,483	6,444,095	4,362,008	10,852,586
South Korean Won	5,645	9,214,948	2,217,393	11,437,986
Swedish krona	99	5,400,984	-	5,401,083
Swiss franc	206,825	17,337,545	-	17,544,370
Thailand baht	574,641	1,743,581	-	2,318,222
Total fair value	\$ 4,351,708	252,117,876	79,493,257	335,962,841

## 7. Derivatives

In order to enhance investment returns and manage risk exposure, the Primary government's pension trust funds regularly invest in derivative financial instruments with off-balance-sheet risk. The Systems also entered into derivative transactions to gain exposure to currencies and markets where derivatives are the most cost-effective instrument. During fiscal year 2013, 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. Some traditional on balance sheet securities, such as structured notes, can have derivative-like characteristics where the return may be linked to one or more indices. Asset-backed securities, such as collateralized mortgage obligations (CMOs), are sensitive to changes in interest rates and pre-payments. Futures, forwards, options, and swaps generally are not recorded on the financial statements, whereas floating rate securities, structured notes, and asset-backed securities are recorded. The Systems also have exposure to derivatives indirectly through its ownership interests in certain hedge funds, mutual funds and commingled funds which may use, hold or write derivative financial instruments.

Derivative investments may involve credit and market risk in excess of amounts recognized on the financial statements. The Systems could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. Holders of futures contracts look to the exchange for performance under the contract and not to the other party holding the offsetting futures position; therefore, the amount at risk due to nonperformance of counterparties to futures contracts is minimal. For counterparties involving over the counter derivatives, the Boards of Trustees of the pension trust funds seek to control such risk through counterparty credit evaluations, counterparty credit limits, and exposure monitoring procedures conducted by investment managers and staff. To address counterparty risk, the Systems instruct the investment managers who use swaps, forwards, and options to only enter into contracts with counterparties rated at investment grade of BBB or better by at least one nationally recognized rating agency.

The Systems held four types of derivative financial instruments with notional values carried off-balance sheet: futures, swaps, currency forwards, and options. Those financial instruments provide the Systems with the opportunity to build passive benchmark positions, manage portfolio duration in relation to various benchmarks, adjust portfolio yield curve exposure, enhance returns, and gain market exposure to various indices in a more efficient way and at lower transaction costs. Risk is inherent to most investments.

Futures contracts are contracts to deliver or receive securities at a specified future date and at a specified price or yield. Futures contracts are traded on organized exchanges (exchange-traded) and typically require an initial margin (collateral) in the form of cash or marketable securities. The net change in the futures contract value is settled daily with the exchanges in cash and the net gains or losses are included in the

System's financial statements.

Holders of futures contracts look to the exchange for performance under the contract and not to the entity holding the offsetting futures position. Accordingly, the amount at risk posed by nonperformance of counterparties to futures contracts is minimal. The notional value of the Systems' investment in futures contracts at June 30, 2013 is shown in the table on the right.

Future Contract Types		Amount
<b>Primary Government - Pension Trust Funds:</b>		
Cash & Cash Equivalent Futures:		
Long		\$ 87,077,523
Equity Futures:		
Long		360,482,220
Fixed Income Futures:		
Long		208,892,211
Short		(452,657)
Commodity Futures		
Long		17,667,058
Short		(5,675,425)
Total		<u>\$ 667,990,930</u>



The Systems enter into several types of swap contracts in which two counterparties agree to exchange one stream of payments for another over some agreed to period of time. Swaps are used to manage risk and enhance returns. All counterparties are rated A or better. The Systems' swap contracts outstanding at June 30, 2013 is summarized as follows:

Swap Types	Base Exposure	Market Value
<b>Primary Government - Pension Trust Funds:</b>		
Equity Swaps:		
Total Return Swaps	\$ (2,620,881)	11,962
Variance Swaps	3,130	3,130
Fixed Income Swaps:		
Credit Default Swaps	(29,275)	(27,900)
Inflation Swaps	51,833	51,833
Interest Rate Swaps	522,451	522,248
Total Return Swaps	(4,248,595)	(30,086)
Commodity Swaps:		
Commodity Swaps	4,896	4,896
Total	<u>\$ (6,316,440)</u>	<u>536,083</u>

Option contracts may be exchanged traded or negotiated directly in over the counter transactions between two counterparties. Options holders have the right, but not the obligation, to purchase or sell a financial instrument at a future price and date. The Systems can both purchase and write options. Exchange traded options rely on the exchange for performance and the risk to non-performance of counterparties is minimal. All counterparties for over the counter options are rated A or better. The Systems option contracts at June 30, 2013 are presented as follows:

	Proceeds	Market Value	Unrealized Gain/(loss)
<b>Primary Government - Pension Trust Funds:</b>			
Cash & cash Equivalent Options:			
Put	\$ (15,605)	(1,161)	14,444
Commodity Options:			
Call	(23,202)	(516,520)	(493,318)
Equity Options:			
Call	(11,440)	17	11,457
Put	(13,660)	(5,384)	8,276
Fixed Income Options:			
Call	(24,499)	(12,786)	11,713
Put	(128,470)	(201,441)	(72,971)
Total	<u>\$ (216,876)</u>	<u>(737,275)</u>	<u>(520,399)</u>

Currency forwards represent foreign exchange contracts and are used to effect settlements and to protect the base currency value of portfolio assets denominated in foreign currencies against fluctuations in the exchange rates of those currencies or to gain exposure to the change in market value of a specific currency. A forward foreign currency exchange contract is a commitment to purchase or sell a foreign currency at a future date and at a negotiated price. The credit risk of currency contracts that are exchange-traded lies with the clearinghouse of the exchange where the contracts are traded. The credit risk of currency contracts traded over-the-counter lies with the counterparty, and exposure usually is equal to the unrealized profit on in-the-money contracts. All counterparties are rated A or better. The market risk in foreign currency contracts is



related to adverse movements in currency exchange rates. The net unrealized gain on foreign currency spot and forward contract at June 30, 2013 was \$1,971,777, and the Systems' currency forwards contracts are summarized as follows:

Foreign Currency Contracts Purchased	Notional (Local Currency)	Fair Value of Foreign Currency Contract Payable in U.S. Dollars
<b>Primary Government - Pension Trust Funds:</b>		
Australian Dollar	(26,075,185)	\$ 2,806,857
Canadian Dollar	(1,652,000)	58,605
Euro Currency Unit	(19,019,039)	177,813
Pound Sterling	(633,167)	12,436
Hong Kong Dollar	(640,361)	(31)
Indian Rupee	(42,374,690)	13,964
Japanese Yen	(188,433,471)	15,269
Mexican New Peso	(4,232,560)	212
New Zealand Dollar	(8,500,000)	119,476
Philippines Peso	(9,223,142)	(366)
Polish Zloty	(989,155)	3,865
Russian Rubel (New)	(143,800,000)	146,756
Swedish Krona	(475,149)	392
Singapore Dollar	(729,425)	(524)
S African Comm Rand	(1,187,098)	11,078
South Korean Won	(10,852,000,000)	305,716
Total Foreign Currency Contracts Purchased		<u>\$ 3,671,518</u>

Foreign Currency Contracts Sold	Notional (Local Currency)	Fair Value of Foreign Currency Contract Receivable in U.S. Dollars
<b>Primary Government - Pension Trust Funds:</b>		
Australian Dollar	173,957	\$ (1,685)
Brazil Real	9,564,515	(458,853)
Canadian Dollar	844,000	(26,958)
Chilean Peso	3,638,770,000	(141,715)
Euro Currency Unit	3,963,204	(88,336)
Pound Sterling	9,374,000	(340,708)
Indian Rupee	680,380,700	(353,314)
Japanese Yen	241,043,650	(77,359)
Mexican New Peso	17,011,369	(25,766)
Polish Zloty	1,250,720	(14,451)
Russian Rubel (New)	143,800,000	(170,905)
Singapore Dollar	41,094	105
S African Comm Rand	130,500	162
South Korean Won	42,551,663	5
Thailand Baht	1,166,118	(90)
Total Foreign Currency Contracts Sold		<u>\$ (1,699,868)</u>

As permitted by the Board's policies, the Systems hold off balance sheet derivatives in a small number of separately managed accounts. Investment managers are prohibited from purchasing securities on margin or using leverage unless specifically permitted within the investment manager's guidelines. Derivative instruments covered under the scope of GASB 53 are reported at fair value. The changes in fair value of derivative instruments that are used for investment purposes are reported within the investment revenue classification. Gains and losses on derivative securities are determined based upon fair market values as determined by our custodian and recorded in the Statement of Changes in Plan Net Position of the pension trust funds.

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, 2013. These derivatives are used for hedging non-USD denominated physical instruments back to the base currency. As of June 30, 2013, exposure to the currency forward contracts was \$(906,824). 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, 2013, exposure to interest rate swaps was \$163,432, exposure to futures contracts was \$227,872, exposure to NDF's was \$1,510,081, and exposure to commodity forwards was \$179,569.

### **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, 2013, after allowances for uncollectible amounts, is \$20,494,032 of which \$2,807,642 has been included in tax revenue for fiscal year 2013 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 2013 as receivables (net of payments totaling \$98,142,459 received in advance of the due date) and deferred tax revenue because the County has an enforceable legal claim to these resources at June 30, 2013; however, these resources, which amount to \$2,743,662,768, will not be available to the County until fiscal year 2014.

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, 2013, consist of the following:

	General Fund	Nonmajor Governmental Funds	Enterprise Fund	Internal Service Funds	Total Primary Government (Exhibit A)
Receivables:					
Accounts	\$ 17,568,393	15,225,614	208,793	54,132	33,056,932
Accrued interest	49,340	3,955,545	2,774	1,527	4,009,186
Property taxes:					
Delinquent	35,435,391	-	-	-	35,435,391
Not yet due	2,439,387,004	-	-	-	2,439,387,004
Business license taxes - delinquent	10,436,078	-	-	-	10,436,078
Loans	-	58,484,315	-	-	58,484,315
Total receivables	2,502,876,206	77,665,474	211,567	55,659	2,580,808,906
Allowances for uncollectibles:					
Accounts receivable	(5,381,382)	(270,080)	-	-	(5,651,462)
Property taxes:					
Delinquent	(15,062,516)	-	-	-	(15,062,516)
Not yet due	(5,180,638)	-	-	-	(5,180,638)
Business license taxes - delinquent	(7,285,571)	-	-	-	(7,285,571)
Loans	-	(911,890)	-	-	(911,890)
Total allowances for uncollectibles	(32,910,107)	(1,181,970)	-	-	(34,092,077)
Total net receivables	\$ 2,469,966,099	76,483,504	211,567	55,659	2,546,716,829

Receivables of the component units, excluding fiduciary funds, at June 30, 2013, consist of the following:

	Public Schools	FCRHA	Park Authority	Total Component Units
Receivables:				
Accounts	\$ 4,097,440	1,050,713	4,675	5,152,828
Accrued interest	172,210	326,480	62,268	560,958
Notes	-	28,149,819	-	28,149,819
Total receivables	4,269,650	29,527,012	66,943	33,863,605
Allowances for uncollectibles	-	(1,801,730)	-	(1,801,730)
Total net receivables	\$ 4,269,650	27,725,282	66,943	32,061,875

Delinquent property taxes receivable from taxpayers in the General Fund as of June 30, 2013, consist of the following:

Year of Levy	Real Estate	Personal Property	Total
2012	\$ 7,206,414	7,042,757	14,249,171
2011	2,308,825	3,124,609	5,433,434
2010	1,196,799	2,230,045	3,426,844
Prior years	1,977,748	4,573,194	6,550,942
Total delinquent taxes	12,689,786	16,970,605	29,660,391
Penalty and interest			5,896,157
Total delinquent taxes, penalty and interest			35,556,548
Allowances for uncollectibles			(15,062,516)
Net delinquent tax receivables			\$ 20,494,032

Amounts due to the primary government and component units from other governmental units at June 30, 2013, include the following:

	Primary Government				Component Unit - Public Schools
	General Fund	Nonmajor Governmental Funds	Enterprise Fund	Total (Exhibit A)	
Federal government	2,479,866	11,909,047	1,237,620	15,626,533	43,334,449
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	44,286,830	8,148,125	1,300,000	53,734,955	19,610,925
Local governments	1,283,326	6,280,484	42,982,591	50,546,401	417,521
Total intergovernmental units	\$ 259,363,966	26,337,656	45,520,211	331,221,833	63,362,895
Federal-Build America Bond subsidy				726,358	
Total (Exhibit A)				331,948,191	

## 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, 2013, is as shown on the right.

	Interfund Receivables	Interfund Payables
<b>Primary Government</b>		
General Fund	\$ 5,450,834	-
Nonmajor Governmental Funds	1,827,249	7,837,249
Enterprise Fund	-	270,125
Internal Service Funds	829,291	-
<b>Total primary government</b>	<b>\$ 8,107,374</b>	<b>8,107,374</b>
<b>Component Unit</b>		
<b>Public Schools:</b>		
General Fund	\$ 6,746,800	-
Nonmajor Governmental Funds	-	5,878,000
Internal Service Funds	-	831,100
Fiduciary Funds	-	37,700
<b>Total component units</b>	<b>\$ 6,746,800</b>	<b>6,746,800</b>

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, 2013, are as follows:

Receivable Entity	Payable Entity	Amount
<b><u>Component Units</u></b>	<b><u>Primary Government</u></b>	
Public Schools	General Fund	\$ 279,978
Park Authority	General Fund	1,415,255
Park Authority	Nonmajor Governmental Fund	367,763
EDA	General Fund	484,394
<b>Total</b>		<b>\$ 2,547,390</b>
<b><u>Primary Government</u></b>	<b><u>Component Unit</u></b>	
General Fund	FCRHA	\$ 128,676
General Fund	Park Authority	234,666
<b>Total</b>		<b>\$ 363,342</b>

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, 2013, are as follows:

	Transfers In	Transfers Out
<b><u>Primary Government</u></b>		
General Fund	\$ 10,030,457	485,201,216
Nonmajor Governmental Funds	515,305,143	51,152,920
Internal Service Funds	11,018,536	-
<b>Total primary government</b>	<b>\$ 536,354,136</b>	<b>536,354,136</b>
<b><u>Component Unit</u></b>		
<b>Public Schools:</b>		
General Fund	\$ -	30,393,112
Capital Projects Fund	7,616,120	-
Nonmajor Governmental Funds	22,776,992	-
<b>Total component units</b>	<b>\$ 30,393,112</b>	<b>30,393,112</b>

## F. CAPITAL ASSETS

Capital assets activity for the primary government for the year ended June 30, 2013, is as follows:

	Balances July 1, 2012	Increases	Decreases	Balances June 30, 2013
<b>Primary Government</b>				
<b>Governmental activities:</b>				
Non-depreciable/non-amortizable:				
Land	\$ 417,792,216	816,917	(206,883)	418,402,250
Easements	3,605,076	-	(50,018)	3,555,058
Construction in progress	208,056,448	142,121,089	(40,236,702)	309,940,835
Equipment under construction	21,337,570	25,103,378	(33,785,577)	12,655,371
Software in development	4,377,149	1,571,733	(2,031,048)	3,917,834
Total non-depreciable/non-amortizable	655,168,459	169,613,117	(76,310,228)	748,471,348
Depreciable/amortizable:				
Equipment	377,402,681	40,080,766	(32,911,640)	384,571,807
Software	70,637,283	16,160,332	-	86,797,615
Library collections	83,928,314	3,557,440	-	87,485,754
Buildings	1,200,022,802	8,352,202	-	1,208,375,004
Improvements	120,360,182	13,051,219	(35,860)	133,375,541
Infrastructure	692,432,866	31,027,817	(822,718)	722,637,965
Total depreciable/amortizable	2,544,784,128	112,229,776	(33,770,218)	2,623,243,686
Less accumulated depreciation/amortization for:				
Equipment	(211,758,289)	(33,684,389)	27,592,925	(217,849,753)
Software	(1,936,424)	(5,136,532)	-	(7,072,956)
Library collections	(73,546,886)	(3,747,947)	-	(77,294,833)
Buildings	(354,613,415)	(25,640,520)	50,018	(380,203,917)
Improvements	(48,846,154)	(4,174,212)	(4,953,037)	(57,973,403)
Infrastructure	(218,411,154)	(16,022,260)	348,547	(234,084,867)
Total accumulated depreciation/amortization	(909,112,322)	(88,405,860)	23,038,453	(974,479,729)
Total capital assets, being depreciated/amortized, net	1,635,671,806	23,823,916	(10,731,765)	1,648,763,957
<b>Total capital assets, net - Governmental activities</b>	2,290,840,265	193,437,033	(87,041,993)	2,397,235,305
<b>Business-type activities:</b>				
Non-depreciable/non-amortizable:				
Land	17,370,540	36,783	-	17,407,323
Easements	371,381	35,448	-	406,829
Construction in progress	85,651,793	48,647,937	(19,150,542)	115,149,188
Total non-depreciable/non-amortizable	103,393,714	48,720,168	(19,150,542)	132,963,340
Depreciable/amortizable:				
Equipment	11,617,382	1,889,262	(1,327,223)	12,179,421
Purchased capacity	823,610,880	45,436,821	-	869,047,701
Buildings	88,398,832	-	-	88,398,832
Infrastructure	1,021,344,142	25,033,104	-	1,046,377,246
Total depreciable/amortizable	1,944,971,236	72,359,187	(1,327,223)	2,016,003,200
Less accumulated depreciation/amortization for:				
Equipment	(8,732,243)	(813,409)	1,170,306	(8,375,346)
Purchased capacity	(229,434,178)	(28,022,334)	-	(257,456,512)
Buildings	(37,020,421)	(2,188,049)	-	(39,208,470)
Infrastructure	(469,656,322)	(23,334,507)	-	(492,990,829)
Total accumulated depreciation/amortization	(744,843,164)	(54,358,299)	1,170,306	(798,031,157)
Total capital assets, being depreciated/amortized, net	1,200,128,072	18,000,888	(156,917)	1,217,972,043
<b>Total capital assets, net - Business-type activities</b>	1,303,521,786	66,721,056	(19,307,459)	1,350,935,383
<b>Total capital assets, net - Primary government</b>	<b>\$ 3,594,362,051</b>	<b>260,158,089</b>	<b>(106,349,452)</b>	<b>3,748,170,688</b>

Capital assets activity for the component units for the year ended June 30, 2013, is as follows:

	Balances June 30, 2012	Increases	Decreases	Balances June 30, 2013
<b>Component Units</b>				
<b>Public Schools</b>				
Non-depreciable/non-amortizable:				
Land	\$ 44,869,395	-	-	44,869,395
Construction in progress	194,676,267	108,003,068	(109,305,017)	193,374,318
Software in development	4,843,645	1,703,127	(281,251)	6,265,521
Total non-depreciable/non-amortizable	244,389,307	109,706,195	(109,586,268)	244,509,234
Depreciable/amortizable:				
Equipment	254,773,603	21,194,455	(8,223,612)	267,744,446
Software	4,187,036	678,388	-	4,865,424
Library collections	33,477,414	3,507,141	(2,215,375)	34,769,180
Buildings	1,178,370,955	21,095,241	-	1,199,466,196
Improvements	1,724,134,760	112,002,099	-	1,836,136,859
Total depreciable/amortizable	3,194,943,768	158,477,324	(10,438,987)	3,342,982,105
Less accumulated depreciation/amortization for:				
Equipment	(168,631,095)	(15,936,609)	6,054,995	(178,512,709)
Software	(1,629,917)	(844,584)	-	(2,474,501)
Library collections	(24,753,427)	(3,721,208)	4,163,796	(24,310,839)
Buildings	(479,242,319)	(30,993,110)	-	(510,235,429)
Improvements	(691,700,341)	(68,570,532)	-	(760,270,873)
Total accumulated depreciation/amortization	(1,365,957,099)	(120,066,043)	10,218,791	(1,475,804,351)
Total capital assets, being depreciated/amortized, net	1,828,986,669	38,411,281	(220,196)	1,867,177,754
<b>Total capital assets, net - Public Schools</b>	<b>2,073,375,976</b>	<b>148,117,476</b>	<b>(109,806,464)</b>	<b>2,111,686,988</b>
<b>FCRHA</b>				
Non-depreciable/non-amortizable:				
Land	42,096,776	-	-	42,096,776
Construction in progress	885,043	1,994,241	(1,046,280)	1,833,004
Total non-depreciable/non-amortizable	42,981,819	1,994,241	(1,046,280)	43,929,780
Depreciable/amortizable:				
Equipment	1,943,111	-	-	1,943,111
Buildings and improvements	217,117,252	980,550	-	218,097,802
Total depreciable/amortizable	219,060,363	980,550	-	220,040,913
Less accumulated depreciation/amortization for:				
Equipment	(5,058,496)	(7,390)	-	(5,065,886)
Buildings and improvements	(108,289,066)	(6,242,213)	-	(114,531,279)
Total accumulated depreciation/amortization	(113,347,562)	(6,249,603)	-	(119,597,165)
Total capital assets, being depreciated/amortized, net	105,712,801	(5,269,053)	-	100,443,748
<b>Total capital assets, net - FCRHA</b>	<b>148,694,620</b>	<b>(3,274,812)</b>	<b>(1,046,280)</b>	<b>144,373,528</b>
<b>Park Authority</b>				
Non-depreciable/non-amortizable:				
Land	364,918,503	1,251,920	(19,210,120)	346,960,303
Easements	17,016,009	-	-	17,016,009
Construction in progress	10,391,490	8,896,661	(5,877,780)	13,410,371
Total non-depreciable/non-amortizable	392,326,002	10,148,581	(25,087,900)	377,386,683
Depreciable/amortizable:				
Equipment	13,510,516	732,696	(555,030)	13,688,182
Buildings and improvements	353,474,528	12,062,227	-	365,536,755
Total depreciable/amortizable	366,985,044	12,794,923	(555,030)	379,224,937
Less accumulated depreciation/amortization for:				
Equipment	(11,997,307)	(427,711)	565,176	(11,859,842)
Buildings and improvements	(160,226,880)	(10,036,650)	-	(170,263,530)
Total accumulated depreciation/amortization	(172,224,187)	(10,464,361)	565,176	(182,123,372)
Total capital assets, being depreciated/amortized, net	194,760,857	2,330,562	10,146	197,101,565
<b>Total capital assets, net - Park Authority</b>	<b>587,086,859</b>	<b>12,479,143</b>	<b>(25,077,754)</b>	<b>574,488,248</b>
<b>EDA</b>				
Depreciable/amortizable:				
Equipment	47,193	-	(8,346)	38,847
Buildings	767,961	-	-	767,961
Total depreciable/amortizable	815,154	-	(8,346)	806,808
Less accumulated depreciation/amortization for:				
Equipment	(43,441)	(2,480)	8,346	(37,575)
Buildings	(222,957)	(74,319)	-	(297,276)
Total accumulated depreciation/amortization	(266,398)	(76,799)	8,346	(334,851)
<b>Total capital assets, net - EDA</b>	<b>548,756</b>	<b>(76,799)</b>	<b>-</b>	<b>471,957</b>
<b>Total capital assets, net - Component units</b>	<b>\$ 2,809,706,211</b>	<b>157,245,008</b>	<b>(135,930,498)</b>	<b>2,831,020,721</b>



Depreciation and amortization expense for the year ended June 30, 2013, charged to the functions of the primary government and component units is as follows:

	Governmental Activities	Business-type Activities	Component Units
<b>Primary Government</b>			
General government administration	\$20,381,441	-	-
Judicial administration	979,728	-	-
Public safety	11,822,984	-	-
Public works	15,238,162	54,358,299	-
Health and welfare	2,676,178	-	-
Community development	18,271,430	-	-
Parks, recreation, and cultural	7,067,617	-	-
In addition, depreciation on capital assets held by the County's internal service funds is charged to the various functions based on asset usage.	11,968,320	-	-
<b>Component Units</b>			
Public Schools	-	-	120,066,043
FCRHA	-	-	6,249,603
Park Authority	-	-	10,464,361
EDA	-	-	76,799
Total depreciation and amortization expense	<u>\$ 88,405,860</u>	<u>54,358,299</u>	<u>136,856,806</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. Members who were hired before January 1, 2013 may elect to join Plan A or Plan B, and members who were hired on or after January 1, 2013 may elect to join Plan C or Plan D. To be eligible for normal retirement, an individual must meet the following criteria: (a) attain the age of 65 with five years of service, (b) for Plans A and B, attain the age of 50 with age plus years of service being greater than or equal to 80, or (c) for Plans C and D, attain the age of 55 with age plus years of service being greater than or equal to 85. 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. Plan A and Plan C require member contributions of 4.0 percent of compensation up to the maximum Social Security wage base and 5.33 percent of compensation in excess of the wage base. Plan B and Plan D require 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, 2013, was 18.49 percent of annual covered payroll. The decision was made to commit additional funding and a rate of 19.05 percent was adopted for fiscal year 2013. 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, 2013, 2012, and 2011, 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		
	2013	2012	2011
County	\$ 91,742,368	82,844,146	69,637,538
Public Schools	35,705,650	31,838,392	26,969,997
Total	<u>\$ 127,448,018</u>	<u>114,682,538</u>	<u>96,607,535</u>

For the years ended June 30, 2013, 2012, and 2011, the County's and Public Schools' annual required contributions (ARC) are as follows:

	ARC for Years Ended June 30		
	2013	2012	2011
County	\$113,847,222	102,784,539	88,254,921
Public Schools	44,308,744	39,501,819	34,180,344
Total	<u>\$158,155,966</u>	<u>142,286,358</u>	<u>122,435,265</u>

The ARC for the year ended June 30, 2013 was determined as part of the July 1, 2012, 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 3.0 percent.
- b. Projected annual salary increases of 4.0 to 10.0 percent, including an inflation component of 3.0 percent.
- c. Cost of living adjustments increases of 2.75 percent.

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, 2011 through June 30, 2013, the County's Employees' 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 )
7/1/2010	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
7/1/2012	3,053,412	4,264,175	1,210,763	71.61	642,639	188.40

### 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 position 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. Those sworn in on or after January 1, 2013, may not use more than 2,080 hours of accrued sick leave toward service credit for retirement or DROP entry. 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 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, 2013, was 32.04 percent of annual covered payroll. The decision was made to commit additional funding and a rate of 33.15 percent was adopted for fiscal year 2013.

#### Annual Pension Cost

Information related to the County's annual pension cost, ARC, actual contributions, and net pension obligation (NPO) for fiscal years 2013, 2012, and 2011 are as follows:

	2013	2012	2011
ARC, for the year ended June 30	\$ 43,091,299	39,408,110	36,872,751
Interest on NPO from prior year	4,126,101	3,581,943	3,033,289
Actuarial adjustment	(4,959,941)	(4,033,924)	(3,416,039)
Annual pension cost	42,257,459	38,956,129	36,490,001
Actual contributions	(34,011,347)	(31,700,690)	(29,174,611)
Increase in the NPO, for the year ended June 30	8,246,112	7,255,439	7,315,390
NPO, beginning of year	55,014,678	47,759,239	40,443,849
NPO, end of year	\$ 63,260,790	55,014,678	47,759,239
Percentage of annual pension cost contributed	80.49%	81.38%	79.95%

The ARC for the year ended June 30, 2013, was determined as part of the July 1, 2012, 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 3.0 percent.
- b. Projected annual salary increases of 4.8 to 11.0 percent, including an inflation component of 3.0 percent.
- c. Cost of living adjustments increases of 2.75 percent.

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, 2011 through June 30, 2013, 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 )
7/1/2010	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
7/1/2012	1,035,444	1,286,841	251,397	80.46	101,121	248.61

### Concentrations

The PORS does not have investments (other than U.S. Government and U.S. Government guaranteed obligations) in any one organization that represent 5.0 percent or more of net position 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. Those who commenced employment on or after January 1, 2013, may not use more than 2,080 hours of accrued sick leave toward service credit for retirement or DROP entry. 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 through December 31, 2012, all new hires were enrolled in Plan D. From January 1, 2013 forward all new hires are enrolled in Plan E. 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 and Plan E require 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, 2013, was determined actuarially to be 34.04% of annual covered payroll. The decision was made to commit additional funding and a rate of 35.00% was adopted for fiscal year 2013.

#### Annual Pension Cost

Information related to the County's annual pension cost, ARC, actual contributions, and NPO for fiscal years 2013, 2012, and 2011 is presented on the following page:

	2013	2012	2011
ARC, for the year ended June 30	\$ 62,240,960	57,663,522	53,208,307
Interest on NPO from prior year	3,612,716	3,093,579	2,563,493
Actuarial adjustment	(4,342,808)	(3,483,937)	(2,886,962)
Annual pension cost	61,510,868	57,273,164	52,884,838
Actual contributions	(53,722,160)	(50,351,335)	(45,817,015)
Increase in the NPO, for the year ended June 30	7,788,708	6,921,829	7,067,823
NPO, beginning of year	48,169,553	41,247,724	34,179,901
NPO, end of year	\$55,958,261	48,169,553	41,247,724
Percentage of annual pension cost contributed	87.34%	87.91%	86.64%

The ARC for the year ended June 30, 2013, was determined as part of the July 1, 2012, actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include:

- A rate of return on the investment of present and future assets of 7.5 percent per year compounded annually, including an inflation component of 3.0 percent.
- Projected annual salary increases of 4.8 to 11.0 percent, including an inflation component of 3.0 percent.
- Cost of living adjustments increases of 2.75 percent.

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, 2011 through June 30, 2013, 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 )
7/1/2010	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
7/1/2012	1,247,526	1,613,654	366,128	77.31	148,236	246.99



### 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 position 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 2013, Public Schools is required to contribute 5.34 percent of annual covered payroll for educational employees and civil service employees.

### Annual Pension Cost

For each of the years ended June 30, 2013, 2012, and 2011, the Public Schools' annual pension cost of \$67,734,634; \$52,934,245; and \$47,118,111, respectively, was equal to its ARC and actual contributions.

The ARC for the year ended June 30, 2013, was determined as part of the December 31, 2012, 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, 2012, was 26 years.

For the fiscal years 2011 through 2013, 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 )
12/31/2010	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
12/31/2012	1,935,292	2,566,128	630,836	75.42	1,297,537	48.62

### 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. In fiscal year 2013, The General Assembly adopted a higher VRS employer contribution rate of 11.66 percent compared to the prior year rate of 6.33 percent. In fiscal years 2011 and 2012, the General Assembly approved significantly lower VRS rates in order to mitigate state budget cuts to localities. By doing so, Virginia school districts are essentially deferring a portion of the recommended employer contributions in those years. FCPS will have to repay these deferred contributions beginning in fiscal year 2013. The FCPS Board committed \$16.9 million of June 30, 2013 fund balance toward this purpose. In addition, the General Assembly approved an employer rate increase from 0.6 percent in fiscal year 2012 to 1.11 percent in fiscal year 2013 for the VRS Retiree Health Insurance Credit. 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, 2013, 2012, and 2011 were \$242,343,488; \$146,454,888; and \$112,157,560 respectively, equal to the required contributions for each year.

### **6. Current Plan Membership**

At July 1, 2012 (December 31, 2012, 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	6,888	876	1,109	9,788
Terminated employees entitled to, but not yet receiving, benefits	1,542	33	44	3,099
DROP participants	629	73	119	n/a
Active employees	14,107	1,276	1,870	21,519
Total number of plan members	23,166	2,258	3,142	34,406

### **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 2013, 2012, and 2011 are as follows:

	2013	2012	2011
ARC, for the year ended June 30	\$ 38,858,000	37,640,000	35,373,000
Interest on net OPEB asset from prior year	(153,000)	351,000	(713,000)
Actuarial adjustment	127,000	(291,000)	529,000
Annual OPEB cost	38,832,000	37,700,000	35,189,000
Actual contributions	(38,306,000)	(44,421,000)	(21,004,000)
(Increase) decrease in net OPEB asset, for the year ended June 30	526,000	(6,721,000)	14,185,000
Net OPEB asset, beginning of year	(2,041,610)	4,679,390	(9,505,610)
Net OPEB (asset) obligation, end of year	\$ (1,515,610)	(2,041,610)	4,679,390
Percentage of annual OPEB cost contributed	98.65%	117.83%	59.69%

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 fiscal years 2011 through 2013, 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 )
7/1/2010	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
7/1/2012	103,270	503,786	400,516	20.50	824,504	48.58

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 2013 was determined as part of the July 1, 2012, 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.
- b. Projected annual salary increases of 3.0 percent.
- c. An annual healthcare cost trend rate of 7.76 percent initial Pre 65 and 7.47 percent Post 65, reduced by decrements to an ultimate rate of 5.0 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 position 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, 2013, 2012, and 2011, Public Schools' OPEB funding progress is presented on the following page:

	2013	2012	2011
ARC, for the year ended June 30	\$ 31,142,000	30,630,000	38,163,000
Actuarial adjustment	(9,000)	33,000	172,000
Annual OPEB cost	31,133,000	30,663,000	38,335,000
Actual contributions	(34,471,108)	(42,426,871)	(45,492,399)
(Increase) decrease in net OPEB asset, for the year ended June 30	(3,338,108)	(11,763,871)	(7,157,399)
Net OPEB obligation (asset), beginning of year	(10,054,877)	1,708,994	8,866,393
Net OPEB obligation (asset), end of year	\$ (13,392,985)	(10,054,877)	1,708,994
Percentage of annual OPEB cost contributed	110.72%	138.37%	118.67%

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 fiscal years 2011 through 2013, 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 )
7/1/2010	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
7/1/2012	53,423	448,849	395,426	11.90	1,045,000	37.84

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 2013 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 rate of return on the investment of present and future assets of 7.5 percent per year compounded annually, including an inflation component of 4.0 percent.
- An annual healthcare cost trend rate of 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 position held in trust for OPEB benefits.

### **3. Current Plan Membership**

The latest actuarial valuations for Fairfax County and Fairfax County Public Schools were July 1, 2012 and July 1, 2011, respectively. At that time membership in the reporting entity's plans consisted of the following:

	Primary Government	Component Unit - Public Schools
	OPEB	OPEB
Retirees and beneficiaries receiving benefits	4,469	8,636
Active employees	12,954	18,396
Total number of plan members	17,423	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 0.45 percent and 0.60 percent at June 30, 2013 and 2012, respectively, to reflect anticipated investment income. Changes in the balances of claims liabilities during fiscal years 2013 and 2012 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, 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
Claims incurred				
Claims and changes in estimates	24,850,485	127,037,432	11,831,316	306,977,640
Claims payments	(19,187,198)	(132,776,550)	(9,290,075)	(307,743,640)
Liability balances, June 30, 2013	\$ 47,157,000	11,522,843	34,291,320	18,894,000

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, 2013 (in thousands):

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013	Due Within One Year
<b>Primary Government</b>					
Governmental activities:					
General obligation bonds payable:					
Principal amount of bonds payable	\$ 2,017,435	334,335	(302,930)	2,048,840	176,290
Premium on bonds payable	142,772	62,233	(26,960)	178,045	25,816
Revenue bonds payable:					
Principal amount of bonds payable	716,700	42,390	(24,666)	734,424	23,795
Premium on bonds payable	33,234	6,319	(3,492)	36,061	3,303
Discount on bonds payable	(870)	-	47	(823)	(46)
Notes payable, net	8,708	-	(645)	8,063	645
Bond anticipation notes:					
Principal amount of bonds anticipation notes	26,725	24,650	(26,725)	24,650	3,185
Premium on bond anticipation notes	917	-	(917)	-	-
Compensated absences payable	105,873	64,838	(63,002)	107,709	63,235
Landfill closure and postclosure obligation	64,350	68,182	(64,350)	68,182	-
Obligations under capital leases and installment purchases	11,234	904	(8,660)	3,478	1,729
Insurance and benefit claims payable	58,756	151,888	(151,964)	58,680	29,514
Net pension obligation	103,184	119,219	(103,184)	119,219	-
Other:					
HUD Section 108 loans	12,155	-	(662)	11,493	667
Obligations for claims and judgments	7,975	1,203	(7,975)	1,203	1,203
Library Exchange	20,054	-	(835)	19,219	838
Total governmental activities	3,329,202	876,161	(786,920)	3,418,443	330,174
<b>Business-type activities:</b>					
Sewer revenue bonds payable:					
Principal amount of bonds payable	552,254	107,850	(17,217)	642,887	20,915
Premium on bonds payable	9,278	15,157	(845)	23,590	886
Compensated absences payable	2,158	1,467	(1,438)	2,187	1,223
Total business-type activities	563,690	124,474	(19,500)	668,664	23,024
<b>Total long-term liabilities - Primary government</b>	<b>\$ 3,892,892</b>	<b>1,000,635</b>	<b>(806,420)</b>	<b>4,087,107</b>	<b>353,198</b>
<b>Component Units</b>					
<b>Public Schools</b>					
Compensated absences payable	\$ 32,804	24,487	(22,963)	34,328	24,029
Obligations under capital leases and installment purchases	87,533	10,294	(12,879)	84,948	17,219
Insurance and benefit claims payable	51,410	29,977	(28,202)	53,185	24,808
Unearned rent	1,333	-	(367)	966	-
Total Public Schools	173,080	64,758	(64,411)	173,427	66,056
<b>FCRHA</b>					
Mortgage revenue bonds payable	26,667	-	(667)	26,000	698
Mortgage notes payable	69,701	162	(2,249)	67,614	7,159
Compensated absences payable	1,098	701	(579)	1,220	572
Total FCRHA	97,466	863	(3,495)	94,834	8,429
<b>Park Authority</b>					
Revenue bonds payable:					
Principal amount of bonds payable	7,745	4,800	(7,745)	4,800	-
Discount on bonds payable	(42)	-	42	-	-
Premium on bonds payable	-	701	-	701	58
Loan from primary government	13,042	-	(210)	12,832	244
Compensated absences payable	4,560	2,361	(2,325)	4,596	2,579
Total Park Authority	25,305	7,862	(10,238)	22,929	2,881
<b>EDA</b>					
Compensated absences payable	260	19	-	279	159
Unearned rent	1,071	-	(82)	989	101
Total EDA	1,331	19	(82)	1,268	260
<b>Total long-term liabilities - Component units</b>	<b>\$ 297,182</b>	<b>73,502</b>	<b>(78,226)</b>	<b>292,458</b>	<b>77,626</b>



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, 2013, 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, 2013.

Bond Purpose	Amount
School improvements	\$ 442,613
Transportation improvements	146,858
Parks and park facilities	95,173
Public safety facilities	131,491
Public library facilities	31,135
Flood control	30,000
Total authorized but unissued bonds	\$ 877,270

In January 2013, the County issued \$206,335,000 of Series 2013A General Obligation Public Improvement and \$128,000,000 of Series 2013B refunding bonds with average interest rates of 4.96 percent and 3.58 percent, respectively. The Refunding Bonds, totaling \$128,000,000, were issued to advance refund \$15,755,000 of outstanding Series 2004A bonds, \$9,270,000 of outstanding Series 2004B bonds, \$33,185,000 of outstanding Series 2005A bonds, \$35,190,000 of outstanding Series 2007A bonds, and \$35,160,000 of outstanding Series 2008A bonds. Proceeds of \$145,945,515 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 2004A bonds on April 1, 2014, the Series 2004B bonds on October 1, 2014, the Series 2005A bonds on October 1, 2015, the Series 2007A bonds on April 1, 2015, and the Series 2008A on April 1, 2018. The County refunded these bonds to reduce its total debt service payments over the next twelve years by approximately \$14.0 million and to obtain an economic gain of approximately \$12.2 million.

Detailed information regarding the general obligation bonds outstanding as of June 30, 2013, 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 an existing office building to enable the Fairfax County Public Schools 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 and in September 2012, the EDA issued \$42,390,000 of transportation district improvement revenue bonds (Silver Line Phase 1 Project) Series 2012 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 EDA 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 EDA 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 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 notes (Series 2008B) to repay the outstanding \$105,485,000 bond anticipation notes (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 notes (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, 2013 is contained in Section 5 of this note.

### **3. Sewer Revenue Bonds**

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. In August 2012, the System issued \$90,710,000 of Series 2012 Sewer Revenue Bonds with an average interest rate 4.54 percent to fund upgrade costs allocable to the System at certain 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, 2013, the outstanding bonds consist of \$90,710,000 of Series 2012 Revenue Bonds, \$144,890,000 of Series 2009 Revenue Bonds and \$76,235,000 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. In December 2011, UOSA entered into VRA loan 2011B for \$13,934,552 to fund Phase 1 of the Nutrient Compliance Improvement Project (P1NR). The System's total share at June 30, 2013, is \$8,384,801.

In May 2013, UOSA issued \$101,615,000 of Regional Sewer System Revenue Refunding Bonds of which the System's share is \$65,555,566, to refund Series 2005 Bonds. Although the refunding resulted in an accounting loss of \$12,354,368 which is being amortized over the life of the Series 2013A Bonds, the System reduced total debt service payments over future years by approximately \$4.9 million.

The Sewer System's share of UOSA's total outstanding debt at June 30, 2013, is \$283,269,711, 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. In September 2012, the System executed a rate reduction agreement with VRA reducing the interest rates on these bonds from 4.1 percent per annum and 3.75 percent per annum, respectively, to 2.35 percent per annum and the collectively require semi-annual debt service payments from \$3,318,536 to \$3,101,638. 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, 2013, the outstanding principal for the 2001 and 2002 subordinated revenue bonds is \$20,247,399 and \$27,534,588 respectively.

Detailed information regarding the sewer revenue bonds outstanding as of June 30, 2013 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. In February 2013, the FCRHA issued \$24,650,000 of bond anticipations notes to current refund \$26,725,000 of outstanding Series 2011 bond anticipation notes. The note matures on March 1, 2015. 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, 2013, 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, 2013, 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)
<b>Governmental activities:</b>									
General obligation bonds:									
General County:									
Series 2004A	Public Improvement	4.00-5.25	04-14-04	04-01-24	815-3,180	63,530	8,892	2,108	11,000
Series 2004A	Refunding	4.50-5.25	04-14-04	04-01-17	1,898-5,580	67,200	11,885	1,262	13,147
Series 2004B	Public Improvement	4.50-5.00	10-19-04	10-01-19	28-3,455	69,120	10,820	888	11,708
Series 2004B	Refunding	4.50-5.00	10-19-04	10-01-19	825-2,555	30,375	14,335	2,027	16,362
Series 2005A	Public Improvement	4.25-5.00	08-16-05	10-01-25	65-4,315	85,655	32,557	8,771	41,328
Series 2005A	Refunding	4.25-5.00	08-16-05	10-01-21	3,045-10,155	117,505	73,437	13,176	86,613
Series 2007A	Public Improvement	4.00-5.00	02-07-07	04-01-27	5,389	107,780	21,556	4,661	26,217
Series 2008A	Public Improvement	4.13-5.00	01-30-08	04-01-28	4,955-4,960	99,155	59,490	20,977	80,467
Series 2009A	Public Improvement	3.50-5.00	01-28-09	04-01-29	2,450	49,000	39,200	13,986	53,186
Series 2009 B	Refunding	3.00	01-28-09	04-01-14	3,840	31,884	3,840	115	3,955
Series 2009 C	Refunding	3.00-5.00	10-28-09	10-01-19	3,019-14,578	48,527	48,527	9,732	58,259
Series 2009 D	Public Improvement	5.00	10-28-09	10-01-14	10,739-10,743	53,710	21,482	1,074	22,556
Series 2009 E	Public Improvement (BABs)	3.10-5.25	10-28-09	10-01-29	4,247	63,700	63,700	28,768	92,468
Series 2011 A	Public Improvement	4.00-5.00	02-10-11	04-01-31	2,400-2,410	47,880	43,215	18,796	62,011
Series 2011 A	Refunding	5.00	02-10-11	04-01-15	1,703-1,719	6,912	3,422	256	3,678
Series 2012 A	Public Improvement	2.00-5.00	02-02-12	04-01-32	3,855-3,860	77,185	73,330	26,011	99,341
Series 2012 B	Refunding	3.00-5.00	02-02-12	04-01-24	2,334-13,142	74,759	74,759	29,400	104,159
Series 2013 A	Public Improvement	1.50-5.00	01-24-13	10-01-32	3,925-3,930	78,535	78,535	39,654	118,189
Series 2013 B	Refunding	3.00-4.00	01-24-13	10-01-25	1,242-9,255	54,389	54,389	15,082	69,471
Total general obligation bonds - General County						1,226,801	737,371	236,744	974,115
Schools:									
Series 2004A	Public Improvement	4.00-5.25	04-14-04	04-01-24	1,543-6,005	120,215	16,813	3,985	20,798
Series 2004A	Refunding	4.50-5.25	04-14-04	04-01-17	2,027-6,485	78,165	14,955	1,434	16,389
Series 2004B	Public Improvement	4.50-5.00	10-19-04	10-01-19	47-5,815	116,280	18,210	1,495	19,705
Series 2004B	Refunding	4.50-5.00	10-19-04	10-01-19	2,600-8,070	96,035	45,305	6,408	51,713
Series 2005A	Public Improvement	4.25-5.00	08-16-05	10-01-25	80-5,270	104,685	39,803	10,727	50,530
Series 2005A	Refunding	4.25-5.00	08-16-05	10-01-21	5,820-20,335	235,740	148,783	26,912	175,695
Series 2007A	Public Improvement	4.00-5.00	02-07-07	04-01-27	6,341	126,820	25,364	5,485	30,849
Series 2008A	Public Improvement	4.13-5.00	01-30-08	04-01-28	6,765	135,320	81,180	28,633	109,813
Series 2009A	Public Improvement	3.50-5.00	01-28-09	04-01-29	7,525	150,510	120,400	42,958	163,358
Series 2009B	Refunding	3.00	01-28-09	04-01-14	3,190	26,487	3,190	96	3,286
Series 2009C	Refunding	3.00-5.00	10-28-09	10-01-19	5,081-24,052	83,273	83,273	16,212	99,485
Series 2009D	Public Improvement	5.00	10-28-09	10-01-14	2,636-2,637	13,185	5,273	264	5,537
Series 2009E	Public Improvement (BABs)	3.10-5.25	10-28-09	10-01-29	9,233	138,500	138,500	62,549	201,049
Series 2011 A	Public Improvement	4.00-5.00	02-10-11	04-01-31	6,230	123,515	112,140	48,789	160,929
Series 2011 A	Refunding	5.00	02-10-11	04-01-15	2,902-2,955	11,783	5,833	437	6,270
Series 2012 A	Public Improvement	2.00-5.00	02-02-12	04-01-32	7,020-7,025	140,470	133,445	47,331	180,776
Series 2012 B	Refunding	3.00-5.00	02-02-12	04-01-24	4,516-21,057	117,591	117,591	46,189	163,780
Series 2013 A	Public Improvement	1.50-5.00	01-24-13	10-01-32	6,390	127,800	127,800	64,549	192,349
Series 2013 B	Refunding	3.00-4.00	01-24-13	10-01-25	1,518-14,285	73,611	73,611	20,230	93,841
Total general obligation bonds - Schools						2,019,985	1,311,469	434,683	1,746,152
Total general obligation bonds						3,246,786	2,048,840	671,427	2,720,267
Revenue bonds:									
EDA revenue bonds:									
Series 2003	Refunding	5.00	10-01-03	11-15-18	6,025-7,885	85,650	41,175	7,324	48,499
Series 2005		4.00-5.00	01-27-05	04-01-35	1,415-3,615	60,690	51,480	31,584	83,064
Series 2010		2.00-5.00	03-10-10	04-01-32	1,280-2,785	43,390	35,720	12,530	48,250
Series 2011	Silver Line Phase 1 Project	2.00-5.00	05-26-11	04-01-36	4,935-13,685	205,705	194,675	135,787	330,462
Series 2011	Metrorail Station Parking Project	2.00-5.00	07-28-11	08-01-34	3,275-7,225	99,430	99,430	56,578	156,008
Series 2012A	Refunding Laurel Hill Project	3.00-5.00	04-17-12	06-01-33	670-4,205	47,745	47,745	14,711	62,456
Series 2012A	Facilities Revenue Bonds	4.50-5.00	05-30-12	03-01-42	1,190-3,700	65,965	64,770	51,601	116,371
Series 2012	Silver Line Phase 1 Project	3.00-5.00	10-10-12	04-01-37	980-2,835	42,390	41,200	30,245	71,445
FCRHA lease revenue bonds:									
Series 2003		3.50	07-22-03	8-01-23	44-176	2,530	1,514	294	1,808
Series 2005		3.50-3.60	06-16-05	06-01-15	810	8,105	1,620	87	1,707
Series 2009		2.5-5.00	08-20-09	10-01-39	1,940-5,610	94,950	89,445	65,854	155,299
CDA revenue bonds:									
Series 2011A	Tax-Exempt	6.25-6.88	06-09-11	03-01-36	465-5,315	46,980	46,980	54,608	101,588
Series 2011A	Taxable	7.25	07-06-11	03-01-36	150-2,180	18,670	18,670	23,281	41,951
Total revenue bonds						822,200	734,424	484,484	1,218,908
Notes payable		3.73-4.29	12-27-05	12-31-25	323-645	12,900	8,063	2,173	10,236
HUD Section 108 loan #8		4.97-6.67	07-01-01	08-01-21	115	2,300	1,035	90	1,125
HUD Section 108 loan #11		Variable	06-29-09	08-01-28	196-334	5,040	4,267	1,436	5,703
HUD Section 108 loan #12		Variable	02-14-11	08-01-30	343-344	6,535	6,191	1,564	7,755
Total HUD Section 108 loans						13,875	11,493	3,090	14,583
Bond Anticipation Note Series 2013A-Taxable		.04-.66	02-14-13	03-01-15	3,185-21,465	24,650	24,650	303	24,953
Total governmental activities						4,120,411	2,827,470	1,161,477	3,988,947
<b>Business-type activities:</b>									
Sewer revenue bonds:									
UOSA Bonds	Subordinated	2.00-6.00	01-12-95	07-01-43	1,760-21,526	277,621	283,270	152,776	436,046
Series 2001	Subordinated	4.10	06-01-01	02-01-21	2,329-2,743	40,000	20,247	2,081	22,328
Series 2002	Subordinated	3.75	09-01-02	03-01-22	2,781-3,353	50,000	27,535	3,175	30,710
Series 2004	Refunding	3.00-5.00	10-14-04	07-15-28	3,155-6,725	94,005	76,235	32,506	108,741
Series 2009	Revenue	2.50-5.00	06-17-09	07-15-40	2,670-9,415	152,255	144,890	115,723	260,613
Series 2012	Revenue	2.00-5.00	08-08-12	07-15-43	1,440-5,435	90,710	90,710	75,982	166,692
Total business-type activities						704,591	642,887	382,243	1,025,130
<b>Total County bond, note, and loan indebtedness</b>						\$ 4,825,002	3,470,357	1,543,720	5,014,077



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, 2013, are as follows:

Fiscal Year	Governmental Activities						Business-Type			
	General Obligation Bonds		Revenue Bonds		Notes and Loans		Sewer System Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	176,290	93,373	23,795	34,937	4,497	784	20,915	27,415	225,497	156,509
2015	171,720	82,031	25,504	34,054	22,784	735	22,157	26,260	242,165	143,080
2016	166,980	73,983	28,849	32,879	1,326	560	23,210	25,342	220,365	132,764
2017	161,295	65,990	30,404	31,706	1,333	526	24,224	24,350	217,256	122,572
2018	151,760	58,681	29,984	30,282	1,340	486	25,260	23,321	208,344	112,770
2019-2023	640,095	200,206	131,959	131,534	6,706	1,777	133,177	100,441	911,937	433,958
2024-2028	422,790	82,677	135,934	101,809	4,855	640	146,048	75,384	709,627	260,510
2029-2033	157,910	14,486	174,385	64,978	1,365	58	91,649	46,525	425,309	126,047
2034-2038	-	-	128,785	20,156	-	-	88,978	27,142	217,763	47,298
2039-2043	-	-	24,825	2,149	-	-	67,269	6,063	92,094	8,212
2044-2048	-	-	-	-	-	-	-	-	-	-
Totals	\$ 2,048,840	\$ 671,427	\$ 734,424	\$ 484,484	\$ 44,206	\$ 5,566	642,887	382,243	3,470,357	1,543,720

## 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. 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, 2013, 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)
<b>Housing Bonds Payable:</b>							
Mortgage revenue bonds	Little River Glen rental property	4.65-6.10	08-29-96	09-01-26	\$ 150-190	\$ 6,340	4,295
Tax-exempt revenue bonds	Herndon Harbor I - rental property	6.10	08-01-97	07-01-27	24-30	2,875	712
Multi-family revenue bonds	Castellani Meadows	6.15	04-01-98	03-01-28	20-26	1,700	641
Lease revenue refunding bonds	FCRHA revenues	4.71	06-15-98	06-15-18	180-220	3,630	1,250
Multi-family revenue bonds	Herndon Harbor II - rental property	4.875-5.50	05-01-99	05-01-29	44-56	2,000	1,524
Multi-family revenue bonds	Cedar Ridge Apartments	5.984	03-29-07	10-01-48	62-115	13,200	12,712
Multi-family revenue bonds	Olley Glen - senior rental property	3.15-5.75	08-26-08	08-01-51	30-355	12,220	4,866
Total mortgage bonds payable - FCRHA						41,965	26,000
<b>Mortgage Notes Payable and Loan from County:</b>							
United Bank	One University Plaza office building	5.00	02-01-04	02-01-14	\$ 26-32	363	22
	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	2,605
	East Market, Fair oaks, Bryson	6.14	12-06-07	12-01-22	15-22	856	762
	Stockwell, Northampton, Halstead I & II	6.11	07-24-09	07-01-24	15-22	868	801
Sun Trust Bank	United Community Ministries	4.71	08-25-98	04-01-13	30-36	400	-
	Creighton Square	7.10	06-25-99	07-01-12	50-62	550	-
	Leland Road Group Home property	5.55	10-06-99	04-01-17	34-43	615	189
	Hopkins Glen rental property	4.33	12-02-02	10-01-16	10-62	475	228
Bank of America	McLean Hills and Springfield Green rental properties	4.54	04-01-95	04-01-15	53-68	1,072	157
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	115
	Various FCRHA rental properties	4.75-7.18	08-01-94	varies	195-205	3,775	90
	Various FCRHA rental properties	5.36-7.66	08-01-96	varies	5-50	1,080	75
	Various FCRHA rental properties	1.21-5.29	08-07-03	varies	35	500	180
	Olley Glen property	1.29-3.44	01-29-09	08-01-23	100-125	2,050	1,482
Virginia Housing Development Authority	Minerva Fisher-Hall Group Home property	8.07	07-01-79	06-01-19	2-16	437	173
	Penderbrook rental property	7.17	09-01-88	10-01-18	16-25	770	312
	First Stop Group Home property	8.00	01-01-93	04-01-22	5-15	246	301
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	9,373
Total public housing bonds, notes, and loans payable - FCRHA primary government						\$ 69,709	35,373

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, 2013, 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
2014	697,786	1,405,354	2,617,384	402,081	3,315,170	1,807,435
2015	744,195	1,366,721	615,961	367,805	1,360,156	1,734,526
2016	781,598	1,325,757	521,806	339,946	1,303,404	1,665,703
2017	860,621	1,282,330	462,679	311,972	1,323,300	1,594,302
2018	876,893	1,236,548	885,123	401,872	1,762,016	1,638,420
2019-2023	3,553,465	5,563,548	3,657,886	999,011	7,211,351	6,562,559
2024-2028	4,299,535	4,357,438	612,020	79,505	4,911,555	4,436,943
2029-2033	2,113,238	3,472,611	-	-	2,113,238	3,472,611
2034-2038	2,663,944	2,870,764	-	-	2,663,944	2,870,764
2039-2043	3,542,233	2,072,150	-	-	3,542,233	2,072,150
2044-2048	4,711,301	1,007,459	-	-	4,711,301	1,007,459
2049-2052	1,155,397	101,292	-	-	1,155,397	101,292
Totals	\$ 26,000,206	26,061,972	9,372,859	2,902,192	35,373,065	28,964,164

## 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 outstanding \$7.02 million of Revenue Bonds Series 2001 was refunded on June 5, 2013 through the Virginia Resources Authority bond sale of Series 2013, which resulted in a total debt service savings of \$1.92 million. 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, 2013, are as follows:

Fiscal Year	Revenue Bonds			Loan from Primary Government			Total	
	Int. Rate	Principal	Interest	Int. Rate	Principal	Interest	Principal	Interest
2014	-	-	180,206	5.00	243,700	499,434	243,700	679,640
2015	2.42	615,000	191,541	5.00	283,100	487,249	898,100	678,790
2016	4.40	630,000	171,088	5.00	327,900	473,094	957,900	644,182
2017	4.50	655,000	146,884	5.00	372,600	456,699	1,027,600	603,583
2018	4.82	680,000	119,275	5.00	422,300	438,069	1,102,300	557,344
2019-2023	4.23-4.82	2,220,000	161,850	5.00	2,942,600	1,820,741	5,162,600	1,982,591
2024-2028	-	-	-	3.00-5.00	3,765,000	1,150,781	3,765,000	1,150,781
2029-2033	-	-	-	3.00-4.00	4,475,000	484,256	4,475,000	484,256
Totals		<u>\$ 4,800,000</u>	<u>970,844</u>		<u>\$ 12,832,200</u>	<u>5,810,323</u>	<u>17,632,200</u>	<u>6,781,167</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, 2013, approximately \$28 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, 2013, the cumulative amount of all IRBs outstanding was \$702,367,561.

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. In May 2012, the Authority issued \$86,275,000 of transportation contract revenue refunding bonds on behalf of the State Route 28 Transportation Improvement District to advance refund \$29,285,000 of outstanding Series 2003 bonds and \$52,755,000 of outstanding Series 2004 bonds. 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, 2013, the principal amount of transportation contract revenue bonds outstanding was \$180,345,000.

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, 2013, \$8.1 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 fund 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, 2013, the outstanding bonds but considered defeased are \$386 million in general obligation 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 stopped accepting waste on December 31, 1995 and the placement of the final closure cap was 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 \$68.2 million reported as the landfill closure and post closure obligation at June 30, 2013, 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, 2013, are presented on the following page:

Asset Class	Primary Government - Governmental Activities	Component Unit - Public Schools
Land	\$ -	6,000,000
Buildings	-	48,158,308
Improvements	3,774,949	-
Equipment	14,728,968	67,768,311
Total assets, at cost	18,503,917	121,926,619
Accumulated depreciation	(11,686,618)	(35,044,975)
Total assets, net	\$ 6,817,299	86,881,644
Fiscal Year	Minimum Obligations	Minimum Obligations
2014	\$ 1,854,822	17,219,323
2015	599,298	14,571,681
2016	499,631	9,368,297
2017	261,651	8,611,045
2018	261,651	4,409,455
2019-2023	327,360	18,879,912
2024-2028	70,926	18,875,485
2029-2033	-	18,877,550
2034-2038	-	7,550,825
	-	
Total minimum obligations	3,875,339	118,363,573
Portion representing interest	(397,345)	(33,415,639)
Present value of minimum obligations	\$ 3,477,994	84,947,934

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 \$51.5 million and unearned revenue in the amount of \$51.5 million is reported. Minimum lease payments for each of the five succeeding fiscal years are \$1,415,000; \$1,470,000; \$1,530,000; \$1,590,000; and \$1,670,000 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 \$26.8 million for fiscal year 2013 was funded with \$22.6 million of County general obligation bond proceeds, and \$4.2 million of state aid provided through the Northern Virginia Transportation Commission (NVTC). It is anticipated that the County's obligation for fiscal year 2014 will amount to \$30.9 million and be funded with \$2.8 million of state aid provided through the NVTC, and \$28.1 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 2013, the County's obligation of approximately \$87.5 million for operating subsidies was funded with \$9.2 million from the County's Metro Operations and Construction Fund, \$78.3 million from state aid and regional gasoline tax receipts provided through the NVTC. It is anticipated that the County's obligation for fiscal year 2014 will amount to \$96.2 million and be funded with \$88.6 million of state aid and regional gasoline tax receipts provided through the NVTC and \$7.6 million of County funds.

Beginning in fiscal year 2013, the state aid discussed in both Capital Contributions and Operating subsidies is shown passing through the County and Regional Transportation Projects Fund as the result of a change in the language used in the State Budget. Prior to fiscal year 2013, this activity was not reflected as activity on the County financial statements.

## **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 2013 contribution to the VRE was \$4.5 million.

## **3. Operating Lease Commitments**

The County, Public Schools, and the EDA have entered into various long-term lease agreements for real estate and equipment. Certain real estate leases contain provisions which allow for increased rentals based upon increases in real estate taxes and the Consumer Price Index. All lease obligations are contingent upon the Board of Supervisors appropriating funds for each fiscal year's payments. For fiscal year 2013, the County's, Public Schools', and EDA's total expenditures for these operating leases were \$18.5 million, \$4.2 million, and \$0.7 million, respectively. At June 30, 2013, the minimum long-term lease commitments accounted for as operating leases were as shown below:

	Primary Government	Component Units	
Fiscal Year	Governmental Activities	Public Schools	EDA
2014	16,643,882	4,014,404	714,493
2015	14,498,705	4,115,582	734,162
2016	13,421,572	3,399,712	754,273
2017	12,874,901	1,538,847	775,047
2018	12,730,192	1,555,739	796,263
2019-2023	19,837,520	959,309	1,098,370
2024-2028	5,889,701	-	-
2029-2033	2,710,068	-	-
2034-2038	1,369,227	-	-
2039-2043	1,034,077	-	-
Total	\$ 101,009,845	15,583,593	4,872,608

#### **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 \$9,757,751 for purchase capacity in fiscal year 2013, to fund its share of construction costs, and it estimates its share of the remaining construction costs to be \$153.6 million of which \$40.1 million, is expected to be incurred in fiscal year 2014 and the balance over fiscal years 2015 to 2023. In addition, the Sewer System made payments of \$12.8 million to the ARE during fiscal year 2013 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); District of Columbia Water and Sewer Authority (DC Water); 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 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 \$27.7 million for purchase capacity during fiscal year 2013 to fund its share of construction costs, and it estimates its share of the remaining construction costs to be \$136.6 million, of which \$26.3 million is expected to be incurred in fiscal year 2014 and the balance over fiscal years 2015 to 2023. In addition, the Sewer System made payments of \$13.2 million for contractual services to DC Water during fiscal year 2013 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 2013 of \$12.6 million to pay its share of UOSA's operating costs.

Summarized UOSA financial information as of and for the years ended June 30, 2012, and 2011 (the most recent audited financial information available), is shown on the following page:

	2012	2011
Total assets	\$ 633,347,332	637,303,357
Total liabilities	(533,484,845)	(537,851,308)
Total net assets	\$ 99,862,487	99,452,049
Operating revenues	\$ 26,287,967	26,552,992
Operating expenses	(47,735,959)	(46,966,704)
Nonoperating revenues, net	11,666,621	5,842,390
Capital contributions	10,191,809	9,736,587
Increase (decrease) in net assets	\$ 410,438	(4,834,735)

#### 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 \$3.1 million in fiscal year 2013 to fund its share of the construction costs, and it estimates its share of the remaining construction costs to be \$3.6 million, of which \$0.6 million is expected to be incurred in fiscal year 2014 and the balance over fiscal years 2015 to 2023. In addition, the Sewer System made payments of \$2.2 million for contractual services to Arlington during fiscal year 2013 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 2013. 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 2014.

### **5. Long-term Contracts**

At June 30, 2013, the primary government had contractual commitments of \$67,203,245 in the capital projects funds and \$47,902,000 in the Sewer System for construction of various sewer projects. At June 30, 2013, the component units had contractual commitments of \$144,327,131 and

\$17,009,427 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. SPECIAL ITEMS**

In September 2010, the Board of Supervisors approved a two phase Contract of Sale with Inova Health Systems which included the transfer of approximately 15 acres of land including the Woodburn Mental Health Center and Woodburn Place from the County to Inova. In exchange for this land, Inova provided the County with an approximate 5-acre parcel at Willow Oaks II, a \$15 million cash payment, and a 10-year lease of 40,000 square feet within the new Mid County Center building. In fiscal year 2011, the first installment of \$7,300,000 was paid. In fiscal year 2012, the second installment of \$3,500,000 was paid. For fiscal year 2013, the remaining \$4,200,000 resides in an escrow account. This amount will be offset by the costs owed to Inova Health System for infrastructure construction completed. At the end of the project, any residual amounts not used for construction costs will be returned to the County.

## **N. IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENTS**

In Fiscal Year 2013, the County implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements". The implementation of the new standard did not have a material impact on the County's financial statements for Fiscal Year 2013.

The County implemented GASB Statement No. 61, "The Financial Reporting Entity Omnibus — an amendment of GASB Statements No. 14 and No. 34". The implementation of the new standard did not have a material impact on the County's financial statements for Fiscal Year 2013.

The County implemented GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA". The implementation of the new standard did not have a material impact on the County's financial statements for Fiscal Year 2013.

The County implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position". The implementation of the new standard has replaced the statement of net assets with the statement of net position which includes the deferred outflows of resources and deferred inflow of resources.



The County, with the exception of the County Retirement Systems, has opted to early implement GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities". Bond issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in fiscal year 2013. Prior to the implementation, these items were deferred and amortized over the life of the existing debt. The County has reclassified the deferred amount on refunding previously reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. The balance of Deferred Bond Issuance Cost in fiscal year 2012 as reported were \$19,137,654 for Governmental Activities, \$1,037,765 for Business Type Activities, and \$1,350,550 for Component Units. The cumulative effect of applying GASB 65 has resulted in an increase to fiscal year 2012 total expenses by \$20,400,502. The recalculated expenses and net position for fiscal year 2012, to obtain fiscal year 2013 beginning net position are as follows:

	2012 Total net assets	Deferred Bond Issuance Costs Expensed	2012 net position, as adjusted
Governmental Activities	\$ 359,003,686	(19,137,654)	\$ 339,866,032
Business-type Activities	937,806,425	(1,037,765)	936,768,660
Total Primary Government	1,296,810,111	(20,175,419)	1,276,634,692
Component Units	3,135,907,944	(225,083)	3,135,682,861
Total Reporting Entity	<u>\$ 4,432,718,055</u>	<u>(20,400,502)</u>	<u>\$ 4,412,317,553</u>

	2012 Total expenditures	Bond Issuance Costs Expense	2012 total expenditures, as adjusted
Governmental Activities	\$ 3,988,442,783	19,137,654	\$ 4,007,580,437
Business-type Activities	162,918,142	1,037,765	163,955,907
Total Primary Government	4,151,360,925	20,175,419	4,171,536,344
Component Units	2,653,124,458	225,083	2,653,349,541
Total Reporting Entity	<u>\$ 6,804,485,383</u>	<u>20,400,502</u>	<u>\$ 6,824,885,885</u>

The County has also opted to early implement GASB Statement No. 66, "Technical Corrections – 2012". The implementation of the new standard did not have a material impact on the County's financial statements for Fiscal Year 2013.





**COUNTY OF FAIRFAX, VIRGINIA**  
**Budgetary Comparison Schedule - General Fund (Budget Basis)**  
**For the fiscal year ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 2,981,818,327	2,980,259,769	3,008,000,381	27,740,612
Permits, privilege fees, and regulatory licenses	34,902,539	35,747,734	38,201,352	2,453,618
Intergovernmental	341,525,676	332,199,305	332,278,726	79,421
Charges for services	70,095,102	70,971,358	72,674,073	1,702,715
Fines and forfeitures	13,595,913	14,612,835	14,131,523	(481,312)
Revenue from the use of money and property	18,169,566	18,160,015	18,097,468	(62,547)
Recovered costs	14,716,245	14,858,461	15,285,540	427,079
Total revenues	3,474,823,368	3,466,809,477	3,498,669,063	31,859,586
<b>EXPENDITURES</b>				
General government administration	100,674,663	106,765,325	97,974,104	8,791,221
Judicial administration	33,073,100	33,897,463	33,451,817	445,646
Public safety	421,729,844	432,020,788	416,235,478	15,785,310
Public works	67,736,780	72,930,851	68,389,977	4,540,874
Health and welfare	298,699,875	301,333,216	281,524,289	19,808,927
Community development	44,582,338	48,267,746	42,704,669	5,563,077
Parks, recreation, and cultural	50,128,306	51,376,421	49,448,162	1,928,259
Nondepartmental	287,116,896	285,476,845	279,594,237	5,882,608
Total expenditures	1,303,741,802	1,332,068,655	1,269,322,733	62,745,922
Excess of revenues over expenditures	2,171,081,566	2,134,740,822	2,229,346,330	94,605,508
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in from other primary government funds	6,770,457	6,770,457	6,770,457	-
Transfers out to other primary government funds	(550,722,589)	(577,171,807)	(577,171,807)	-
Transfers out to component units	(1,683,322,285)	(1,683,322,285)	(1,683,322,285)	-
Total other financing (uses)	(2,227,274,417)	(2,253,723,635)	(2,253,723,635)	-
Net change in fund balance	\$ (56,192,851)	(118,982,813)	(24,377,305)	94,605,508

See accompanying notes to required supplementary information.

**COUNTY OF FAIRFAX, VIRGINIA**  
**Schedule of Funding Progress**  
**For the fiscal year ended June 30, 2013**

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 )
<b>Primary Government</b>						
<b>Employees' Retirement System:</b>						
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
7/1/2012	3,053,412	4,264,175	1,210,763	71.61	642,639	188.40
<b>Police Officers Retirement System:</b>						
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
7/1/2012	1,035,444	1,286,841	251,397	80.46	101,121	248.61
<b>Uniformed Retirement System:</b>						
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
7/1/2012	1,247,526	1,613,654	366,128	77.31	148,236	246.99
<b>Other Post-Employment Benefits (OPEB):</b>						
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
7/1/2012	103,270	503,786	400,516	20.50	824,504	48.58
<b>Component Unit - Public Schools</b>						
<b>Educational Employees' Supplementary Retirement System:</b>						
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
12/31/2012	1,935,292	2,566,128	630,836	75.42	1,297,537	48.62
<b>Other Post-Employment Benefits (OPEB):</b>						
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
7/1/2012	53,423	448,849	395,426	11.90	1,045,000	37.84

See accompanying notes to required supplementary information.

**COUNTY OF FAIRFAX, VIRGINIA**  
**Schedule of Employer Contributions**  
**For the fiscal year ended June 30, 2013**

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
2013	158,155,966	80.58	43,091,299	80.49	62,240,960	87.34

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
2013	67,734,634	* 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
2013	38,858,000	98.58	31,142,000	110.72

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



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**COUNTY OF FAIRFAX, VIRGINIA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2013**

**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 one percent of expenditures.
- 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)	\$ (24,377,305)
Basis difference - Revenue from investments	232,320
Timing difference - Purchase expenditures	55,419
Interfund differences - Fringe benefits	(195,824)
Perspective differences:	
The Gift Fund and NOVARIS are treated as agency funds for budget purposes	(52,589)
The Consolidated Community Funding Pool Fund is treated as a special revenue fund for budget purposes	(31,292)
The Contributory Fund is treated as a special revenue fund for budget purposes	(58,385)
The Information Technology Fund is treated as a special revenue fund for budget purposes	24,739
Net change in fund balance (GAAP basis)	<u>\$ (24,402,917)</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 position, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing plan net position 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.



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, 2013**

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
Real property	\$ 2,116,497,573	2,116,232,911	2,123,406,699	7,173,788
Personal property	341,383,416	340,539,570	353,633,268	13,093,698
Business licenses	159,730,012	158,220,681	159,317,034	1,096,353
Local sales and use	263,582,177	263,088,819	265,134,931	2,046,112
Consumers utility	46,490,044	45,104,967	45,533,092	428,125
Recordation	20,965,960	23,196,407	28,281,179	5,084,772
Occupancy, tobacco, and other	33,169,145	33,876,414	32,694,178	(1,182,236)
Total taxes	2,981,818,327	2,980,259,769	3,008,000,381	27,740,612
Permits, privilege fees, and regulatory licenses	34,902,539	35,747,734	38,201,352	2,453,618
Intergovernmental	341,525,676	332,199,305	332,278,726	79,421
Charges for services	70,095,102	70,971,358	72,674,073	1,702,715
Fines and forfeitures	13,595,913	14,612,835	14,131,523	(481,312)
Revenue from the use of money and property	18,169,566	18,160,015	18,097,468	(62,547)
Recovered costs	14,716,245	14,858,461	15,285,540	427,079
Total revenues	3,474,823,368	3,466,809,477	3,498,669,063	31,859,586
<b>EXPENDITURES</b>				
General government administration:				
Board of Supervisors	5,115,307	5,115,307	4,554,679	560,628
Financial and Program Auditor	346,699	347,525	284,278	63,247
County Executive	6,420,148	6,429,520	5,729,428	700,092
Tax Administration	22,439,745	23,039,364	21,423,473	1,615,891
Finance	9,654,002	10,030,719	9,199,738	830,981
Cable and Consumer Services	947,244	997,254	1,051,877	(54,623)
Human Resources	7,519,208	7,904,349	7,560,035	344,314
Purchasing and Supply Management	5,061,847	5,118,758	4,801,328	317,430
Public Affairs	1,125,752	1,217,536	1,164,637	52,899
Elections	3,677,781	3,683,999	3,558,962	125,037
County Attorney	6,279,548	8,020,738	6,775,253	1,245,485
Information Technology	28,899,083	31,669,577	28,845,475	2,824,102
Management and Budget	2,762,533	2,764,913	2,651,424	113,489
Civil Service Commission	425,766	425,766	373,517	52,249
Total general government administration	100,674,663	106,765,325	97,974,104	8,791,221
Judicial administration:				
Circuit Court and Records	10,465,013	10,587,702	10,318,566	269,136
Commonwealth Attorney	2,667,392	2,667,392	2,653,086	14,306
General District Court	2,193,818	2,271,743	2,049,657	222,086
Sheriff	17,746,877	18,370,626	18,430,508	(59,882)
Total judicial administration	33,073,100	33,897,463	33,451,817	445,646
Public safety:				
Cable Communications and Consumer Protection	739,950	739,950	660,853	79,097
Land Development Services	8,646,368	8,738,641	8,856,194	(117,553)
Juvenile and Domestic Relations Court	20,951,693	21,178,839	20,717,288	461,551
Police Department	171,297,668	175,230,102	170,984,616	4,245,486
Sheriff	44,470,147	44,942,523	41,434,270	3,508,253
Fire and Rescue	170,176,454	175,063,408	168,324,397	6,739,011
Emergency Management	1,807,361	2,183,078	1,661,944	521,134
Code Compliance	3,640,203	3,944,247	3,595,916	348,331
Total public safety	\$ 421,729,844	432,020,788	416,235,478	15,785,310

continued

## EXHIBIT B

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
Public works:				
Facilities Management	\$ 51,297,732	55,770,572	52,827,898	2,942,674
Business Planning and Support	797,385	797,553	739,970	57,583
Capital Facilities	11,996,852	12,042,297	11,925,564	116,733
Unclassified Administrative Expenses	3,644,811	4,320,429	2,896,545	1,423,884
Total public works	67,736,780	72,930,851	68,389,977	4,540,874
Health and welfare:				
Family Services	196,325,656	194,269,234	181,733,479	12,535,755
Health Department	52,484,280	56,257,125	51,097,648	5,159,477
Human Services Administration	11,724,636	11,760,129	11,569,375	190,754
Office to Prevent and End Homelessness	11,817,906	12,084,837	11,001,061	1,083,776
Neighborhood and Community Services	26,347,397	26,961,891	26,122,726	839,165
Total health and welfare	298,699,875	301,333,216	281,524,289	19,808,927
Community development:				
Economic Development Authority	7,218,600	7,218,600	7,193,593	25,007
Land Development Services	12,539,990	13,710,327	11,579,098	2,131,229
Planning and Zoning	9,653,293	10,540,464	9,297,435	1,243,029
Planning Commission	673,771	703,771	674,420	29,351
Housing and Community Development	5,687,809	5,710,886	5,151,327	559,559
Human Rights and Equity Programs	1,566,705	1,568,850	1,414,313	154,537
Transportation	7,242,170	8,814,848	7,394,483	1,420,365
Total community development	44,582,338	48,267,746	42,704,669	5,563,077
Parks, recreation, and cultural:				
Park Authority	22,666,464	22,921,644	22,656,251	265,393
Public Library	27,461,842	28,454,777	26,791,911	1,662,866
Total parks, recreation, and cultural	50,128,306	51,376,421	49,448,162	1,928,259
Nondepartmental:				
Unclassified Administrative Expenses	100,000	187,829	83,866	103,963
Employee Benefits	287,016,896	285,289,016	279,510,371	5,778,645
Total nondepartmental	287,116,896	285,476,845	279,594,237	5,882,608
Total expenditures	1,303,741,802	1,332,068,655	1,269,322,733	62,745,922
Excess of revenues over expenditures	\$ 2,171,081,566	2,134,740,822	2,229,346,330	94,605,508

continued

**COUNTY OF FAIRFAX, VIRGINIA**  
**Budgetary Comparison Schedule Detail - General Fund (Budget Basis)**  
**For the fiscal year ended June 30, 2013**

**EXHIBIT B**  
concluded

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
From other primary government funds:				
Special Revenue Funds:				
Cable Communications	\$ 4,270,457	4,270,457	4,270,457	-
Refuse Disposal	2,500,000	2,500,000	2,500,000	-
Total transfers in from other primary government funds	6,770,457	6,770,457	6,770,457	-
Transfers out:				
To other primary government funds:				
Special Revenue Funds:				
County Transit Systems	(36,547,739)	(36,547,739)	(36,547,739)	-
Federal/State Grants	(4,627,729)	(5,244,241)	(5,244,241)	-
Information Technology	(5,281,579)	(14,281,579)	(14,281,579)	-
Fairfax-Falls Church CSB	(100,421,627)	(109,610,515)	(109,610,515)	-
Consolidated Community Funding Pool	(9,867,755)	(9,867,755)	(9,867,755)	-
Contributory Fund	(15,683,588)	(15,683,588)	(15,683,588)	-
E-911	(15,256,778)	(15,256,778)	(15,256,778)	-
Alcohol Safety Action Program	(171,958)	(171,958)	(171,958)	-
Elderly Housing Programs	(2,043,297)	(2,043,297)	(2,043,297)	-
Commercial Revitalization Prog	-	(950,000)	(950,000)	-
The Penny for Affordable Housing	(1,058,750)	(1,058,750)	(1,058,750)	-
Debt Service Fund				
Debt Service Fund	(281,610,137)	(281,610,137)	(281,610,137)	-
Capital Projects Funds:				
County Construction	(15,137,806)	(16,554,569)	(16,554,569)	-
Metro Operations and Construction	(11,298,296)	(11,298,296)	(11,298,296)	-
Transportation Improvements				
Construction	-	(200,000)	(200,000)	-
Sidewalk Construction	(300,000)	(300,000)	(300,000)	-
Internal Service Funds:				
Self-Insurance	(21,017,317)	(22,094,372)	(22,094,372)	-
Document Services	(2,398,233)	(2,398,233)	(2,398,233)	-
Health Benefits	-	(4,000,000)	(4,000,000)	-
OPEB Trust Fund	(28,000,000)	(28,000,000)	(28,000,000)	-
Total transfers out to other primary government funds	(550,722,589)	(577,171,807)	(577,171,807)	-
To component units:				
Public Schools:				
Public Schools - General Fund	(1,683,322,285)	(1,683,322,285)	(1,683,322,285)	-
Total transfers out to component units	(1,683,322,285)	(1,683,322,285)	(1,683,322,285)	-
Total transfers out	(2,234,044,874)	(2,260,494,092)	(2,260,494,092)	-
Total other financing (uses)	(2,227,274,417)	(2,253,723,635)	(2,253,723,635)	-
Net change in fund balance	\$ (56,192,851)	(118,982,813)	(24,377,305)	94,605,508

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



**COUNTY OF FAIRFAX, VIRGINIA**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2013**

**EXHIBIT C**

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Equity in pooled cash and temporary investments	\$ 389,984,735	15,708,150	148,736,443	554,429,328
Receivables (net of allowances):				
Accounts	14,585,522	71	369,941	14,955,534
Accrued interest	953,537	14,572	2,987,436	3,955,545
Loans	20,063,790	-	37,508,635	57,572,425
Due from intergovernmental units	26,313,317	-	24,339	26,337,656
Loan to component unit	-	12,832,200	-	12,832,200
Lease to component unit	-	51,480,000	-	51,480,000
Interfund receivables	1,827,249	-	-	1,827,249
Prepaid and other assets	401,427	-	-	401,427
Restricted assets:				
Equity in pooled cash and temporary investments	-	-	40,009,597	40,009,597
Cash with fiscal agents	48,278,732	17,408,097	62,597,961	128,284,790
Total assets	502,408,309	97,443,090	292,234,352	892,085,751
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total deferred outflows of resources	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 502,408,309</b>	<b>97,443,090</b>	<b>292,234,352</b>	<b>892,085,751</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 29,586,096	234,031	10,753,847	40,573,974
Accrued salaries and benefits	7,620,779	-	-	7,620,779
Contract retainages	1,103,234	-	4,837,573	5,940,807
Accrued interest payable	-	-	1,026,351	1,026,351
Due to component units	-	-	367,763	367,763
Interfund payables	2,437,249	-	5,400,000	7,837,249
Unearned revenue	962,882	51,576,375	34,637,656	87,176,913
Performance and other deposits	5,680	-	19,275,637	19,281,317
Total liabilities	41,715,920	51,810,406	76,298,827	169,825,153
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	3,470,008	-	2,986,390	6,456,398
Total deferred inflows of resources	3,470,008	-	2,986,390	6,456,398
<b>Total liabilities and deferred inflows of resources</b>	<b>45,185,928</b>	<b>51,810,406</b>	<b>79,285,217</b>	<b>176,281,551</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid amounts	748,799	-	-	748,799
Total Nonspendable	748,799	-	-	748,799
Restricted for:				
Public safety, courts, and judicial	25,515,102	-	-	25,515,102
General public works	110,183,236	-	-	110,183,236
Stormwater management	29,559,119	-	-	29,559,119
Transportation	154,932,897	-	-	154,932,897
Social services, health and welfare	9,467,562	-	-	9,467,562
Housing and community development	29,833,883	-	-	29,833,883
Parks, recreation, and cultural	18,160,300	12,832,200	-	30,992,500
Debt service	-	13,144,740	-	13,144,740
Capital projects	-	-	156,996,862	156,996,862
Other purposes	5,189,055	-	-	5,189,055
Total Restricted	382,841,154	25,976,940	156,996,862	565,814,956
Committed to:				
Public safety, courts, and judicial	4,415,916	-	-	4,415,916
Transportation	46,451,053	-	-	46,451,053
Social services, health and welfare	8,409,806	-	-	8,409,806
Housing and community development	14,355,653	-	-	14,355,653
Debt service	-	19,655,744	-	19,655,744
Capital projects	-	-	69,060,578	69,060,578
Total Committed	73,632,428	19,655,744	69,060,578	162,348,750
Unassigned:	-	-	(13,108,305)	(13,108,305)
Total fund balances	457,222,381	45,632,684	212,949,135	715,804,200
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 502,408,309</b>	<b>97,443,090</b>	<b>292,234,352</b>	<b>892,085,751</b>

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT C-1

## Nonmajor Governmental Funds

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

For the fiscal year ended June 30, 2013

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 18,313,441	-	9,975,000	28,288,441
Permits, privilege fees, and regulatory licenses	24,209,752	-	-	24,209,752
Intergovernmental	208,341,421	4,620,974	2,166,461	215,128,856
Charges for services	267,740,348	-	1,373,606	269,113,954
Fines and forfeitures	50,604	-	-	50,604
Developers' contributions	164,869	-	-	164,869
Revenue from the use of money and property	6,459,936	2,981,684	6,243,190	15,684,810
Recovered costs	1,964,925	-	4,415,707	6,380,632
Gifts, donations, and contributions	867,187	-	-	867,187
<b>Total revenues</b>	<b>528,112,483</b>	<b>7,602,658</b>	<b>24,173,964</b>	<b>559,889,105</b>
<b>EXPENDITURES</b>				
Current:				
General government administration	4,221,324	-	2,880,241	7,101,565
Judicial administration	886,509	-	-	886,509
Public safety	57,715,748	-	153,317	57,869,065
Public works	112,056,169	-	6,402,702	118,458,871
Health and welfare	189,693,087	-	3,386,143	193,079,230
Community development	114,591,218	-	27,648,425	142,239,643
Parks, recreation, and cultural	12,500,566	-	3,784,132	16,284,698
Intergovernmental:				
Community development	135,855,411	-	32,178,768	168,034,179
Parks, recreation, and cultural	-	-	22,903,477	22,903,477
Education - for Public Schools	5,148,169	-	155,000,000	160,148,169
Capital outlay:				
General government administration	94,607	-	866,132	960,739
Public safety	2,326,961	-	-	2,326,961
Public works	22,263,654	-	39,185,566	61,449,220
Health and welfare	46,396	-	16,458,517	16,504,913
Community development	47,576,085	-	28,680,516	76,256,601
Parks, recreation, and cultural	323,772	-	819,425	1,143,197
Debt service:				
Principal retirement	13,891,941	191,120,783	29,255,000	234,267,724
Interest and other charges	15,800,345	106,005,515	5,495,178	127,301,038
<b>Total expenditures</b>	<b>734,991,962</b>	<b>297,126,298</b>	<b>375,097,539</b>	<b>1,407,215,799</b>
Deficiency of revenues under expenditures	(206,879,479)	(289,523,640)	(350,923,575)	(847,326,694)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	195,837,403	288,711,124	30,756,615	515,305,142
Transfers out	(41,637,747)	-	(9,515,173)	(51,152,920)
General obligation bonds issued	-	-	206,335,000	206,335,000
Premium on general obligation bonds issued	-	-	43,732,464	43,732,464
Revenue bonds issued	42,390,000	-	-	42,390,000
Premium on revenue bonds issued	6,319,053	-	-	6,319,053
General obligation refunding bonds issued	-	128,000,000	-	128,000,000
Premium on general obligation refunding bonds issued	-	18,501,301	-	18,501,301
General obligation payments to refunded bonds escrow agent	-	(145,945,515)	-	(145,945,515)
Refunding bonds issued	-	-	24,650,000	24,650,000
<b>Total other financing sources (uses)</b>	<b>202,908,709</b>	<b>289,266,910</b>	<b>295,958,906</b>	<b>788,134,525</b>
<b>SPECIAL ITEM</b>				
INOVA Health	-	-	4,200,000	4,200,000
Net change in fund balances	(3,970,770)	(256,730)	(50,764,669)	(54,992,169)
Fund balances, July 1, 2012	461,193,151	45,889,414	263,713,804	770,796,369
<b>Fund balances, June 30, 2013</b>	<b>\$ 457,222,381</b>	<b>45,632,684</b>	<b>212,949,135</b>	<b>715,804,200</b>



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.

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 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, 2013**

	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
<b>ASSETS</b>					
Equity in pooled cash and temporary investments	\$ 50,013,584	17,050,444	20,836,856	81,838,772	23,451,764
Receivables (net of allowances):					
Accounts	719,904	40,326	21,003	218,102	3,051,039
Accrued interest	-	468	219	-	151
Loans	-	-	-	-	-
Due from intergovernmental units	-	-	-	-	18,327,482
Interfund receivables	-	-	-	-	-
Prepaid and other assets	-	-	-	-	67,876
Restricted assets - Cash with fiscal agents	-	35,060,412	-	11,505,486	-
Total assets	50,733,488	52,151,650	20,858,078	93,562,360	44,898,312
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Total deferred outflows of resources	-	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 50,733,488</b>	<b>52,151,650</b>	<b>20,858,078</b>	<b>93,562,360</b>	<b>44,898,312</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 4,282,435	8,380,702	94,887	2,213,808	2,143,180
Accrued salaries and benefits	-	-	-	57,636	981,947
Contract retainages	-	-	-	650,260	54,345
Interfund payables	-	-	-	-	-
Unearned revenue	-	40,326	21,003	218,102	11,798
Performance and other deposits	-	-	-	-	-
Total liabilities	4,282,435	8,421,028	115,890	3,139,806	3,191,270
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
<b>Total liabilities and deferred inflows of resources</b>	<b>4,282,435</b>	<b>8,421,028</b>	<b>115,890</b>	<b>3,139,806</b>	<b>3,191,270</b>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid amounts	-	-	-	-	69,314
Total Nonspendable	-	-	-	-	69,314
Restricted for:					
Public safety, courts, and judicial	-	-	-	-	25,515,102
General public works	-	-	-	-	6,531
Stormwater management	-	-	-	-	-
Transportation	-	43,730,622	20,742,188	90,422,554	37,533
Social services, health and welfare	-	-	-	-	7,991,578
Housing and community development	-	-	-	-	445,939
Parks, recreation, and cultural	-	-	-	-	362,068
Other purposes	-	-	-	-	5,189,055
Total Restricted	-	43,730,622	20,742,188	90,422,554	39,547,806
Committed to:					
Public safety, courts, and judicial	-	-	-	-	-
Transportation	46,451,053	-	-	-	-
Social services, health and welfare	-	-	-	-	2,089,922
Housing and community development	-	-	-	-	-
Total Committed	46,451,053	-	-	-	2,089,922
Total fund balances	46,451,053	43,730,622	20,742,188	90,422,554	41,707,042
<b>Total liabilities, deferred inflow of resources, and fund balances</b>	<b>\$ 50,733,488</b>	<b>52,151,650</b>	<b>20,858,078</b>	<b>93,562,360</b>	<b>44,898,312</b>

## EXHIBIT D

Cable Communications	Fairfax-Falls Church Community Services Board	Reston Community Center	Mosaic Community Development Authority	
<b>ASSETS</b>				
11,853,327	11,655,157	6,319,807	-	Equity in pooled cash and temporary investments
1,656,144	1,206,653	42,169	-	Receivables (net of allowances):
-	-	133	234	Accounts
-	-	-	-	Accrued interest
2,832,460	334,945	-	-	Loans
-	-	-	-	Due from intergovernmental units
-	174,244	-	-	Interfund receivables
-	-	-	1,712,834	Prepaid and other assets
16,341,931	13,370,999	6,362,109	1,713,068	Restricted assets - Cash with fiscal agents
				Total assets
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
-	-	-	-	Total deferred outflows of resources
16,341,931	13,370,999	6,362,109	1,713,068	Total assets and deferred outflows of resources
<b>LIABILITIES</b>				
397,048	3,446,309	140,376	1,588	Accounts payable and accrued liabilities
177,132	3,493,737	188,939	-	Accrued salaries and benefits
-	-	-	-	Contract retainages
-	-	-	-	Interfund payables
-	1,213	285,546	-	Unearned revenue
-	-	3,600	-	Performance and other deposits
574,180	6,941,259	618,461	1,588	Total liabilities
<b>DEFERRED INFLOWS OF RESOURCES</b>				
1,412,098	-	-	-	Unavailable revenue
1,412,098	-	-	-	Total deferred inflows of resources
1,986,278	6,941,259	618,461	1,588	Total liabilities and deferred inflows of resources
<b>FUND BALANCES</b>				
Nonspendable:				
-	174,244	-	-	Prepaid amounts
-	174,244	-	-	Total Nonspendable
Restricted for:				
-	-	-	-	Public safety, courts, and judicial
-	-	-	-	General public works
-	-	-	-	Stormwater management
-	-	-	-	Transportation
-	-	-	-	Social services, health and welfare
-	-	-	1,711,480	Housing and community development
-	-	5,743,648	-	Parks, recreation, and cultural
-	-	-	-	Other purposes
-	-	5,743,648	1,711,480	Total Restricted
Committed to:				
-	-	-	-	Public safety, courts, and judicial
-	-	-	-	Transportation
-	6,255,496	-	-	Social services, health and welfare
14,355,653	-	-	-	Housing and community development
14,355,653	6,255,496	-	-	Total Committed
14,355,653	6,429,740	5,743,648	1,711,480	Total fund balances
16,341,931	13,370,999	6,362,109	1,713,068	Total liabilities, deferred inflow of resources, and fund balances

continued

**COUNTY OF FAIRFAX, VIRGINIA**  
**Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2013**

	McLean Community Center	Burgundy Village Community Center	E-911	Integrated Pest Management Program	Stormwater Services
<b>ASSETS</b>					
Equity in pooled cash and temporary investments	\$ 11,921,552	322,188	5,095,590	2,813,193	32,876,091
Receivables (net of allowances):					
Accounts	16,842	733	-	11,474	186,558
Accrued interest	202	5	311	54	-
Loans	-	-	-	-	-
Due from intergovernmental units	-	-	3,095,827	-	23,790
Interfund receivables	-	-	-	-	-
Prepaid and other assets	90	-	-	-	103,622
Restricted assets - Cash with fiscal agents	-	-	-	-	-
Total assets	<u>11,938,686</u>	<u>322,926</u>	<u>8,191,728</u>	<u>2,824,721</u>	<u>33,190,061</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Total deferred outflows of resources	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 11,938,686</u>	<u>322,926</u>	<u>8,191,728</u>	<u>2,824,721</u>	<u>33,190,061</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 54,629	7,270	1,509,733	46,019	2,584,125
Accrued salaries and benefits	126,704	572	929,188	10,526	558,648
Contract retainages	-	-	-	-	301,611
Interfund payables	-	-	-	-	-
Unearned revenue	17,120	733	-	11,474	186,558
Performance and other deposits	-	-	-	-	-
Total liabilities	<u>198,453</u>	<u>8,575</u>	<u>2,438,921</u>	<u>68,019</u>	<u>3,630,942</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	1,336,891	-	-
Total deferred inflows of resources	-	-	<u>1,336,891</u>	-	-
Total liabilities and deferred inflows of resources	<u>198,453</u>	<u>8,575</u>	<u>3,775,812</u>	<u>68,019</u>	<u>3,630,942</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid amounts	-	-	-	-	-
Total Nonspendable	-	-	-	-	-
Restricted for:					
Public safety, courts, and judicial	-	-	-	-	-
General public works	-	-	-	-	-
Stormwater management	-	-	-	-	29,559,119
Transportation	-	-	-	-	-
Social services, health and welfare	-	-	-	1,475,984	-
Housing and community development	-	-	-	1,280,718	-
Parks, recreation, and cultural	11,740,233	314,351	-	-	-
Other purposes	-	-	-	-	-
Total Restricted	<u>11,740,233</u>	<u>314,351</u>	<u>-</u>	<u>2,756,702</u>	<u>29,559,119</u>
Committed to:					
Public safety, courts, and judicial	-	-	4,415,916	-	-
Transportation	-	-	-	-	-
Social services, health and welfare	-	-	-	-	-
Housing and community development	-	-	-	-	-
Total Committed	-	-	<u>4,415,916</u>	-	-
Total fund balances	<u>11,740,233</u>	<u>314,351</u>	<u>4,415,916</u>	<u>2,756,702</u>	<u>29,559,119</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 11,938,686</u>	<u>322,926</u>	<u>8,191,728</u>	<u>2,824,721</u>	<u>33,190,061</u>

## EXHIBIT D

Leaf Collection	Refuse Collection and Recycling Operations	Refuse Disposal	Energy Resource Recovery Facility	I-95 Refuse Disposal	
					<b>ASSETS</b>
3,750,929	12,824,713	8,184,168	44,628,669	38,048,065	Equity in pooled cash and temporary investments
14,851	239,381	6,083,089	18,860	992,156	Receivables (net of allowances):
67	253	182	512	667	Accounts
-	-	-	-	-	Accrued interest
-	131,703	109,966	476,341	314	Loans
-	-	-	1,777,990	49,259	Due from intergovernmental units
-	-	133	-	-	Interfund receivables
-	-	-	-	-	Prepaid and other assets
3,765,847	13,196,050	14,377,538	46,902,372	39,090,461	Restricted assets - Cash with fiscal agents
					Total assets
					<b>DEFERRED OUTFLOWS OF RESOURCES</b>
-	-	-	-	-	Total deferred outflows of resources
3,765,847	13,196,050	14,377,538	46,902,372	39,090,461	Total assets and deferred outflows of resources
					<b>LIABILITIES</b>
5,946	1,973,570	1,005,767	568,484	579,117	Accounts payable and accrued liabilities
-	375,281	414,101	33,252	118,284	Accrued salaries and benefits
-	-	81,169	-	4,334	Contract retainages
-	-	1,827,249	-	-	Interfund payables
14,851	154,158	-	-	-	Unearned revenue
-	-	-	-	-	Performance and other deposits
20,797	2,503,009	3,328,286	601,736	701,735	Total liabilities
					<b>DEFERRED INFLOWS OF RESOURCES</b>
-	-	-	-	-	Unavailable revenue
-	-	-	-	-	Total deferred inflows of resources
20,797	2,503,009	3,328,286	601,736	701,735	Total liabilities and deferred inflows of resources
					<b>FUND BALANCES</b>
-	-	-	-	-	Nonspendable:
-	-	-	-	-	Prepaid amounts
-	-	-	-	-	Total Nonspendable
-	-	-	-	-	Restricted for:
3,745,050	10,693,041	11,049,252	46,300,636	38,388,726	Public safety, courts, and judicial
-	-	-	-	-	General public works
-	-	-	-	-	Stormwater management
-	-	-	-	-	Transportation
-	-	-	-	-	Social services, health and welfare
-	-	-	-	-	Housing and community development
-	-	-	-	-	Parks, recreation, and cultural
-	-	-	-	-	Other purposes
3,745,050	10,693,041	11,049,252	46,300,636	38,388,726	Total Restricted
-	-	-	-	-	Committed to:
-	-	-	-	-	Public safety, courts, and judicial
-	-	-	-	-	Transportation
-	-	-	-	-	Social services, health and welfare
-	-	-	-	-	Housing and community development
-	-	-	-	-	Total Committed
3,745,050	10,693,041	11,049,252	46,300,636	38,388,726	Total fund balances
3,765,847	13,196,050	14,377,538	46,902,372	39,090,461	Total liabilities, deferred inflow of resources, and fund balances

continued

**COUNTY OF FAIRFAX, VIRGINIA**  
**Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2013**

**EXHIBIT D**  
**concluded**

	Community Development Block Grant	Housing Trust	HOME Investment Partnership Grant	Alcohol Safety Action Program	Total Special Revenue Funds
<b>ASSETS</b>					
Equity in pooled cash and temporary investments	\$ 1,987	6,400,056	18,061	79,762	389,984,735
Receivables (net of allowances):					
Accounts	-	-	12,138	54,100	14,585,522
Accrued interest	-	950,079	-	-	953,537
Loans	7,559,398	9,094,626	3,409,766	-	20,063,790
Due from intergovernmental units	880,830	-	99,659	-	26,313,317
Interfund receivables	-	-	-	-	1,827,249
Prepaid and other assets	138	-	55,324	-	401,427
Restricted assets - Cash with fiscal agents	-	-	-	-	48,278,732
Total assets	8,442,353	16,444,761	3,594,948	133,862	502,408,309
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Total deferred outflows of resources	-	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 8,442,353</b>	<b>16,444,761</b>	<b>3,594,948</b>	<b>133,862</b>	<b>502,408,309</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 124,898	18,579	-	7,626	29,586,096
Accrued salaries and benefits	85,237	-	7,747	61,848	7,620,779
Contract retainages	11,515	-	-	-	1,103,234
Interfund payables	610,000	-	-	-	2,437,249
Unearned revenue	-	-	-	-	962,882
Performance and other deposits	2,080	-	-	-	5,680
Total liabilities	833,730	18,579	7,747	69,474	41,715,920
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	721,019	-	-	3,470,008
Total deferred inflows of resources	-	721,019	-	-	3,470,008
<b>Total liabilities and deferred inflows of resources</b>	<b>833,730</b>	<b>739,598</b>	<b>7,747</b>	<b>69,474</b>	<b>45,185,928</b>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid amounts	134,554	-	370,687	-	748,799
Total Nonspendable	134,554	-	370,687	-	748,799
Restricted for:					
Public safety, courts, and judicial	-	-	-	-	25,515,102
General public works	-	-	-	-	110,183,236
Stormwater management	-	-	-	-	29,559,119
Transportation	-	-	-	-	154,932,897
Social services, health and welfare	-	-	-	-	9,467,562
Housing and community development	7,474,069	15,705,163	3,216,514	-	29,833,883
Parks, recreation, and cultural	-	-	-	-	18,160,300
Other purposes	-	-	-	-	5,189,055
Total Restricted	7,474,069	15,705,163	3,216,514	-	382,841,154
Committed to:					
Public safety, courts, and judicial	-	-	-	-	4,415,916
Transportation	-	-	-	-	46,451,053
Social services, health and welfare	-	-	-	64,388	8,409,806
Housing and community development	-	-	-	-	14,355,653
Total Committed	-	-	-	64,388	73,632,428
Total fund balances	7,608,623	15,705,163	3,587,201	64,388	457,222,381
<b>Total liabilities, deferred inflow of resources, and fund balances</b>	<b>\$ 8,442,353</b>	<b>16,444,761</b>	<b>3,594,948</b>	<b>133,862</b>	<b>502,408,309</b>



## COUNTY OF FAIRFAX, VIRGINIA

## Special Revenue Funds

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

For the fiscal year ended June 30, 2013

	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
<b>REVENUES</b>					
Taxes	\$ -	-	-	-	-
Permits, privilege fees, and regulatory licenses	-	-	-	-	-
Intergovernmental	19,568,151	-	-	74,937,381	79,074,802
Charges for services	15,108,969	24,454,747	11,104,512	45,598,592	189,196
Fines and forfeitures	-	-	-	-	-
Developers' contributions	-	-	-	-	-
Revenue from the use of money and property	350,914	306,750	52,650	560,637	86,907
Recovered costs	-	-	-	-	1,560,438
Gifts, donations, and contributions	-	-	-	-	867,087
Total revenues	35,028,034	24,761,497	11,157,162	121,096,610	81,778,430
<b>EXPENDITURES</b>					
Current:					
General government administration	-	-	-	-	4,221,324
Judicial administration	-	-	-	-	886,509
Public safety	-	-	-	-	21,847,643
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	48,164,131
Community development	75,085,104	-	-	7,925,735	8,640,334
Parks, recreation, and cultural	-	-	-	-	-
Intergovernmental:					
Community development	4,625,668	56,799,443	-	74,430,300	-
Education - for Public Schools	-	-	-	-	-
Capital outlay:					
General government administration	-	-	-	-	94,607
Public safety	-	-	-	-	1,606,054
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community development	16,168,054	-	-	30,362,295	-
Parks, recreation, and cultural	-	-	-	-	-
Debt service:					
Principal retirement	-	6,030,000	-	-	-
Interest and other charges	-	10,824,608	153,680	4,145,462	-
Total expenditures	95,878,826	73,654,051	153,680	116,863,792	85,460,602
Excess (deficiency) of revenues over (under) expenditures	(60,850,792)	(48,892,554)	11,003,482	4,232,818	(3,682,172)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	65,553,911	-	-	-	5,244,241
Transfers out	-	-	-	(26,701,987)	-
Revenue bonds issued	-	42,390,000	-	-	-
Premium on revenue bonds issued	-	6,319,053	-	-	-
Total other financing sources (uses)	65,553,911	48,709,053	-	(26,701,987)	5,244,241
Net change in fund balances	4,703,119	(183,501)	11,003,482	(22,469,169)	1,562,069
Fund balances, July 1, 2012	41,747,934	43,914,123	9,738,706	112,891,723	40,144,973
Fund balances, June 30, 2013	\$ 46,451,053	43,730,622	20,742,188	90,422,554	41,707,042

## EXHIBIT D-1

Cable Communications	Fairfax- Falls Church Community Services Board	Reston Community Center	Mosaic Community Development Authority	
<b>REVENUES</b>				
-	-	-	1,499,473	Taxes
24,129,032	-	-	-	Permits, privilege fees, and regulatory licenses
-	19,228,591	-	-	Intergovernmental
336	18,761,203	6,954,164	-	Charges for services
11,200	14,100	-	-	Fines and forfeitures
-	-	-	-	Developers' contributions
365	-	258,208	2,295	Revenue from the use of money and property
-	-	-	-	Recovered costs
-	100	-	-	Gifts, donations, and contributions
24,140,933	38,003,994	7,212,372	1,501,768	Total revenues
<b>EXPENDITURES</b>				
Current:				
-	-	-	-	General government administration
-	-	-	-	Judicial administration
-	-	-	-	Public safety
-	-	-	-	Public works
-	138,572,423	-	-	Health and welfare
9,409,974	-	-	55,948	Community development
-	-	7,575,849	-	Parks, recreation, and cultural
Intergovernmental:				
-	-	-	-	Community development
5,148,169	-	-	-	Education - for Public Schools
Capital outlay:				
-	-	-	-	General government administration
-	-	-	-	Public safety
-	-	-	-	Public works
-	7,938	-	-	Health and welfare
728,117	-	-	-	Community development
-	-	38,426	-	Parks, recreation, and cultural
Debt service:				
-	-	29,091	-	Principal retirement
-	-	36,381	-	Interest and other charges
15,286,260	138,580,361	7,679,747	55,948	Total expenditures
8,854,673	(100,576,367)	(467,375)	1,445,820	Excess (deficiency) of revenues over (under) expenditures
<b>OTHER FINANCING SOURCES (USES)</b>				
-	109,610,515	-	-	Transfers in
(12,435,760)	-	-	-	Transfers out
-	-	-	-	Revenue bonds issued
-	-	-	-	Premium on revenue bonds issued
(12,435,760)	109,610,515	-	-	Total other financing sources (uses)
(3,581,087)	9,034,148	(467,375)	1,445,820	Net change in fund balances
17,936,740	(2,604,408)	6,211,023	265,660	Fund balances, July 1, 2012
14,355,653	6,429,740	5,743,648	1,711,480	Fund balances, June 30, 2013

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, 2013

	McLean Community Center	Burgundy Village Community Center	E-911	Integrated Pest Management Program	Stormwater Services
<b>REVENUES</b>					
Taxes	\$ -	-	16,813,968	-	-
Permits, privilege fees, and regulatory licenses	-	-	-	-	-
Intergovernmental	-	-	3,577,720	-	23,321
Charges for services	4,710,595	20,849	743	1,978,951	39,713,129
Fines and forfeitures	-	-	-	-	-
Developers' contributions	-	-	-	-	-
Revenue from the use of money and property	107,496	28,390	51,180	10,049	1,544
Recovered costs	-	-	71,284	-	-
Gifts, donations, and contributions	-	-	-	-	-
Total revenues	4,818,091	49,239	20,514,895	1,989,000	39,737,994
<b>EXPENDITURES</b>					
Current:					
General government administration	-	-	-	-	-
Judicial administration	-	-	-	-	-
Public safety	-	-	35,868,105	-	-
Public works	-	-	-	-	19,935,621
Health and welfare	-	-	-	1,231,623	-
Community development	-	-	-	825,396	-
Parks, recreation, and cultural	4,889,788	34,929	-	-	-
Intergovernmental:					
Community development	-	-	-	-	-
Education - for Public Schools	-	-	-	-	-
Capital outlay:					
General government administration	-	-	-	-	-
Public safety	-	-	720,907	-	-
Public works	-	-	-	-	13,156,791
Health and welfare	-	-	-	38,458	-
Community development	-	-	-	-	-
Parks, recreation, and cultural	285,346	-	-	-	-
Debt service:					
Principal retirement	-	-	7,170,850	-	-
Interest and other charges	-	-	333,994	-	-
Total expenditures	5,175,134	34,929	44,093,856	2,095,477	33,092,412
Excess (deficiency) of revenues over (under) expenditures	(357,043)	14,310	(23,578,961)	(106,477)	6,645,582
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	15,256,778	-	-
Transfers out	-	-	-	-	-
Revenue bonds issued	-	-	-	-	-
Premium on revenue bonds issued	-	-	-	-	-
Total other financing sources (uses)	-	-	15,256,778	-	-
Net change in fund balances	(357,043)	14,310	(8,322,183)	(106,477)	6,645,582
Fund balances, July 1, 2012	12,097,276	300,041	12,738,099	2,863,179	22,913,537
Fund balances, June 30, 2013	\$ 11,740,233	314,351	4,415,916	2,756,702	29,559,119

## EXHIBIT D-1

Leaf Collection	Refuse Collection and Recycling Operations	Refuse Disposal	Energy Resource Recovery Facility	I-95 Refuse Disposal	
<b>REVENUES</b>					
-	-	-	-	-	- Taxes
-	-	66,720	-	14,000	Permits, privilege fees, and regulatory licenses
-	145,292	-	-	-	Intergovernmental
2,020,661	18,691,718	43,978,508	27,161,741	5,748,601	Charges for services
-	-	25,304	-	-	Fines and forfeitures
-	-	-	-	-	Developers' contributions
102,963	571,092	2,116,222	118,297	992,313	Revenue from the use of money and property
-	15,335	317,868	-	-	Recovered costs
-	-	-	-	-	Gifts, donations, and contributions
2,123,624	19,423,437	46,504,622	27,280,038	6,754,914	Total revenues
<b>EXPENDITURES</b>					
Current:					
-	-	-	-	-	General government administration
-	-	-	-	-	Judicial administration
-	-	-	-	-	Public safety
1,698,182	17,551,654	43,871,204	17,376,447	11,623,061	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
129,246	2,813,892	4,411,566	-	1,752,159	Public works
-	-	-	-	-	Health and welfare
-	-	-	-	-	Community development
-	-	-	-	-	Parks, recreation, and cultural
Debt service:					
-	-	-	-	-	Principal retirement
-	-	-	-	-	Interest and other charges
1,827,428	20,365,546	48,282,770	17,376,447	13,375,220	Total expenditures
296,196	(942,109)	(1,778,148)	9,903,591	(6,620,306)	Excess (deficiency) of revenues over (under) expenditures
<b>OTHER FINANCING SOURCES (USES)</b>					
-	-	-	-	-	Transfers in
-	-	(2,500,000)	-	-	Transfers out
-	-	-	-	-	Revenue bonds issued
-	-	-	-	-	Premium on revenue bonds issued
-	-	(2,500,000)	-	-	Total other financing sources (uses)
296,196	(942,109)	(4,278,148)	9,903,591	(6,620,306)	Net change in fund balances
3,448,854	11,635,150	15,327,400	36,397,045	45,009,032	Fund balances, July 1, 2012
3,745,050	10,693,041	11,049,252	46,300,636	38,388,726	Fund balances, June 30, 2013

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, 2013**

**EXHIBIT D-1**  
concluded

	Community Development Block Grant	Housing Trust	HOME Investment Partnership Grant	Alcohol Safety Action Program	Total Special Revenue Funds
<b>REVENUES</b>					
Taxes	\$ -	-	-	-	18,313,441
Permits, privilege fees, and regulatory licenses	-	-	-	-	24,209,752
Intergovernmental	6,182,658	-	5,603,505	-	208,341,421
Charges for services	-	-	-	1,543,133	267,740,348
Fines and forfeitures	-	-	-	-	50,604
Developers' contributions	-	164,869	-	-	164,869
Revenue from the use of money and property	200,262	169,699	371,436	267	6,459,936
Recovered costs	-	-	-	-	1,964,925
Gifts, donations, and contributions	-	-	-	-	867,187
<b>Total revenues</b>	<b>6,382,920</b>	<b>334,568</b>	<b>5,974,941</b>	<b>1,543,400</b>	<b>528,112,483</b>
<b>EXPENDITURES</b>					
Current:					
General government administration	-	-	-	-	4,221,324
Judicial administration	-	-	-	-	886,509
Public safety	-	-	-	-	57,715,748
Public works	-	-	-	-	112,056,169
Health and welfare	-	-	-	1,724,910	189,693,087
Community development	6,391,041	516,401	5,741,285	-	114,591,218
Parks, recreation, and cultural	-	-	-	-	12,500,566
Intergovernmental:					
Community development	-	-	-	-	135,855,411
Education - for Public Schools	-	-	-	-	5,148,169
Capital outlay:					
General government administration	-	-	-	-	94,607
Public safety	-	-	-	-	2,326,961
Public works	-	-	-	-	22,263,654
Health and welfare	-	-	-	-	46,396
Community development	-	265,777	51,842	-	47,576,085
Parks, recreation, and cultural	-	-	-	-	323,772
Debt service:					
Principal retirement	662,000	-	-	-	13,891,941
Interest and other charges	306,220	-	-	-	15,800,345
<b>Total expenditures</b>	<b>7,359,261</b>	<b>782,178</b>	<b>5,793,127</b>	<b>1,724,910</b>	<b>734,991,962</b>
Excess (deficiency) of revenues over (under) expenditures	(976,341)	(447,610)	181,814	(181,510)	(206,879,479)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	171,958	195,837,403
Transfers out	-	-	-	-	(41,637,747)
Revenue bonds issued	-	-	-	-	42,390,000
Premium on revenue bonds issued	-	-	-	-	6,319,053
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>171,958</b>	<b>202,908,709</b>
Net change in fund balances	(976,341)	(447,610)	181,814	(9,552)	(3,970,770)
Fund balances, July 1, 2012	8,584,964	16,152,773	3,405,387	73,940	461,193,151
Fund balances, June 30, 2013	\$ 7,608,623	15,705,163	3,587,201	64,388	457,222,381

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2A

## Special Revenue Fund

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

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 18,364,656	18,364,656	19,568,151	1,203,495
Charges for services	10,827,539	10,192,077	9,237,130	(954,947)
Revenue from the use of money and property	200,000	200,000	350,914	150,914
Total revenues	29,392,195	28,756,733	29,156,195	399,462
<b>EXPENDITURES</b>				
Community development	99,781,260	112,949,382	89,997,588	22,951,794
Total expenditures	99,781,260	112,949,382	89,997,588	22,951,794
Excess (deficiency) of revenues over (under) expenditures	(70,389,065)	(84,192,649)	(60,841,393)	23,351,256
<b>OTHER FINANCING SOURCES</b>				
Transfers in	65,553,911	65,553,911	65,553,911	-
Total other financing sources	65,553,911	65,553,911	65,553,911	-
Net change in fund balance	\$ (4,835,154)	(18,638,738)	4,712,518	23,351,256

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2B

## Special Revenue Fund

## Budgetary Comparison Schedule - Dulles Rail Phase I Transportation Improvement

## District Fund (Budget Basis)

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Charges for services	\$ 24,221,727	24,221,727	24,454,747	233,020
Revenue from the use of money and property	195,000	195,000	311,274	116,274
Total revenues	24,416,727	24,416,727	24,766,021	349,294
<b>EXPENDITURES</b>				
Community development	35,000,000	23,187,629	8,376,269	14,811,360
Debt service:				
Principal retirement	-	-	6,030,000	(6,030,000)
Interest and other charges:				
Interest	17,066,583	17,066,583	10,490,214	6,576,369
Bond issuance costs and other	-	(6,909)	25,260	(32,169)
Total expenditures	52,066,583	40,247,303	24,921,743	15,325,560
Excess (deficiency) of revenues over (under) expenditures	(27,649,856)	(15,830,576)	(155,722)	15,674,854
Net change in fund balance	\$ (27,649,856)	(15,830,576)	(155,722)	15,674,854

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2C

## Special Revenue Fund

## Budgetary Comparison Schedule - Dulles Rail Phase II Transportation Improvement

## District Fund (Budget Basis)

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Charges for services	\$ 11,049,068	11,049,068	11,104,514	55,446
Revenue from the use of money and property	13,104	13,104	52,953	39,849
Total revenues	11,062,172	11,062,172	11,157,467	95,295
<b>EXPENDITURES</b>				
Debt service:				
Bond issuance costs and other	500,000	500,000	153,680	346,320
Total expenditures	500,000	500,000	153,680	346,320
Excess (deficiency) of revenues over (under) expenditures	10,562,172	10,562,172	11,003,787	441,615
Net change in fund balance	\$ 10,562,172	10,562,172	11,003,787	441,615

## 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, 2013

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ -	6,401,225	507,081	(5,894,144)
Charges for services	44,436,000	44,436,000	45,598,592	1,162,592
Revenue from the use of money and property	-	7,860,095	8,416,922	556,827
<b>Total revenues</b>	<b>44,436,000</b>	<b>58,697,320</b>	<b>54,522,595</b>	<b>(4,174,725)</b>
<b>EXPENDITURES</b>				
Community development	17,734,014	148,369,451	15,074,927	133,294,524
<b>Total expenditures</b>	<b>17,734,014</b>	<b>148,369,451</b>	<b>15,074,927</b>	<b>133,294,524</b>
Excess (deficiency) of revenues over (under) expenditures	26,701,986	(89,672,131)	39,447,668	129,119,799
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(26,701,986)	(26,701,986)	(26,701,986)	-
Revenue bonds issued	-	50,000,000	-	(50,000,000)
<b>Total other financing sources (uses)</b>	<b>(26,701,986)</b>	<b>23,298,014</b>	<b>(26,701,986)</b>	<b>(50,000,000)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>(66,374,117)</b>	<b>12,745,682</b>	<b>79,119,799</b>

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2E

## Special Revenue Fund

## Budgetary Comparison Schedule - Federal/State Grant Fund (Budget Basis)

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 93,368,130	180,788,493	79,551,401	(101,237,092)
Recovered costs	-	2,804,328	2,065,333	(738,995)
Gifts, donations, and contributions	-	2,391,640	-	(2,391,640)
Total revenues	93,368,130	185,984,461	81,616,734	(104,367,727)
<b>EXPENDITURES</b>				
General government administration	97,995,859	58,977,202	4,398,211	54,578,991
Judicial administration	-	2,839,840	886,509	1,953,331
Public safety	-	47,271,183	23,215,967	24,055,216
Public works	-	40,215,123	-	40,215,123
Health and welfare	-	77,124,919	48,164,148	28,960,771
Community development	-	4,222,328	8,640,334	(4,418,006)
Total expenditures	97,995,859	230,650,595	85,305,169	145,345,426
Excess (deficiency) of revenues over (under) expenditures	(4,627,729)	(44,666,134)	(3,688,435)	40,977,699
<b>OTHER FINANCING SOURCES</b>				
Transfers in	4,627,729	5,244,241	5,244,241	-
Total other financing sources	4,627,729	5,244,241	5,244,241	-
Net change in fund balance	\$ -	(39,421,893)	1,555,806	40,977,699



## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2F

## Special Revenue Fund

## Budgetary Comparison Schedule - Information Technology Fund (Budget Basis)

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ -	-	828,332	828,332
Revenue from the use of money and property	300,000	300,000	105,647	(194,353)
Recovered costs	-	414,166	339,675	(74,491)
Total revenues	300,000	714,166	1,273,654	559,488
<b>EXPENDITURES</b>				
General government administration	8,841,579	51,498,728	18,785,840	32,712,888
Total expenditures	8,841,579	51,498,728	18,785,840	32,712,888
Excess (deficiency) of revenues over (under) expenditures	(8,541,579)	(50,784,562)	(17,512,186)	33,272,376
<b>OTHER FINANCING SOURCES</b>				
Transfers in	8,541,579	17,541,579	17,541,579	-
Total other financing sources	8,541,579	17,541,579	17,541,579	-
Net change in fund balance	\$ -	(33,242,983)	29,393	33,272,376

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2G

## Special Revenue Fund

## Budgetary Comparison Schedule - Cable Communications Fund (Budget Basis)

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Permits, privilege fees, and regulatory licenses	\$ 24,826,720	24,826,720	24,129,032	(697,688)
Charges for services	1,200	1,200	336	(864)
Fines and forfeitures	-	-	11,200	11,200
Revenue from the use of money and property	-	-	365	365
Total revenues	24,827,920	24,827,920	24,140,933	(686,987)
<b>EXPENDITURES</b>				
Community development	10,515,599	18,897,795	10,138,091	8,759,704
Total expenditures	10,515,599	18,897,795	10,138,091	8,759,704
Excess (deficiency) of revenues over (under) expenditures	14,312,321	5,930,125	14,002,842	8,072,717
<b>OTHER FINANCING USES</b>				
Transfers out	(12,435,760)	(12,435,760)	(12,435,760)	-
Transfers out to component units	(5,148,169)	(5,148,169)	(5,148,169)	-
Total other financing uses	(17,583,929)	(17,583,929)	(17,583,929)	-
Net change in fund balance	\$ (3,271,608)	(11,653,804)	(3,581,087)	8,072,717

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2H

## Special Revenue Fund

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

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 19,059,035	19,161,181	19,228,591	67,410
Charges for services	23,139,366	20,334,270	18,761,302	(1,572,968)
Fines and forfeitures	-	-	14,100	14,100
Total revenues	42,198,401	39,495,451	38,003,993	(1,491,458)
<b>EXPENDITURES</b>				
Health and welfare	142,620,028	145,504,559	138,583,377	6,921,182
Total expenditures	142,620,028	145,504,559	138,583,377	6,921,182
Excess (deficiency) of revenues over (under) expenditures	(100,421,627)	(106,009,108)	(100,579,384)	5,429,724
<b>OTHER FINANCING SOURCES</b>				
Transfers in	100,421,627	109,610,515	109,610,515	-
Total other financing sources	100,421,627	109,610,515	109,610,515	-
Net change in fund balance	\$ -	3,601,407	9,031,131	5,429,724

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2I

## Special Revenue Fund

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

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Charges for services	\$ 6,822,528	6,885,638	6,954,164	68,526
Revenue from the use of money and property	188,604	188,604	259,206	70,602
Total revenues	7,011,132	7,074,242	7,213,370	139,128
<b>EXPENDITURES</b>				
Parks, recreation, and cultural	8,317,770	8,990,715	7,679,747	1,310,968
Total expenditures	8,317,770	8,990,715	7,679,747	1,310,968
Net change in fund balance	\$ (1,306,638)	(1,916,473)	(466,377)	1,450,096

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2J

## Special Revenue Fund

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

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Charges for services	\$ 4,775,096	4,775,096	4,710,596	(64,500)
Revenue from the use of money and property	263,942	263,942	108,692	(155,250)
Total revenues	5,039,038	5,039,038	4,819,288	(219,750)
<b>EXPENDITURES</b>				
Parks, recreation, and cultural	6,093,358	6,670,692	5,174,971	1,495,721
Total expenditures	6,093,358	6,670,692	5,174,971	1,495,721
Net change in fund balance	\$ (1,054,320)	(1,631,654)	(355,683)	1,275,971

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2K

## Special Revenue Fund

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

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Charges for services	\$ 23,775	23,775	20,849	(2,926)
Revenue from the use of money and property	25,345	30,000	28,411	(1,589)
Total revenues	49,120	53,775	49,260	(4,515)
<b>EXPENDITURES</b>				
Parks, recreation, and cultural	44,791	47,159	34,929	12,230
Total expenditures	44,791	47,159	34,929	12,230
Net change in fund balance	\$ 4,329	6,616	14,331	7,715

**COUNTY OF FAIRFAX, VIRGINIA**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule - E-911 Fund (Budget Basis)**  
**For the fiscal year ended June 30, 2013**

**EXHIBIT D-2L**

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Local sales and use taxes	\$ 17,293,094	17,293,094	16,813,968	(479,126)
Intergovernmental	4,000,000	4,000,000	3,577,720	(422,280)
Charges for Services	-	-	743	743
Revenue from the use of money and property	100,000	100,000	53,452	(46,548)
Recovered costs	358,430	358,430	71,284	(287,146)
Total revenues	21,751,524	21,751,524	20,517,167	(1,234,357)
<b>EXPENDITURES</b>				
Public safety	39,131,428	49,186,216	44,094,994	5,091,222
Total expenditures	39,131,428	49,186,216	44,094,994	5,091,222
Excess (deficiency) of revenues over (under) expenditures	(17,379,904)	(27,434,692)	(23,577,827)	3,856,865
<b>OTHER FINANCING SOURCES</b>				
Transfers in	15,256,778	15,256,778	15,256,778	-
Total other financing sources	15,256,778	15,256,778	15,256,778	-
Net change in fund balance	\$ (2,123,126)	(12,177,914)	(8,321,049)	3,856,865

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2M

## Special Revenue Fund

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

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 1,782,817	1,782,817	1,978,951	196,134
Revenue from the use of money and property	10,600	10,600	10,386	(214)
Total revenues	1,793,417	1,793,417	1,989,337	195,920
EXPENDITURES				
Health and welfare	1,992,586	2,027,859	1,270,081	757,778
Community development	1,091,533	1,091,877	825,396	266,481
Total expenditures	3,084,119	3,119,736	2,095,477	1,024,259
Net change in fund balance	\$ (1,290,702)	(1,326,319)	(106,140)	1,220,179



## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2N

## Special Revenue Fund

## Budgetary Comparison Schedule - Stormwater Services Fund (Budget Basis)

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ -	80,585	23,321	(57,264)
Charges for services	39,775,000	39,775,000	39,713,129	(61,871)
Revenue from the use of money and property	-	-	1,544	1,544
Total revenues	39,775,000	39,855,585	39,737,994	(117,591)
<b>EXPENDITURES</b>				
Public works	39,775,000	92,685,085	33,093,340	59,591,745
Total expenditures	39,775,000	92,685,085	33,093,340	59,591,745
Excess (deficiency) of revenues over (under) expenditures	-	(52,829,500)	6,644,654	59,474,154
<b>OTHER FINANCING SOURCES</b>				
General obligation bonds issued	-	30,000,000	-	(30,000,000)
Total other financing sources	-	30,000,000	-	(30,000,000)
Net change in fund balance	\$ -	(22,829,500)	6,644,654	29,474,154

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2o

## Special Revenue Fund

## Budgetary Comparison Schedule - Leaf Collection Fund (Budget Basis)

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Charges for services	\$ 2,048,170	2,048,170	2,020,661	(27,509)
Revenue from the use of money and property	76,592	76,592	103,365	26,773
Total revenues	2,124,762	2,124,762	2,124,026	(736)
<b>EXPENDITURES</b>				
Public works	2,546,035	2,546,035	1,827,428	718,607
Total expenditures	2,546,035	2,546,035	1,827,428	718,607
Net change in fund balance	\$ (421,273)	(421,273)	296,598	717,871

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2P

## Special Revenue Fund

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

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ -	145,292	145,292	-
Charges for services	19,905,113	19,905,113	18,691,718	(1,213,395)
Revenue from the use of money and property	1,166,697	1,166,697	572,734	(593,963)
Recovered costs	-	-	15,335	15,335
Total revenues	21,071,810	21,217,102	19,425,079	(1,792,023)
<b>EXPENDITURES</b>				
Public works	22,059,800	23,874,508	18,564,350	5,310,158
Total expenditures	22,059,800	23,874,508	18,564,350	5,310,158
Excess (deficiency) of revenues over (under) expenditures	(987,990)	(2,657,406)	860,729	3,518,135
Net change in fund balance	\$ (987,990)	(2,657,406)	860,729	3,518,135

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2Q

## Special Revenue Fund

## Budgetary Comparison Schedule - Refuse Disposal Fund (Budget Basis)

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Permits, privilege fees, and regulatory licenses	\$ 66,840	66,840	66,720	(120)
Charges for services	47,921,935	47,921,935	43,978,508	(3,943,427)
Revenue from the use of money and property	2,264,977	2,264,977	2,117,535	(147,442)
Recovered costs	-	-	317,868	317,868
Fines and forfeitures	-	-	25,304	25,304
Total revenues	50,253,752	50,253,752	46,505,935	(3,747,817)
EXPENDITURES				
Public works	53,560,609	55,729,426	48,293,910	7,435,516
Total expenditures	53,560,609	55,729,426	48,293,910	7,435,516
Excess (deficiency) of revenues over (under) expenditures	(3,306,857)	(5,475,674)	(1,787,975)	3,687,699
OTHER FINANCING USES				
Transfers out	(2,500,000)	(2,500,000)	(2,500,000)	-
Total other financing sources	(2,500,000)	(2,500,000)	(2,500,000)	-
Net change in fund balance	\$ (5,806,857)	(7,975,674)	(4,287,975)	3,687,699

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2R

## Special Revenue Fund

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

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Charges for services	\$ 31,693,600	31,693,600	27,161,741	(4,531,859)
Revenue from the use of money and property	200,000	200,000	119,209	(80,791)
Total revenues	31,893,600	31,893,600	27,280,950	(4,612,650)
<b>EXPENDITURES</b>				
Public works	19,667,593	19,667,593	17,376,447	2,291,146
Total expenditures	19,667,593	19,667,593	17,376,447	2,291,146
Excess (deficiency) of revenues over (under) expenditures	12,226,007	12,226,007	9,904,503	(2,321,504)
Net change in fund balance	\$ 12,226,007	12,226,007	9,904,503	(2,321,504)

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2s

## Special Revenue Fund

## Budgetary Comparison Schedule - I-95 Refuse Disposal Fund (Budget Basis)

For the fiscal year ended June 30, 2013

	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	14,000	6,800
Charges for services	7,074,575	7,074,575	5,748,601	(1,325,974)
Revenue from the use of money and property	919,251	919,251	996,509	77,258
Recovered costs	2,522	2,522	-	(2,522)
Total revenues	8,003,548	8,003,548	6,759,110	(1,244,438)
EXPENDITURES				
Public works	9,900,325	19,690,057	13,441,386	6,248,671
Total expenditures	9,900,325	19,690,057	13,441,386	6,248,671
Net change in fund balance	\$ (1,896,777)	(11,686,509)	(6,682,276)	5,004,233

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2T

## Special Revenue Fund

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

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 5,418,429	10,702,000	6,182,658	(4,519,342)
Revenue from the use of money and property	-	-	565,801	565,801
Total revenues	5,418,429	10,702,000	6,748,459	(3,953,541)
<b>EXPENDITURES</b>				
Community development	5,418,429	11,349,646	7,359,261	3,990,385
Total expenditures	5,418,429	11,349,646	7,359,261	3,990,385
Excess (deficiency) of revenues over (under) expenditures	-	(647,646)	(610,802)	36,844
Net change in fund balance	\$ -	(647,646)	(610,802)	36,844

COUNTY OF FAIRFAX, VIRGINIA  
Special Revenue Fund  
Budgetary Comparison Schedule - Housing Trust Fund (Budget Basis)  
For the fiscal year ended June 30, 2013

## EXHIBIT D-2U

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Developers' contributions	\$ 372,340	372,340	164,869	(207,471)
Revenue from the use of money and property	79,021	79,021	195,610	116,589
Total revenues	451,361	451,361	360,479	(90,882)
<b>EXPENDITURES</b>				
Community development	451,361	6,815,675	912,259	5,903,416
Total expenditures	451,361	6,815,675	912,259	5,903,416
Excess (deficiency) of revenues over (under) expenditures	-	(6,364,314)	(551,780)	5,812,534
Net change in fund balance	\$ -	(6,364,314)	(551,780)	5,812,534



## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2v

## Special Revenue Fund

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

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,383,767	8,940,404	5,603,505	(3,336,899)
Revenue from the use of money and property	-	-	533,999	533,999
Total revenues	2,383,767	8,940,404	6,137,504	(2,802,900)
EXPENDITURES				
Community development	2,383,767	8,760,099	5,793,127	2,966,972
Total expenditures	2,383,767	8,760,099	5,793,127	2,966,972
Net change in fund balance	\$ -	180,305	344,377	164,072

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2W

## Special Revenue Fund

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

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Health and welfare	\$ 9,867,755	9,921,919	9,899,047	22,872
Total expenditures	9,867,755	9,921,919	9,899,047	22,872
Excess (deficiency) of revenues over (under) expenditures	(9,867,755)	(9,921,919)	(9,899,047)	22,872
<b>OTHER FINANCING SOURCES</b>				
Transfers in	9,867,755	9,867,755	9,867,755	-
Total other financing sources	9,867,755	9,867,755	9,867,755	-
Net change in fund balance	\$ -	(54,164)	(31,292)	22,872

**COUNTY OF FAIRFAX, VIRGINIA**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule - Contributory Fund (Budget Basis)**  
**For the fiscal year ended June 30, 2013**

**EXHIBIT D-2X**

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>EXPENDITURES</b>				
General government administration	\$ 2,165,777	2,165,777	2,164,162	1,615
Public safety	49,927	49,927	49,927	-
Health and welfare	3,098,236	3,158,236	3,108,236	50,000
Community development	3,591,972	3,591,972	3,591,972	-
Parks, recreation, and cultural	6,827,676	6,827,676	6,827,676	-
Total expenditures	15,733,588	15,793,588	15,741,973	51,615
Excess (deficiency) of revenues over (under) expenditures	(15,733,588)	(15,793,588)	(15,741,973)	51,615
<b>OTHER FINANCING SOURCES</b>				
Transfers in	15,683,588	15,683,588	15,683,588	-
Total other financing sources	15,683,588	15,683,588	15,683,588	-
Net change in fund balance	\$ (50,000)	(110,000)	(58,385)	51,615

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**  
**Combining Balance Sheet**  
**June 30, 2013**

**EXHIBIT E**

	Debt Service	Mosaic Community Development Authority	Total Debt Service Funds
<b>ASSETS</b>			
Equity in pooled cash and temporary investments	\$ 15,708,150	-	15,708,150
Accounts receivable	71	-	71
Accrued interest	-	14,572	14,572
Loan to component unit	12,832,200	-	12,832,200
Lease to component unit	51,480,000	-	51,480,000
Restricted assets:			
Restricted assets - Cash with fiscal agents	4,181,554	13,226,543	17,408,097
Total assets	84,201,975	13,241,115	97,443,090
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total deferred outflows of resources	-	-	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 84,201,975</b>	<b>13,241,115</b>	<b>97,443,090</b>
<b>LIABILITIES</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 234,031	-	234,031
Unearned revenue	51,480,000	96,375	51,576,375
Total liabilities	51,714,031	96,375	51,810,406
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Total deferred inflows of resources	-	-	-
<b>Total liabilities and deferred inflows of resources</b>	<b>51,714,031</b>	<b>96,375</b>	<b>51,810,406</b>
<b>FUND BALANCES</b>			
Restricted for:			
Parks, recreation, and cultural	12,832,200	-	12,832,200
Debt service	-	13,144,740	13,144,740
Total Restricted	12,832,200	13,144,740	25,976,940
Committed to:			
Debt service	19,655,744	-	19,655,744
Total Committed	19,655,744	-	19,655,744
Total fund balance	32,487,944	13,144,740	45,632,684
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 84,201,975</b>	<b>13,241,115</b>	<b>97,443,090</b>

## 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, 2013

	Debt Service	Mosaic Community Development Authority	Total Debt Service Funds
<b>REVENUES</b>			
Intergovernmental	\$ 4,620,974	-	4,620,974
Revenue from the use of money and property	2,950,520	31,164	2,981,684
Total revenues	7,571,494	31,164	7,602,658
<b>EXPENDITURES</b>			
Principal retirement:			
County	86,272,683	-	86,272,683
Schools	104,848,100	-	104,848,100
Interest:			
County	38,398,575	4,542,088	42,940,663
Schools	60,194,318	-	60,194,318
Other charges:			
Bond issuance costs and other	2,870,534	-	2,870,534
Total expenditures	292,584,210	4,542,088	297,126,298
Deficiency of revenues under expenditures	(285,012,716)	(4,510,924)	(289,523,640)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in from:			
General Fund	281,610,137	-	281,610,137
Capital projects funds	7,100,987	-	7,100,987
General obligation refunding bonds issued	128,000,000	-	128,000,000
Premium on general obligation refunding bonds issued	18,501,301	-	18,501,301
General obligation payments to refunded bonds escrow agent	(145,945,515)	-	(145,945,515)
Total other financing sources	289,266,910	-	289,266,910
Net change in fund balance	4,254,194	(4,510,924)	(256,730)
Fund balance, July 1, 2012	28,233,750	17,655,664	45,889,414
Fund balance, June 30, 2013	\$ 32,487,944	13,144,740	45,632,684

## 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, 2013

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	3,262,291	3,262,291	3,285,239	22,948
Total revenues	3,262,291	3,262,291	3,285,239	22,948
<b>EXPENDITURES</b>				
Principal retirement:				
County	77,707,683	81,562,683	82,547,683	(985,000)
Schools	101,338,100	108,363,100	108,363,100	-
Interest:				
County	40,646,905	42,521,422	36,338,407	6,183,015
Schools	68,132,176	69,716,147	60,370,070	9,346,077
Bond issuance costs and other	2,000,000	2,000,000	2,034,967	(34,967)
Total expenditures	289,824,864	304,163,352	289,654,227	14,509,125
Excess (deficiency) of revenues over (under) expenditures	(286,562,573)	(300,901,061)	(286,368,988)	14,532,073
<b>OTHER FINANCING SOURCES</b>				
General obligation bonds issued	300,000	300,000	557,683	257,683
Transfers in from:				
General Fund	281,610,137	281,610,137	281,610,137	-
Other funds	4,652,436	4,229,492	4,229,490	(2)
Total other financing sources	286,562,573	286,139,629	286,397,310	257,681
Net change in fund balance	-	(14,761,432)	28,322	14,789,754

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, 2013**

	Contributed Roadway Improvement	Library Construction	County Construction	Capital Renewal Construction
<b>ASSETS</b>				
Equity in pooled cash and temporary investments	\$ 52,082,951	3,568,883	55,774,453	32,726
Receivables:				
Accounts	-	-	97,932	272,009
Accrued interest	607	-	-	-
Loans	-	-	-	-
Due from intergovernmental units	-	-	-	-
Equity in pooled cash and temporary investments	-	4,437,617	7,677,531	535,224
Cash with fiscal agents	-	-	59,380,268	-
Total assets	<u>52,083,558</u>	<u>8,006,500</u>	<u>122,930,184</u>	<u>839,959</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total deferred outflows of resources	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<u>\$ 52,083,558</u>	<u>8,006,500</u>	<u>122,930,184</u>	<u>839,959</u>
<b>LIABILITIES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 268,292	20,047	3,627,116	2,684,559
Contract retainages	-	10,000	2,110,220	89,769
Accrued interest payable	-	-	1,026,351	-
Due to component units	-	-	367,763	-
Interfund payables	-	-	-	5,400,000
Unearned revenue	-	613	27,835,265	-
Performance and other deposits	<u>16,364,921</u>	-	<u>2,599,539</u>	-
Total liabilities	<u>16,633,213</u>	<u>30,660</u>	<u>37,566,254</u>	<u>8,174,328</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
<b>Total liabilities and deferred inflows of resources</b>	<u>16,633,213</u>	<u>30,660</u>	<u>37,566,254</u>	<u>8,174,328</u>
<b>FUND BALANCES</b>				
Restricted for:				
Capital projects	<u>35,450,345</u>	<u>7,975,840</u>	<u>41,458,740</u>	<u>535,224</u>
Total Restricted	<u>35,450,345</u>	<u>7,975,840</u>	<u>41,458,740</u>	<u>535,224</u>
Committed to:				
Capital projects	-	-	43,905,190	-
Total Committed	-	-	43,905,190	-
Unassigned:	-	-	-	(7,869,593)
Total fund balances	<u>35,450,345</u>	<u>7,975,840</u>	<u>85,363,930</u>	<u>(7,334,369)</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 52,083,558</u>	<u>8,006,500</u>	<u>122,930,184</u>	<u>839,959</u>

## EXHIBIT F

Transportation Improvements	Pedestrian Walkway Improvements	Metro Operations and Construction	
2,666,492	934,857	1,754	<b>ASSETS</b>
-	-	-	Equity in pooled cash and temporary investments
-	-	-	Receivables:
-	-	-	Accounts
-	-	-	Accrued interest
-	-	-	Loans
7,809,528	24,339	-	Due from intergovernmental units
-	-	1,931,414	Equity in pooled cash and temporary investments
-	-	-	Cash with fiscal agents
<u>10,476,020</u>	<u>959,196</u>	<u>1,933,168</u>	Total assets
			<b>DEFERRED OUTFLOWS OF RESOURCES</b>
-	-	-	Total deferred outflows of resources
<u>10,476,020</u>	<u>959,196</u>	<u>1,933,168</u>	Total assets and deferred outflows of resources
			<b>LIABILITIES</b>
			Liabilities:
713,925	27,678	-	Accounts payable and accrued liabilities
50,666	2,025	-	Contract retainages
-	-	-	Accrued interest payable
-	-	-	Due to component units
-	-	-	Interfund payables
-	-	-	Unearned revenue
-	128,722	1,755	Performance and other deposits
<u>764,591</u>	<u>158,425</u>	<u>1,755</u>	Total liabilities
			<b>DEFERRED INFLOW OF RESOURCES</b>
-	-	-	Unavailable revenue
-	-	-	Total deferred inflows of resources
<u>764,591</u>	<u>158,425</u>	<u>1,755</u>	Total liabilities and deferred inflows of resources
			<b>FUND BALANCES</b>
			Restricted for:
8,437,222	400,771	-	Capital projects
<u>8,437,222</u>	<u>400,771</u>	<u>-</u>	Total Restricted
			Committed to:
1,274,207	400,000	1,931,413	Capital projects
<u>1,274,207</u>	<u>400,000</u>	<u>1,931,413</u>	Total Committed
-	-	-	Unassigned:
<u>9,711,429</u>	<u>800,771</u>	<u>1,931,413</u>	Total fund balances
<u>10,476,020</u>	<u>959,196</u>	<u>1,933,168</u>	Total liabilities, deferred inflows of resources, and fund balances

continued

**COUNTY OF FAIRFAX, VIRGINIA**  
**Capital Projects Funds**  
**Combining Balance Sheet**  
**June 30, 2013**

	Public Safety Construction	Commercial Revitalization Program	Pro Rata Drainage Construction	Housing Assistance Program
<b>ASSETS</b>				
Equity in pooled cash and temporary investments	\$ -	950,000	7,184,547	3,563,805
Receivables:				
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Loans	-	-	-	-
Due from intergovernmental units	-	-	-	-
Equity in pooled cash and temporary investments	13,582,666	650,216	-	3,385,401
Cash with fiscal agents	-	-	-	-
Total assets	<u>13,582,666</u>	<u>1,600,216</u>	<u>7,184,547</u>	<u>6,949,206</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total deferred outflows of resources	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<u>\$13,582,666</u>	<u>1,600,216</u>	<u>7,184,547</u>	<u>6,949,206</u>
<b>LIABILITIES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 2,802,501	268,906	171,000	-
Contract retainages	2,436,211	-	25,003	113,679
Accrued interest payable	-	-	-	-
Due to component units	-	-	-	-
Interfund payables	-	-	-	-
Unearned revenue	-	-	6,801,778	-
Performance and other deposits	-	-	180,700	-
Total liabilities	<u>5,238,712</u>	<u>268,906</u>	<u>7,178,481</u>	<u>113,679</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
<b>Total liabilities and deferred inflows of resources</b>	<u>5,238,712</u>	<u>268,906</u>	<u>7,178,481</u>	<u>113,679</u>
<b>FUND BALANCES</b>				
Restricted for:				
Capital projects	<u>13,582,666</u>	<u>1,331,310</u>	<u>6,066</u>	<u>6,320,527</u>
Total Restricted	<u>13,582,666</u>	<u>1,331,310</u>	<u>6,066</u>	<u>6,320,527</u>
Committed to:				
Capital projects	-	-	-	515,000
Total Committed	-	-	-	515,000
Unassigned:	<u>(5,238,712)</u>	-	-	-
Total fund balances	<u>8,343,954</u>	<u>1,331,310</u>	<u>6,066</u>	<u>6,835,527</u>
<b>Total liabilities deferred inflows of resources, and fund balances</b>	<u>\$ 13,582,666</u>	<u>1,600,216</u>	<u>7,184,547</u>	<u>6,949,206</u>

**EXHIBIT F**  
concluded

The Penny for Affordable Housing	Mosaic Community Development Authority	Total Capital Projects Funds	
			<b>ASSETS</b>
21,975,975	-	148,736,443	Equity in pooled cash and temporary investments
-	-	369,941	Receivables:
2,986,390	439	2,987,436	Accounts
37,508,635	-	37,508,635	Accrued interest
-	-	24,339	Loans
-	-	40,009,597	Due from intergovernmental units
-	3,217,693	62,597,961	Equity in pooled cash and temporary investments
62,471,000	3,218,132	292,234,352	Cash with fiscal agents
			Total assets
			<b>DEFERRED OUTFLOWS OF RESOURCES</b>
-	-	-	Total deferred outflows of resources
62,471,000	3,218,132	292,234,352	Total assets and deferred outflows of resources
			<b>LIABILITIES AND FUND BALANCES</b>
			Liabilities:
169,823	-	10,753,847	Accounts payable and accrued liabilities
-	-	4,837,573	Contract retainages
-	-	1,026,351	Accrued interest payable
-	-	367,763	Due to component units
-	-	5,400,000	Interfund payables
-	-	34,637,656	Unearned revenue
-	-	19,275,637	Performance and other deposits
169,823	-	76,298,827	Total liabilities
			<b>DEFERRED INFLOW OF RESOURCES</b>
2,986,390	-	2,986,390	Unavailable revenue
2,986,390	-	2,986,390	Total deferred inflows of resources
3,156,213	-	79,285,217	Total liabilities and deferred inflows of resources
			<b>FUND BALANCES</b>
			Restricted for:
38,280,019	3,218,132	156,996,862	Capital projects
38,280,019	3,218,132	156,996,862	Total Restricted
			Committed to:
21,034,768	-	69,060,578	Capital projects
21,034,768	-	69,060,578	Total Committed
-	-	(13,108,305)	Unassigned:
59,314,787	3,218,132	212,949,135	Total fund balances
62,471,000	3,218,132	292,234,352	Total liabilities, deferred inflows of resources, 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, 2013

	Contributed Roadway Improvement	Library Construction	County Construction	Capital Renewal Construction
<b>REVENUES</b>				
Taxes	\$ -	-	-	-
Intergovernmental	200,000	-	1,228,683	441,514
Charges for services	-	-	1,373,606	-
Revenue from the use of money and property	164,681	-	509,740	-
Recovered costs	-	-	1,387,212	-
Total revenues	364,681	-	4,499,241	441,514
<b>EXPENDITURES</b>				
Current:				
General government administration	-	-	2,880,241	-
Public safety	-	-	104,458	-
Public works	-	-	189,855	5,115,786
Health and welfare	-	-	3,386,143	-
Community development	3,456,979	-	3,114,232	-
Parks, recreation, and cultural	-	212,833	3,571,299	-
Intergovernmental:				
Community development	300,657	-	-	-
Parks, recreation, and cultural	-	-	22,903,477	-
Education - for Public Schools	-	-	155,000,000	-
Capital outlay:				
General government administration	-	-	105,686	-
Public works	-	-	5,082	13,271,308
Health and welfare	-	-	16,458,517	-
Community development	-	-	18,407,247	-
Parks, recreation, and cultural	-	407,964	411,461	-
Debt service:				
Principal retirement	-	-	645,000	-
Interest and other charges	-	-	345,091	-
Total expenditures	3,757,636	620,797	227,527,789	18,387,094
Deficiency of revenues under expenditures	(3,392,955)	(620,797)	(223,028,548)	(17,945,580)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	16,554,569	285,000
Transfers out	(110,000)	-	(7,100,987)	-
General obligation bonds issued	-	3,245,000	156,775,000	1,900,000
Premium on general obligation bonds issued	-	1,455,000	32,062,464	-
Refunding bonds issued	-	-	-	-
Total other financing sources (uses)	(110,000)	4,700,000	198,291,046	2,185,000
<b>SPECIAL ITEM</b>				
INOVA Health	-	-	4,200,000	-
Net change in fund balances	(3,502,955)	4,079,203	(20,537,502)	(15,760,580)
Fund balances, July 1, 2012	38,953,300	3,896,637	105,901,432	8,426,211
Fund balances, June 30, 2013	\$ 35,450,345	7,975,840	85,363,930	(7,334,369)

## EXHIBIT F-1

Transportation Improvements	Pedestrian Walkway Improvements	Metro Operations and Construction	
<b>REVENUES</b>			
-	-	-	Taxes
172,461	107,592	-	Intergovernmental
-	-	-	Charges for services
1,335	-	-	Revenue from the use of money and property
-	32,971	-	Recovered costs
173,796	140,563	-	Total revenues
<b>EXPENDITURES</b>			
Current:			
-	-	-	General government administration
-	-	-	Public safety
-	348,786	-	Public works
-	-	-	Health and welfare
15,014,772	-	-	Community development
-	-	-	Parks, recreation, and cultural
Intergovernmental:			
-	-	31,678,111	Community development
-	-	-	Parks, recreation, and cultural
-	-	-	Education - for Public Schools
Capital outlay:			
-	-	-	General government administration
-	178,094	-	Public works
-	-	-	Health and welfare
4,677,971	-	-	Community development
-	-	-	Parks, recreation, and cultural
Debt service:			
-	-	-	Principal retirement
-	-	-	Interest and other charges
19,692,743	526,880	31,678,111	Total expenditures
(19,518,947)	(386,317)	(31,678,111)	Deficiency of revenues under expenditures
<b>OTHER FINANCING SOURCES (USES)</b>			
200,000	300,000	11,408,296	Transfers in
-	-	(2,304,186)	Transfers out
7,595,000	-	15,000,000	General obligation bonds issued
3,405,000	-	-	Premium on general obligation bonds issued
-	-	-	Refunding bonds issued
11,200,000	300,000	24,104,110	Total other financing sources (uses)
<b>SPECIAL ITEM</b>			
-	-	-	INOVA Health
(8,318,947)	(86,317)	(7,574,001)	Net change in fund balances
18,030,376	887,088	9,505,414	Fund balances, July 1, 2012
9,711,429	800,771	1,931,413	Fund balances, June 30, 2013

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, 2013

	Public Safety Construction	Commercial Revitalization Program	Pro Rata Drainage Construction	Housing Assistance Program
<b>REVENUES</b>				
Taxes	\$ -	-	-	-
Intergovernmental	-	16,211	-	-
Charges for services	-	-	-	-
Revenue from the use of money and property	-	-	-	-
Recovered costs	-	-	2,995,524	-
Total revenues	-	16,211	2,995,524	-
<b>EXPENDITURES</b>				
Current:				
General government administration	-	-	-	-
Public safety	48,859	-	-	-
Public works	741,337	-	6,938	-
Health and welfare	-	-	-	-
Community development	-	3,117,343	-	49,143
Parks, recreation, and cultural	-	-	-	-
Intergovernmental:				
Community development	-	-	-	-
Parks, recreation, and cultural	-	-	-	-
Education - for Public Schools	-	-	-	-
Capital outlay:				
General government administration	760,446	-	-	-
Public works	22,742,496	-	2,988,586	-
Health and welfare	-	-	-	-
Community development	-	216,722	-	-
Parks, recreation, and cultural	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	24,293,138	3,334,065	2,995,524	49,143
Deficiency of revenues under expenditures	(24,293,138)	(3,317,854)	-	(49,143)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	950,000	-	-
Transfers out	-	-	-	-
General obligation bonds issued	15,190,000	2,260,000	-	4,370,000
Premium on general obligation bonds issued	6,810,000	-	-	-
Refunding bonds issued	-	-	-	-
Total other financing sources (uses)	22,000,000	3,210,000	-	4,370,000
<b>SPECIAL ITEM</b>				
INOVA Health	-	-	-	-
Net change in fund balances	(2,293,138)	(107,854)	-	4,320,857
Fund balances, July 1, 2012	10,637,092	1,439,164	6,066	2,514,670
Fund balances, June 30, 2013	\$ 8,343,954	1,331,310	6,066	6,835,527

**EXHIBIT F-1**  
concluded

The Penny for Affordable Housing	Mosaic Community Development Authority	Total Capital Projects Funds	
<b>REVENUES</b>			
9,975,000	-	9,975,000	Taxes
-	-	2,166,461	Intergovernmental
-	-	1,373,606	Charges for services
5,558,772	8,662	6,243,190	Revenue from the use of money and property
-	-	4,415,707	Recovered costs
15,533,772	8,662	24,173,964	Total revenues
<b>EXPENDITURES</b>			
Current:			
-	-	2,880,241	General government administration
-	-	153,317	Public safety
-	-	6,402,702	Public works
-	-	3,386,143	Health and welfare
2,895,956	-	27,648,425	Community development
-	-	3,784,132	Parks, recreation, and cultural
Intergovernmental:			
200,000	-	32,178,768	Community development
-	-	22,903,477	Parks, recreation, and cultural
-	-	155,000,000	Education - for Public Schools
Capital outlay:			
-	-	866,132	General government administration
-	-	39,185,566	Public works
-	-	16,458,517	Health and welfare
-	5,378,576	28,680,516	Community development
-	-	819,425	Parks, recreation, and cultural
Debt service:			
28,610,000	-	29,255,000	Principal retirement
5,150,087	-	5,495,178	Interest and other charges
36,856,043	5,378,576	375,097,539	Total expenditures
Deficiency of revenues			
(21,322,271)	(5,369,914)	(350,923,575)	under expenditures
<b>OTHER FINANCING SOURCES (USES)</b>			
1,058,750	-	30,756,615	Transfers in
-	-	(9,515,173)	Transfers out
-	-	206,335,000	General obligation bonds issued
-	-	43,732,464	Premium on general obligation bonds issued
24,650,000	-	24,650,000	Refunding bonds issued
25,708,750	-	295,958,906	Total other financing sources (uses)
<b>SPECIAL ITEM</b>			
-	-	4,200,000	INOVA Health
4,386,479	(5,369,914)	(50,764,669)	Net change in fund balances
54,928,308	8,588,046	263,713,804	Fund balances, July 1, 2012
59,314,787	3,218,132	212,949,135	Fund balances, June 30, 2013



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 Position**  
**June 30, 2013**

	Vehicle Services	Self- Insurance	Document Services
<b>ASSETS</b>			
Current assets:			
Equity in pooled cash and temporary investments	\$ 50,057,111	54,034,715	2,282,216
Accounts receivable	-	-	6,657
Accrued interest receivable	-	932	-
Interfund receivables	-	-	-
Inventories of supplies	2,131,637	-	-
Total unrestricted current assets	52,188,748	54,035,647	2,288,873
Restricted assets - Cash with fiscal agents	-	187,000	-
Total current assets	52,188,748	54,222,647	2,288,873
Long-term assets:			
Capital assets:			
Non-depreciable/non-amortizable:			
Land	1,938,688	-	-
Equipment under construction	2,819,863	-	-
Software in development	-	-	-
Depreciable:			
Equipment	108,732,094	-	5,579,541
Software	-	-	-
Buildings and improvements	20,697,212	-	-
Infrastructure	2,826,820	-	-
Accumulated depreciation	(76,335,803)	-	(3,543,815)
Accumulated amortization	-	-	-
Total capital assets, net	60,678,874	-	2,035,726
Total assets	112,867,622	54,222,647	4,324,599
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total deferred outflows of resources	-	-	-
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	3,019,627	19,395	382,856
Accrued salaries and benefits	772,084	60,565	30,744
Compensated absences payable	1,116,934	59,865	50,158
Obligations under capital leases	-	-	1,164,175
Insurance and benefit claims payable	-	17,991,465	-
Total current liabilities	4,908,645	18,131,290	1,627,933
Long-term liabilities:			
Compensated absences payable	900,500	52,357	31,345
Obligations under capital leases	-	-	-
Insurance and benefit claims payable	-	29,165,535	-
Total long-term liabilities	900,500	29,217,892	31,345
Total liabilities	5,809,145	47,349,182	1,659,278
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Total deferred inflow of resources	-	-	-
<b>NET POSITION</b>			
Net investment in capital assets	60,678,875	-	871,551
Unrestricted	46,379,602	6,873,465	1,793,770
Net position	\$ 107,058,477	6,873,465	2,665,321

## EXHIBIT G

Technology Infrastructure Services	Health Benefits	Total Internal Service Funds	
<b>ASSETS</b>			
Current assets:			
12,084,107	51,378,397	169,836,546	Equity in pooled cash and temporary investments
256	47,219	54,132	Accounts receivable
-	595	1,527	Accrued interest receivable
-	829,291	829,291	Interfund receivables
-	-	2,131,637	Inventories of supplies
12,084,363	52,255,502	172,853,133	Total unrestricted current assets
-	-	187,000	Restricted assets - Cash with fiscal agents
12,084,363	52,255,502	173,040,133	Total current assets
Long-term assets:			
Capital assets:			
Non-depreciable/non-amortizable:			
-	-	1,938,688	Land
3,041,450	-	5,861,313	Equipment under construction
174,240	-	174,240	Software in development
Depreciable:			
12,685,129	27,358	127,024,122	Equipment
2,026,347	-	2,026,347	Software
936,051	-	21,633,263	Buildings and improvements
-	-	2,826,820	Infrastructure
(10,197,856)	(7,336)	(90,084,810)	Accumulated depreciation
(883,344)	-	(883,344)	Accumulated amortization
7,782,017	20,022	70,516,639	Total capital assets, net
19,866,380	52,275,524	243,556,772	Total assets
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
-	-	-	Total deferred outflows of resources
<b>LIABILITIES</b>			
Current liabilities:			
3,340,636	3,034,143	9,796,657	Accounts payable and accrued liabilities
280,709	5,977	1,150,079	Accrued salaries and benefits
488,301	-	1,715,258	Compensated absences payable
171,295	-	1,335,470	Obligations under capital leases
-	11,522,843	29,514,308	Insurance and benefit claims payable
4,280,941	14,562,963	43,511,772	Total current liabilities
Long-term liabilities:			
448,566	-	1,432,768	Compensated absences payable
733,598	-	733,598	Obligations under capital leases
-	-	29,165,535	Insurance and benefit claims payable
1,182,164	-	31,331,901	Total long-term liabilities
5,463,105	14,562,963	74,843,673	Total liabilities
<b>DEFERRED INFLOWS OF RESOURCES</b>			
-	-	-	Total deferred inflow of resources
<b>NET POSITION</b>			
6,877,124	20,022	68,447,572	Net investment in capital assets
7,526,151	37,692,539	100,265,527	Unrestricted
14,403,275	37,712,561	168,713,099	Net position

## COUNTY OF FAIRFAX, VIRGINIA

## Internal Service Funds

## Combining Statement of Revenues, Expenses, and Changes in Net Position

For the fiscal year ended June 30, 2013

	Vehicle Services	Self- Insurance	Document Services
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 81,739,744	22,727,646	2,797,499
Intergovernmental	10,878	-	-
Recovered costs	107,182	-	-
Total operating revenues	81,857,804	22,727,646	2,797,499
<b>OPERATING EXPENSES:</b>			
Personnel services	19,760,669	1,476,414	787,339
Materials and supplies	135,329	98,787	1,194,044
Equipment operation and maintenance	42,390,016	3,920	430,015
Risk financing and benefit payments	-	24,665,252	-
Depreciation	9,474,295	-	938,319
Professional consultant and contractual services	5,128,312	484,161	1,764,837
Other	44,255	68,305	-
Total operating expenses	76,932,876	26,796,839	5,114,554
Operating income (loss)	4,924,928	(4,069,193)	(2,317,055)
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Insurance recoveries	-	1,234,495	-
Interest revenue	-	179,044	-
Interest expense	-	-	(79,704)
Gain on disposal of capital assets	329,941	-	-
Total nonoperating revenues (expenses)	329,941	1,413,539	(79,704)
Income (loss) before operating transfers and contributions	5,254,869	(2,655,654)	(2,396,759)
Capital contributions	102,391	-	33,613
Transfers in	-	-	2,398,233
Change in net position	5,357,260	(2,655,654)	35,087
Net position, July 1, 2012	101,701,217	9,529,119	2,630,234
Net position, June 30, 2013	\$ 107,058,477	6,873,465	2,665,321

## EXHIBIT G-1

Technology Infrastructure Services	Health Benefits	Total Internal Service Funds	
<b>OPERATING REVENUES:</b>			
28,738,352	147,243,251	283,246,492	Charges for services
-	-	10,878	Intergovernmental
-	-	107,182	Recovered costs
28,738,352	147,243,251	283,364,552	Total operating revenues
<b>OPERATING EXPENSES:</b>			
6,993,006	-	29,017,428	Personnel services
512,042	2,168	1,942,370	Materials and supplies
14,952,916	174,591	57,951,458	Equipment operation and maintenance
-	126,928,201	151,593,453	Risk financing and benefit payments
1,548,370	7,336	11,968,320	Depreciation
5,012,579	102,974	12,492,863	Professional consultant and contractual services
36,243	6,123,083	6,271,886	Other
29,055,156	133,338,353	271,237,778	Total operating expenses
(316,804)	13,904,898	12,126,774	Operating income (loss)
<b>NONOPERATING REVENUES (EXPENSES):</b>			
-	-	1,234,495	Insurance recoveries
-	118,449	297,493	Interest revenue
-	-	(79,704)	Interest expense
10,446	-	340,387	Gain on disposal of capital assets
10,446	118,449	1,792,671	Total nonoperating revenues (expenses)
(306,358)	14,023,347	13,919,445	Income (loss) before operating transfers and contributions
92,819	-	228,823	Capital contributions
4,620,303	4,000,000	11,018,536	Transfers in
4,406,764	18,023,347	25,166,804	Change in net position
9,996,511	19,689,214	143,546,295	Net position, July 1, 2012
14,403,275	37,712,561	168,713,099	Net position, June 30, 2013



**COUNTY OF FAIRFAX, VIRGINIA**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the fiscal year ended June 30, 2013**

	Vehicle Services	Self- Insurance	Document Services
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from interfund services provided	\$ 81,857,804	22,727,646	2,796,844
Payments to suppliers and contractors	(41,143,056)	-	(3,524,597)
Payments to employees	(19,661,892)	(1,469,204)	(785,816)
Claims and benefits paid	-	(17,885,805)	-
Payments for interfund services used	(5,741,049)	(655,173)	-
Intergovernmental revenue received	10,878	-	-
Net cash provided (used) by operating activities	15,322,685	2,717,464	(1,513,569)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	-	-	2,398,233
Net cash provided by noncapital financing activities	-	-	2,398,233
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from sale of capital assets	447,874	-	-
Purchase of capital assets	(9,681,207)	-	(95,670)
Principal payments on obligations under capital leases	-	-	(1,113,042)
Interest payments on obligations under capital leases	-	-	(79,704)
Net cash used by capital and related financing activities	(9,233,333)	-	(1,288,416)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	-	180,473	-
Net cash provided by investing activities	-	180,473	-
Net increase (decrease) in cash and cash equivalents	6,089,352	2,897,937	(403,752)
Cash and cash equivalents, July 1, 2012	43,967,759	51,323,778	2,685,968
Cash and cash equivalents, June 30, 2013	\$ 50,057,111	54,221,715	2,282,216
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 4,924,928	(4,069,193)	(2,317,055)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	9,474,295	-	938,319
Insurance recoveries	-	1,234,495	-
Change in assets and liabilities:			
(Increase) Decrease in accounts receivable	-	-	(655)
Increase in interfund receivables	-	-	-
Increase in inventories of supplies	(42,547)	-	-
Decrease in other assets	10,878	-	-
Increase (decrease) in accounts payable and accrued liabilities	856,354	5,544,952	(135,701)
Increase (decrease) in accrued salaries and benefits	303,495	21,600	9,297
Increase in interfund payables	(204,718)	(14,390)	(7,774)
Total adjustments to operating income	10,397,757	6,786,657	803,486
Net cash provided (used) by operating activities	15,322,685	2,717,464	(1,513,569)
<b>Noncash capital and financing activities:</b>			
Initiation of an obligation under capital lease	-	-	-
Capital contributions - equipment	\$ 102,391	-	33,613

## EXHIBIT G-2

Technology Infrastructure Services	Health Benefits	Total Internal Service Funds	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
28,738,096	147,591,201	283,711,591	Receipts from interfund services provided
(17,702,239)	(5,795,374)	(68,165,266)	Payments to suppliers and contractors
(6,945,858)	-	(28,862,770)	Payments to employees
-	(133,039,356)	(150,925,161)	Claims and benefits paid
-	-	(6,396,222)	Payments for interfund services used
-	-	10,878	Intergovernmental revenue received
4,089,999	8,756,471	29,373,050	Net cash provided (used) by operating activities
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
4,620,303	4,000,000	11,018,536	Transfers from other funds
4,620,303	4,000,000	11,018,536	Net cash provided by noncapital financing activities
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
11,344	-	459,218	Proceeds from sale of capital assets
(3,721,662)	(27,358)	(13,525,897)	Purchase of capital assets
-	-	(1,113,042)	Principal payments on obligations under capital leases
-	-	(79,704)	Interest payments on obligations under capital leases
(3,710,318)	(27,358)	(14,259,425)	Net cash used by capital and related financing activities
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
-	119,308	299,781	Interest received
-	119,308	299,781	Net cash provided by investing activities
4,999,984	12,848,421	26,431,942	Net increase (decrease) in cash and cash equivalents
7,084,123	38,529,976	143,591,604	Cash and cash equivalents, July 1, 2012
12,084,107	51,378,397	170,023,546	Cash and cash equivalents, June 30, 2013
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
(316,804)	13,904,898	12,126,774	Operating income (loss)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
1,548,370	7,336	11,968,320	Depreciation and amortization
-	-	1,234,495	Insurance recoveries
Change in assets and liabilities:			
(256)	400,372	399,461	(Increase) Decrease in accounts receivable
-	(52,422)	(52,422)	Increase in interfund receivables
-	-	(42,547)	Increase in inventories of supplies
-	-	10,878	Decrease in other assets
2,811,541	(5,503,458)	3,573,688	Increase (decrease) in accounts payable and accrued liabilities
116,706	(255)	450,843	Increase (decrease) in accrued salaries and benefits
(69,558)	-	(296,440)	Increase in interfund payables
4,406,803	(5,148,427)	17,246,276	Total adjustments to operating income
4,089,999	8,756,471	29,373,050	Net cash provided (used) by operating activities
<b>Noncash capital and financing activities:</b>			
904,893	-	904,893	Initiation of an obligation under capital lease
92,819	-	228,823	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.

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 Hot Lane violation fees, and the subsequent remittances to Metropolitan Washington Airports Authority and Transurban, respectively.

**COUNTY OF FAIRFAX, VIRGINIA**  
**Trust Funds**  
**Combining Statement of Plan Net Position**  
**June 30, 2013**

	Uniformed Retirement	Employees' Retirement	Police Officers Retirement
<b>ASSETS</b>			
Equity in pooled cash and temporary investments	\$ 2,334,752	4,696,362	1,676,631
Cash collateral for securities lending	10,886,602	56,267,223	8,621,799
Contributions receivable	2,615,088	5,267,828	1,708,035
Accrued interest and dividends receivable	2,324,203	2,671,225	1,846,671
Receivable from sale of pension investments	76,402,193	100,888,110	5,947,383
Equipment	1,088	5,075	1,088
Investments, at fair value:			
U.S. Government securities	27,997,277	95,082,751	46,047,990
Asset-backed securities	88,660,593	208,141,967	68,538,931
Corporate and other bonds	90,516,896	493,803,311	60,081,461
Common and preferred stock	254,911,588	1,142,772,251	141,210,663
Short-term investments	143,238,485	323,460,170	29,674,338
Investment in pooled funds	715,252,760	1,118,222,065	753,804,866
Total assets	1,415,141,525	3,551,278,338	1,119,159,856
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total deferred outflows of resources	-	-	-
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	2,601,662	6,494,708	1,584,686
Accrued salaries and benefits	16,068	74,987	16,068
Payable for purchase of pension investments	82,823,192	134,509,317	6,415,220
Liabilities for collateral received under securities lending agreements	10,886,602	56,267,223	8,621,799
Total liabilities	96,327,524	197,346,235	16,637,773
<b>DEFERRED INFLOW OF RESOURCES</b>			
Total deferred inflows of resources	-	-	-
<b>NET POSITION</b>			
Held in trust for pension/OPEB benefits	\$ 1,318,814,001	3,353,932,103	1,102,522,083

## EXHIBIT H

Total Pension Trust Funds	OPEB Trust Fund	Total Trust Funds	
			<b>ASSETS</b>
8,707,745	2,333,265	11,041,010	Equity in pooled cash and temporary investments
75,775,624	-	75,775,624	Cash collateral for securities lending
9,590,951	-	9,590,951	Contributions receivable
6,842,099	39,303	6,881,402	Accrued interest and dividends receivable
183,237,686	-	183,237,686	Receivable from sale of pension investments
7,251	-	7,251	Equipment
			Investments, at fair value:
169,128,018	-	169,128,018	U.S. Government securities
365,341,491	-	365,341,491	Asset-backed securities
644,401,668	-	644,401,668	Corporate and other bonds
1,538,894,502	-	1,538,894,502	Common and preferred stock
496,372,993	-	496,372,993	Short-term investments
2,587,279,691	148,542,663	2,735,822,354	Investment in pooled funds
6,085,579,719	150,915,231	6,236,494,950	Total assets
			<b>DEFERRED OUTFLOWS OF RESOURCES</b>
-	-	-	Total deferred outflows of resources
			<b>LIABILITIES</b>
10,681,056	26,892	10,707,948	Accounts payable and accrued liabilities
107,123	-	107,123	Accrued salaries and benefits
223,747,729	-	223,747,729	Payable for purchase of pension investments
			Liabilities for collateral received under securities
75,775,624	-	75,775,624	lending agreements
310,311,532	26,892	310,338,424	Total liabilities
			<b>DEFERRED INFLOW OF RESOURCES</b>
-	-	-	Total deferred inflows of resources
			<b>NET POSITION</b>
5,775,268,187	150,888,339	5,926,156,526	Held in trust for pension/OPEB benefits

**COUNTY OF FAIRFAX, VIRGINIA**  
**Trust Funds**  
**Combining Statement of Changes in Plan Net Position**  
**For the fiscal year ended June 30, 2013**

	Uniformed Retirement	Employees' Retirement	Police Officers Retirement
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 53,722,160	127,448,018	34,011,347
Plan members	10,937,857	32,551,927	10,258,858
Other	-	-	-
Total contributions	64,660,017	159,999,945	44,270,205
Investment income:			
From investment activities:			
Net appreciation (depreciation) in fair value of investments	100,343,285	207,643,073	78,529,347
Interest	14,785,653	26,487,525	14,754,103
Dividends	10,386,663	24,344,459	5,839,312
Total income from investment activities	125,515,601	258,475,057	99,122,762
Less investment activities expenses:			
Management fees	4,815,533	12,665,860	2,120,529
Other	451,543	1,048,136	258,278
Total investment activities expenses	5,267,076	13,713,996	2,378,807
Net income from investment activities	120,248,525	244,761,061	96,743,955
From securities lending activities:			
Securities lending income	246,701	891,808	57,683
Less securities lending expenses:			
Management fees	77,622	278,252	18,560
Total securities lending activities expenses	77,622	278,252	18,560
Net income from securities lending activities	169,079	613,556	39,123
Net investment income	120,417,604	245,374,617	96,783,078
Total additions	185,077,621	405,374,562	141,053,283
<b>DEDUCTIONS</b>			
Benefits	73,914,711	219,229,038	55,266,464
Refunds of contributions	779,395	2,988,397	300,847
Administrative expenses	434,117	1,877,620	415,119
Total deductions	75,128,223	224,095,055	55,982,430
Net increase (decrease)	109,949,398	181,279,507	85,070,853
Net position, July 1, 2012	1,208,864,603	3,172,652,596	1,017,451,230
Net position, June 30, 2013	\$ 1,318,814,001	3,353,932,103	1,102,522,083

## EXHIBIT H-1

Total Pension Trust Funds	OPEB Trust Fund	Total Trust Funds	
215,181,525	38,306,234	253,487,759	<b>ADDITIONS</b>
53,748,642	-	53,748,642	Contributions:
-	1,262,891	1,262,891	Employer
268,930,167	39,569,125	308,499,292	Plan members
			Other
			Total contributions
			Investment income:
386,515,705	11,348,368	397,864,073	From investment activities:
56,027,281	63,285	56,090,566	Net appreciation in fair value of investments
40,570,434	-	40,570,434	Interest
483,113,420	11,411,653	494,525,073	Dividends
			Total income from investment activities
19,601,922	100,154	19,702,076	Less investment activities expenses:
1,757,957	500	1,758,457	Management fees
21,359,879	100,654	21,460,533	Other
461,753,541	11,310,999	473,064,540	Total investment activities expenses
			Net income from investment activities
1,196,192	-	1,196,192	From securities lending activities:
			Securities lending income
374,434	-	374,434	Less securities lending expenses:
374,434	-	374,434	Management fees
821,758	-	821,758	Total securities lending activities expenses
462,575,299	11,310,999	473,886,298	Net income from securities lending activities
731,505,466	50,880,124	782,385,590	Net investment income
			Total additions
348,410,213	13,531,790	361,942,003	<b>DEDUCTIONS</b>
4,068,639	-	4,068,639	Benefits
2,726,856	153,804	2,880,660	Refunds of contributions
355,205,708	13,685,594	368,891,302	Administrative expenses
376,299,758	37,194,530	413,494,288	Total deductions
5,398,968,429	113,693,809	5,512,662,238	Net increase (decrease)
5,775,268,187	150,888,339	5,926,156,526	Net position, July 1, 2012
			Net position, June 30, 2013



## COUNTY OF FAIRFAX, VIRGINIA

## Agency Funds

## Combining Statement of Fiduciary Assets and Liabilities

June 30, 2013

	Sanitary Reimbursement	Special Welfare	State Taxes	Route 28
<b>ASSETS</b>				
Equity in pooled cash and temporary investments	\$ 1,647,133	507,736	16,664	6,676
Accounts receivable	-	-	-	59,921
Total assets	1,647,133	507,736	16,664	66,597
<b>LIABILITIES</b>				
Liabilities under reimbursement agreements	1,647,133	507,736	16,664	66,597
Total liabilities	\$ 1,647,133	507,736	16,664	66,597

## EXHIBIT H-2

Lake Barcroft	Toll Road Violations Penalties	Total Agency Funds	
<b>ASSETS</b>			
509	454	2,179,172	Equity in pooled cash and temporary investments
1,595	-	61,516	Accounts receivable
2,104	454	2,240,688	Total assets
<b>LIABILITIES</b>			
2,104	454	2,240,688	Liabilities under reimbursement agreements
2,104	454	2,240,688	Total liabilities

**COUNTY OF FAIRFAX, VIRGINIA**  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the fiscal year ended June 30, 2013**

**EXHIBIT H-3**

	Balances June 30, 2012	Additions	Deductions	Balances June 30, 2013
<b>Sanitary Reimbursement</b>				
<b>Assets:</b>				
Equity in pooled cash and temporary investments	\$ 1,642,411	4,930	208	1,647,133
Total assets	1,642,411	4,930	208	1,647,133
<b>Liabilities:</b>				
Liabilities under reimbursement agreements	1,642,411	4,930	208	1,647,133
Total liabilities	1,642,411	4,930	208	1,647,133
<b>Special Welfare</b>				
<b>Assets:</b>				
Equity in pooled cash and temporary investments	546,494	757,919	796,677	507,736
Total assets	546,494	757,919	796,677	507,736
<b>Liabilities:</b>				
Liabilities under reimbursement agreements	546,494	757,919	796,677	507,736
Total liabilities	546,494	757,919	796,677	507,736
<b>State Taxes</b>				
<b>Assets:</b>				
Equity in pooled cash and temporary investments	25,241	878,503	887,080	16,664
Accounts receivable	56,363	-	56,363	-
Total assets	81,604	878,503	943,443	16,664
<b>Liabilities:</b>				
Liabilities under reimbursement agreements	81,604	878,503	943,443	16,664
Total liabilities	81,604	878,503	943,443	16,664
<b>Route 28</b>				
<b>Assets:</b>				
Equity in pooled cash and temporary investments	25,851	9,824,426	9,843,601	6,676
Accounts receivable	101,439	-	41,518	59,921
Total assets	127,290	9,824,426	9,885,119	66,597
<b>Liabilities:</b>				
Liabilities under reimbursement agreements	127,290	9,824,426	9,885,119	66,597
Total liabilities	127,290	9,824,426	9,885,119	66,597
<b>Lake Barcroft</b>				
<b>Assets:</b>				
Equity in pooled cash and temporary investments	171	968,409	968,071	509
Accounts receivable	2,196	-	601	1,595
Total assets	2,367	968,409	968,672	2,104
<b>Liabilities:</b>				
Liabilities under reimbursement agreements	2,367	968,409	968,672	2,104
Total liabilities	2,367	968,409	968,672	2,104
<b>Toll Road Violations Penalties</b>				
<b>Assets:</b>				
Equity in pooled cash and temporary investments	8,629	139,180	147,355	454
Total assets	8,629	139,180	147,355	454
<b>Liabilities:</b>				
Liabilities under reimbursement agreements	8,629	139,180	147,355	454
Total liabilities	8,629	139,180	147,355	454
<b>Total Agency Funds:</b>				
<b>Assets:</b>				
Equity in pooled cash and temporary investments	2,248,797	12,573,367	12,642,992	2,179,172
Accounts receivable	159,998	-	98,482	61,516
Total assets	2,408,795	12,573,367	12,741,474	2,240,688
<b>Liabilities:</b>				
Liabilities under reimbursement agreements	2,408,795	12,573,367	12,741,474	2,240,688
Total liabilities	\$ 2,408,795	12,573,367	12,741,474	2,240,688

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, 2013**

**EXHIBIT I**

	Governmental Funds
<b>Governmental funds capital assets:</b>	
Land	\$ 416,463,562
Easements	3,555,058
Equipment	257,547,685
Software	84,771,268
Library collections	87,485,754
Buildings	1,188,674,122
Improvements	131,443,160
Infrastructure	719,811,145
Construction in progress	309,940,835
Capital equipment under construction	6,794,058
Software in development	3,743,594
Total governmental funds capital assets	<u>3,210,230,241</u>
<b>Investments in governmental funds capital assets by source:</b>	
General fund	1,101,361,918
Special revenue funds	504,415,001
Capital projects funds	1,568,235,607
Gifts and donations	36,217,715
Total governmental funds capital assets	<u>\$ 3,210,230,241</u>

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



**COUNTY OF FAIRFAX, VIRGINIA**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity (1)**  
**June 30, 2013**

Function	Land	Easements	Equipment	Software	Library Collections
General government administration	\$ 139,533,321	473,480	67,413,358	84,593,355	-
Judicial administration	10,800	-	818,801	-	-
Public safety	50,372,201	230,964	34,209,688	140,631	-
Public works	107,722,100	495,890	49,646,237	-	-
Health and welfare	8,133,550	-	3,837,279	-	-
Community development	92,866,098	2,212,041	100,147,166	37,282	-
Parks, recreation, and cultural	17,825,492	142,683	1,475,156	-	87,485,754
Total functional capital assets in governmental funds	\$ 416,463,562	3,555,058	257,547,685	84,771,268	87,485,754

(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 position.

## EXHIBIT I-1

Buildings	Improvements	Infrastructure	Total	Function and Activity
262,197,977	20,345,783	17,275,426	591,832,700	General government administration
38,600,782	530,365	-	39,960,748	Judicial administration
358,136,459	11,917,098	20,566,353	475,573,394	Public safety
231,025,153	31,562,837	257,218,242	677,670,459	Public works
100,380,129	5,219,499	-	117,570,457	Health and welfare
89,117,438	37,373,079	424,751,124	746,504,228	Community development
109,216,184	24,494,499	-	240,639,768	Parks, recreation, and cultural
<u>1,188,674,122</u>	<u>131,443,160</u>	<u>719,811,145</u>	<u>2,889,751,754</u>	Total functional capital assets in governmental funds
			309,940,835	Construction in progress
			6,794,058	Capital equipment under construction
			<u>3,743,594</u>	Software in development
			<u>\$ 3,210,230,241</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, 2013**

**EXHIBIT I-2**

Function	Capital Assets June 30, 2012	Addition/Transfer in	Deletion/Transfer out	Capital Assets June 30, 2013
General government administration	\$ 454,053,340	149,537,127	11,757,767	591,832,700
Judicial administration	49,170,396	72,799	9,282,447	39,960,748
Public safety	529,762,695	2,466,310	56,655,611	475,573,394
Public works	794,594,771	41,541,750	158,466,062	677,670,459
Health and welfare	112,292,942	6,171,818	894,303	117,570,457
Community development	637,258,005	116,437,837	7,191,614	746,504,228
<u>Parks, recreation, and cultural</u>	<u>237,255,846</u>	<u>4,069,974</u>	<u>686,052</u>	<u>240,639,768</u>
Total general capital assets allocated to functions	2,814,387,995	320,297,615	244,933,856	2,889,751,754
Equipment under construction	21,337,570	18,983,925	33,527,437	6,794,058
Construction in progress	208,056,448	142,121,089	40,236,702	309,940,835
Software in progress	3,907,287	1,397,493	1,561,186	3,743,594
<u>Total governmental funds capital assets</u>	<u>\$ 3,047,689,300</u>	<u>482,800,122</u>	<u>320,259,181</u>	<u>3,210,230,241</u>



**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, 2013**

	General Fund	Capital Projects Fund	Nonmajor Governmental	
			Food and Nutrition Services	Special Revenue Grants and Self-Supporting Programs
<b>ASSETS</b>				
Equity in pooled cash and temporary investments	\$ 218,078,177	3,911,966	15,000,071	360
Receivables:				
Accounts	14,224	650,000	79,841	-
Accrued interest	41	-	25,246	6,826
Due from intergovernmental units	37,987,213	-	1,558,335	23,214,962
Due from primary government	-	-	276,363	3,615
Interfund receivables	6,746,800	-	-	-
Inventories of supplies	-	-	1,439,480	-
Prepaid and other assets	259,266	125,378,229	26,010	-
Total assets	<u>263,085,721</u>	<u>129,940,195</u>	<u>18,405,346</u>	<u>23,225,763</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	\$ 263,085,721	129,940,195	18,405,346	23,225,763
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 15,529,629	13,563,762	285,162	2,191
Accrued salaries and benefits	33,223,176	-	347,329	391
Contract retainages	-	7,209,628	-	-
Interfund payables	-	-	-	5,878,000
Unearned revenue	344,595	-	2,083,722	2,564,109
Performance and other deposits	-	781,524	-	-
Total liabilities	<u>49,097,400</u>	<u>21,554,914</u>	<u>2,716,213</u>	<u>8,444,691</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Total deferred inflows of resources	-	-	-	-
Total liabilities and deferred inflows of resources	49,097,400	21,554,914	2,716,213	8,444,691
<b>FUND BALANCES</b>				
Nonspendable	259,266	-	1,465,490	-
Restricted	-	108,385,281	14,223,643	14,781,072
Committed	90,651,011	-	-	-
Assigned	119,806,481	-	-	-
Unassigned	<u>3,271,563</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>213,988,321</u>	<u>108,385,281</u>	<u>15,689,133</u>	<u>14,781,072</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 263,085,721</u>	<u>129,940,195</u>	<u>18,405,346</u>	<u>23,225,763</u>
<b>Reconciliation of the Balance Sheet to the Statement of Net Position</b>				
Fund balances - Total governmental funds				\$ 353,427,962
Amounts reported for governmental activities in the statement of net position 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 \$3,576,220,312 and accumulated depreciation/amortization is \$1,473,198,815.				2,103,021,497
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.				13,392,985
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 \$11,130,945 and accumulated amortization is \$2,474,501.				8,656,444
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.				57,892,245
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.				(34,164,648)
Capital leases are not due and payable in the current period and, therefore, are not reported in the funds.				(84,947,934)
Accrued interest on long-term debt				(895,326)
Unearned rent				<u>(965,703)</u>
Net position of governmental activities				<u>\$ 2,415,417,522</u>

## EXHIBIT J

<u>Funds</u>			
<u>Funds</u>			
Adult and Community Education	Total Governmental Funds		
		<b>ASSETS</b>	
778,008	237,768,582	Equity in pooled cash and temporary investments	
		Receivables:	
-	744,065	Accounts	
7,542	39,655	Accrued interest	
602,385	63,362,895	Due from intergovernmental units	
-	279,978	Due from primary government	
-	6,746,800	Interfund receivables	
-	1,439,480	Inventories of supplies	
-	125,663,505	Prepaid and other assets	
<u>1,387,935</u>	<u>436,044,960</u>	Total assets	
		<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
-	-	Total deferred outflows of resources	
<u>1,387,935</u>	<u>436,044,960</u>	Total assets and deferred outflows of resources	
		<b>LIABILITIES AND FUND BALANCES</b>	
		Liabilities:	
31,875	29,412,619	Accounts payable and accrued liabilities	
329,372	33,900,268	Accrued salaries and benefits	
-	7,209,628	Contract retainages	
-	5,878,000	Interfund payables	
442,533	5,434,959	Unearned revenue	
-	781,524	Performance and other deposits	
<u>803,780</u>	<u>82,616,998</u>	Total liabilities	
		<b>DEFERRED INFLOWS OF RESOURCES</b>	
-	-	Total deferred inflows of resources	
<u>803,780</u>	<u>82,616,998</u>	Total liabilities and deferred inflows of resources	
		<b>FUND BALANCES</b>	
-	1,724,756	Nonspendable	
584,155	137,974,151	Restricted	
-	90,651,011	Committed	
-	119,806,481	Assigned	
-	3,271,563	Unassigned	
<u>584,155</u>	<u>353,427,962</u>	Total fund balances	
<u>1,387,935</u>	<u>436,044,960</u>	Total liabilities, deferred inflows of resources 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, 2013

		Nonmajor Governmental		
			Special Revenue	
	General Fund	Capital Projects Fund	Food and Nutrition Services	Grants and Self-Supporting Programs
<b>REVENUES</b>				
Intergovernmental	\$ 2,276,763,934	155,056,377	32,555,560	48,801,631
Charges for services	8,418,368	-	43,562,521	2,164,838
Revenue from the use of money and property	3,078,380	-	55,602	19,787
Recovered costs	43,522,681	-	-	-
Other	8,742,299	12,917,516	-	1,237,890
Total revenues	2,340,525,662	167,973,893	76,173,683	52,224,146
<b>EXPENDITURES</b>				
Current:				
Education	2,327,411,409	21,325,268	78,634,957	71,661,527
Capital outlay	21,878,952	131,940,350	602,930	202,421
Debt service:				
Principal retirement	12,834,406	-	-	-
Interest and other charges	3,371,901	-	-	-
Total expenditures	2,365,496,668	153,265,618	79,237,887	71,863,948
Excess (deficiency) of revenues over (under) expenditures	(24,971,006)	14,708,275	(3,064,204)	(19,639,802)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	7,616,120	-	21,376,992
Transfers out	(30,393,112)	-	-	-
Capital leases and installment purchases	10,265,153	-	18,298	10,794
Total other financing sources (uses)	(20,127,959)	7,616,120	18,298	21,387,786
Net change in fund balances	(45,098,965)	22,324,395	(3,045,906)	1,747,984
Fund balances, July 1, 2012	259,087,286	86,060,886	18,830,555	13,033,088
Increase in reserve for inventories of supplies	-	-	(95,516)	-
Fund balances, June 30, 2013	\$ 213,988,321	108,385,281	15,689,133	14,781,072

## EXHIBIT J-1

<u>Funds</u>		
<u>Funds</u>		
Adult and Community Education	Total Governmental Funds	
<b>REVENUES</b>		
1,676,804	2,514,854,306	Intergovernmental
6,038,010	60,183,737	Charges for services
15,791	3,169,560	Revenue from the use of money and property
-	43,522,681	Recovered costs
281,662	23,179,367	Other
8,012,267	2,644,909,651	Total revenues
<b>EXPENDITURES</b>		
Current:		
7,853,434	2,506,886,595	Education
-	154,624,653	Capital outlay
Debt service:		
-	12,834,406	Principal retirement
-	3,371,901	Interest and other charges
7,853,434	2,677,717,555	Total expenditures
Excess (deficiency) of revenues over		
158,833	(32,807,904)	(under) expenditures
<b>OTHER FINANCING SOURCES (USES)</b>		
1,400,000	30,393,112	Transfers in
-	(30,393,112)	Transfers out
-	10,294,245	Capital leases and installment purchases
1,400,000	10,294,245	Total other financing sources (uses)
1,558,833	(22,513,659)	Net change in fund balances
(974,678)	376,037,137	Fund balances, July 1, 2012
-	(95,516)	Increase in reserve for inventories of supplies
584,155	353,427,962	Fund balances, June 30, 2013

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, 2013**

**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		\$ (22,513,659)
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	\$ 154,624,653	
Less depreciation/amortization expense	<u>(120,062,601)</u>	34,562,052
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		1,299,918
Gain or 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. The difference is the net depreciated value of the disposed capital assets.		2,302,039
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 position and do not result in an expense in the statement of activities.		12,834,406
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.		(1,487,123)
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.		(3,042,553)
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.		97,504
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 position and does not affect the statement of activities. This amount represents principal amounts of new capital leases and and installment purchases.		(10,294,245)
Rent abatement charges reduce deferred rent in government-wide statements, but do not use current resources so are not reported in governmental funds.		367,593
Inventory changes impact net assets in government-wide statements, but are recorded as expenditures when purchase in governmental fund statements.		(95,516)
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>3,338,108</u>
Change in net position of governmental activities		<u>\$ 17,368,524</u>

**COUNTY OF FAIRFAX, VIRGINIA**  
**Fairfax County Public Schools**  
**Budgetary Comparison Schedule - General Fund (Budget Basis)**  
**For the fiscal year ended June 30, 2013**

**EXHIBIT J-2**

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 586,337,262	600,942,230	592,841,649	(8,100,581)
Charges for services	7,719,212	7,719,212	8,418,368	699,156
Revenue from the use of money and property	2,773,923	2,773,923	3,078,380	304,457
Recovered costs	42,829,820	44,607,639	43,522,681	(1,084,958)
Other	5,778,164	5,778,164	8,742,299	2,964,135
Total revenues	645,438,381	661,821,168	656,603,377	(5,217,791)
<b>EXPENDITURES</b>				
Education	2,396,722,343	2,488,106,930	2,351,455,192	136,651,738
Total expenditures	2,396,722,343	2,488,106,930	2,351,455,192	136,651,738
Excess (deficiency) of revenues over (under) expenditures	(1,751,283,962)	(1,826,285,762)	(1,694,851,815)	131,433,947
<b>OTHER FINANCING USES</b>				
Transfers in	1,683,922,285	1,683,922,285	1,683,922,285	-
Transfers out	(33,819,435)	(34,169,435)	(34,169,435)	-
Total other financing uses	1,650,102,850	1,649,752,850	1,649,752,850	-
Net change in fund balance	\$ (101,181,112)	(176,532,912)	(45,098,965)	131,433,947

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT J-3A

## Fairfax County Public Schools

## Budgetary Comparison Schedule - Food and Nutrition Services Fund (Budget Basis)

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 31,857,821	33,857,821	32,555,560	(1,302,261)
Charges for services	46,767,876	45,267,876	43,562,521	(1,705,355)
Revenue from the use of money and property	56,503	56,503	55,602	(901)
Total revenues	78,682,200	79,182,200	76,173,683	(3,008,517)
<b>EXPENDITURES</b>				
Education	95,665,684	97,991,934	79,219,589	18,772,345
Total expenditures	95,665,684	97,991,934	79,219,589	18,772,345
Excess (deficiency) of revenues over (under) expenditures	(16,983,484)	(18,809,734)	(3,045,906)	15,763,828
Net change in fund balance	\$ (16,983,484)	(18,809,734)	(3,045,906)	15,763,828

## 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, 2013

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 43,503,720	56,590,202	44,253,462	(12,336,740)
Charges for services	1,969,447	1,969,447	2,164,838	195,391
Revenue from the use of money and property	-	-	19,787	19,787
Other	426,421	1,054,268	1,237,890	183,622
Total revenues	45,899,588	59,613,917	47,675,977	(11,937,940)
EXPENDITURES				
Education	73,011,703	97,719,813	71,853,154	25,866,659
Total expenditures	73,011,703	97,719,813	71,853,154	25,866,659
Excess (deficiency) of revenues over (under) expenditures	(27,112,115)	(38,105,896)	(24,177,177)	13,928,719
OTHER FINANCING SOURCES				
Transfers in from other governmental funds	21,876,992	21,376,992	21,376,992	-
Transfers in from primary government	4,548,169	4,548,169	4,548,169	-
Total other financing sources	26,425,161	25,925,161	25,925,161	-
Net change in fund balance	\$ (686,954)	(12,180,735)	1,747,984	13,928,719

## 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, 2013

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 1,438,476	2,816,923	1,676,804	(1,140,119)
Charges for services	5,309,899	5,284,577	6,038,010	753,433
Recovered costs	3,062	3,062	15,791	12,729
Other	397,287	397,287	281,662	(115,625)
Total revenues	7,148,724	8,501,849	8,012,267	(489,582)
<b>EXPENDITURES</b>				
Education	7,548,724	7,900,544	7,853,434	47,110
Total expenditures	7,548,724	7,900,544	7,853,434	47,110
Excess (deficiency) of revenues over (under) expenditures	(400,000)	601,305	158,833	(442,472)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	400,000	1,400,000	1,400,000	-
Total other financing sources	400,000	1,400,000	1,400,000	-
Net change in fund balance	\$ -	2,001,305	1,558,833	(442,472)

**COUNTY OF FAIRFAX, VIRGINIA**  
**Fairfax County Public Schools**  
**Combining Statement of Net Position - Internal Service Funds**  
**June 30, 2013**

**EXHIBIT J-4**

	Central Procurement	Health Benefits Trust	Insurance	Total Internal Service Funds
<b>ASSETS</b>				
Current assets:				
Equity in pooled cash and temporary investments	\$ 493	74,548,463	47,099,335	121,648,291
Accounts receivable	-	3,315,675	-	3,315,675
Accrued interest receivable	-	132,555	-	132,555
Inventories of supplies	1,294,730	-	-	1,294,730
Total current assets	1,295,223	77,996,693	47,099,335	126,391,251
Long-term assets - Capital assets:				
Equipment	100,053	-	40,029	140,082
Accumulated depreciation	(93,322)	-	(37,713)	(131,035)
Total long-term assets	6,731	-	2,316	9,047
Total assets	1,301,954	77,996,693	47,101,651	126,400,298
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Total deferred outflows of resources	-	-	-	-
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	132,934	4,567,036	174,617	4,874,587
Interfund payables	831,100	-	-	831,100
Compensated absences payable	2,121	76,632	35,311	114,064
Insurance and benefit claims payable	-	17,949,300	6,858,264	24,807,564
Unearned revenue	-	9,454,098	-	9,454,098
Total current liabilities	966,155	32,047,066	7,068,192	40,081,413
Long-term liabilities:				
Compensated absences payable	909	32,842	15,133	48,884
Insurance and benefit claims payable	-	944,700	27,433,056	28,377,756
Total long-term liabilities	909	977,542	27,448,189	28,426,640
Total liabilities	967,064	33,024,608	34,516,381	68,508,053
<b>DEFERRED INFLOW OF RESOURCES</b>				
Total deferred inflow of resources	-	-	-	-
<b>NET POSITION</b>				
Net investment in capital assets	6,731	-	2,316	9,047
Unrestricted	328,159	44,972,085	12,582,954	57,883,198
Net position	\$ 334,890	44,972,085	12,585,270	57,892,245

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT J-5

## Fairfax County Public Schools

## Combining Statement of Revenues, Expenses, and Changes in Net Position - Internal Service Funds

For the fiscal year ended June 30, 2013

	Central Procurement	Health Benefits Trust	Insurance	Total Internal Service Funds
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 4,388,177	314,391,398	14,704,812	333,484,387
Total operating revenues	4,388,177	314,391,398	14,704,812	333,484,387
<b>OPERATING EXPENSES:</b>				
Cost of goods sold	4,236,862	-	-	4,236,862
Personnel services	78,780	1,948,345	895,228	2,922,353
Depreciation expense	1,252	-	2,192	3,444
Claims and benefit payments	-	307,002,890	11,839,902	318,842,792
Professional consultant and contractual services	-	9,293,431	965,604	10,259,035
Other	47,221	57,313	388,331	492,865
Total operating expenses	4,364,115	318,301,979	14,091,257	336,757,351
Operating income (loss)	24,062	(3,910,581)	613,555	(3,272,964)
<b>NONOPERATING REVENUES:</b>				
Interest revenue	-	230,411	-	230,411
Total nonoperating revenues	-	230,411	-	230,411
Income (loss) before operating transfers	24,062	(3,680,170)	613,555	(3,042,553)
Change in net position	24,062	(3,680,170)	613,555	(3,042,553)
Net position, July 1, 2012	310,828	48,652,255	11,971,715	60,934,798
Net position, June 30, 2013	\$ 334,890	44,972,085	12,585,270	57,892,245

**COUNTY OF FAIRFAX, VIRGINIA**  
**Fairfax County Public Schools**  
**Combining Statement of Cash Flows - Internal Service Funds**  
**For the fiscal year ended June 30, 2013**

**EXHIBIT J-6**

	Central Procurement	Health Benefits Trust	Insurance	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from interfund services provided	\$ 4,388,177	287,557,492	14,704,812	306,650,481
Payments to suppliers	(3,971,231)	-	-	(3,971,231)
Payments to employees	(78,780)	(1,948,345)	(895,228)	(2,922,353)
Claims and benefits paid	-	(307,743,640)	(9,264,278)	(317,007,918)
Payments for professional services	-	(9,624,171)	(952,981)	(10,577,152)
Payments for other operating expenses	(49,708)	(51,320)	(388,331)	(489,359)
Net cash provided (used) by operating activities	288,458	(31,809,984)	3,203,994	(28,317,532)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Net advances from other funds	(288,900)	-	-	(288,900)
Net cash provided by noncapital financing activities	(288,900)	-	-	(288,900)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	-	176,781	-	176,781
Net cash provided by investing activities	-	176,781	-	176,781
Net increase in cash and cash equivalents	(442)	(31,633,203)	3,203,994	(28,429,651)
Cash and cash equivalents, July 1, 2012	935	106,181,666	43,895,341	150,077,942
Cash and cash equivalents, June 30, 2013	\$ 493	74,548,463	47,099,335	121,648,291
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	\$ 24,062	(3,910,581)	613,555	(3,272,964)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,252	-	2,192	3,444
Change in assets and liabilities:				
(Increase) in accounts receivable	-	210,368	-	210,368
(Increase) in inventories of supplies	275,035	-	-	275,035
(Decrease) in accounts payable and accrued liabilities	(14,921)	(324,747)	38,418	(301,250)
(Decrease) increase in compensated absences	3,030	25,250	8,588	36,868
Increase in deferred revenue	-	(27,044,274)	-	(27,044,274)
Increase in insurance and benefits claims payable	-	(766,000)	2,541,241	1,775,241
Total adjustments to operating income (loss)	264,396	(27,899,403)	2,590,439	(25,044,568)
Net cash provided (used) by operating activities	\$ 288,458	(31,809,984)	3,203,994	(28,317,532)



**COUNTY OF FAIRFAX, VIRGINIA**  
**Fairfax County Public Schools**  
**Statement of Fiduciary Net Position**  
**June 30, 2013**

**EXHIBIT J-7**

	Pension Trust Fund - Educational Employees' Supplementary Retirement System	OPEB Trust Fund	Total Pension and OPEB Trust Funds
<b>ASSETS</b>			
Equity in pooled cash and temporary investments	\$ 935,395	500	935,895
Cash with fiscal agents	1,096,270	-	1,096,270
Cash collateral for securities lending	66,498,968	-	66,498,968
Accrued interest and dividends receivable	3,512,946	-	3,512,946
Receivable from sale of pension investments	7,778,800	1,598,211	9,377,011
Investments, at fair value:			
Mortgage-backed securities	3,973,060	-	3,973,060
Corporate bonds	157,726,554	-	157,726,554
Common and preferred stock	611,777,493	23,833,752	635,611,245
Pooled and mutual funds	538,641,802	33,742,939	572,384,741
Real estate	151,997,340	-	151,997,340
Other bonds	433,543,705	5,806,925	439,350,630
Private Equity Mutual Partnership	25,221,028	-	25,221,028
Short-term investments	30,897,541	63	30,897,604
Prepaid items and other assets	15,000	-	15,000
Equipment, net of depreciation	13,645	-	13,645
Total assets	2,033,629,547	64,982,390	2,098,611,937
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total deferred outflows of resources	-	-	-
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	1,864,168	20,000	1,884,168
Payable for purchase of pension investments	8,493,585	37,700	8,531,285
Liabilities for collateral received under securities lending agreements	66,498,968	-	66,498,968
Total liabilities	76,856,721	57,700	76,914,421
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Total deferred inflows of resources	-	-	-
<b>NET POSITION</b>			
Held in trust for pension/OPEB benefits	\$ 1,956,772,826	64,924,690	2,021,697,516

**COUNTY OF FAIRFAX, VIRGINIA**  
**Fairfax County Public Schools**  
**Statement of Changes in Plan Net Position - Trust Funds**  
**For the fiscal year ended June 30, 2013**

**EXHIBIT J-8**

	Pension Trust Fund - Educational Employees' Supplementary Retirement System	OPEB Trust Fund	Total Pension and OPEB Trust Funds
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 67,734,634	34,471,108	102,205,742
Plan members	38,428,367	-	38,428,367
Total contributions	106,163,001	34,471,108	140,634,109
Investment income:			
From investment activities:			
Net depreciation in fair value of investments	151,780,654	5,320,356	157,101,010
Interest and dividends	46,447,961	29	46,447,990
Real estate income	3,416,148	-	3,416,148
Other	42,998	-	42,998
Total income from investment activities	201,687,761	5,320,385	207,008,146
Less investment activities expenses:			
Management fees	10,277,505	44,278	10,321,783
Other	829,250	375	829,625
Total investment activities expenses	11,106,755	44,653	11,151,408
Net income from investment activities	190,581,006	5,275,732	195,856,738
From securities lending activities:			
Securities lending income	138,169	-	138,169
Less securities lending expenses:			
Borrower rebates	(386,514)	-	(386,514)
Management fees	157,838	-	157,838
Total securities lending activities expenses	(228,676)	-	(228,676)
Net income from securities lending activities	366,845	-	366,845
Net investment income	190,947,851	5,275,732	196,223,583
Total additions	297,110,852	39,746,840	336,857,692
<b>DEDUCTIONS</b>			
Benefits	160,098,128	24,471,108	184,569,236
Refunds of contributions	4,419,806	-	4,419,806
Administrative expenses	3,588,414	-	3,588,414
Total deductions	168,106,348	24,471,108	192,577,456
Net increase (decrease)	129,004,504	15,275,732	144,280,236
Net position, July 1, 2012	1,827,768,322	49,648,958	1,877,417,280
Net position, June 30, 2013	\$ 1,956,772,826	64,924,690	2,021,697,516

**COUNTY OF FAIRFAX, VIRGINIA**  
**Fairfax County Public Schools**  
**Statement of Changes in Assets and Liabilities - Agency Fund**  
**For the fiscal year ended June 30, 2013**

**EXHIBIT J-9**

	Balances June 30, 2012	Additions	Deductions	Balances June 30, 2013
<b>Student Activity Fund:</b>				
<b>Assets:</b>				
Cash with fiscal agents	\$ 19,442,588	1,307,293	1,451,059	19,298,822
Accounts receivable	688,666	83,549	318,930	453,285
Inventories of supplies	345,198	102,498	74,714	372,982
Total assets	20,476,452	1,493,340	1,844,703	20,125,089
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	442,992	314,406	170,707	586,691
Due to student groups	20,033,460	1,326,605	1,821,667	19,538,398
Total liabilities	\$ 20,476,452	1,641,011	1,992,374	20,125,089

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 Position**  
**June 30, 2013**

**EXHIBIT K**

	Housing Authority	Component Units of Housing	Total Entity
<b>ASSETS</b>			
Current assets:			
Equity in pooled cash and temporary investments	\$ 29,286,410	-	29,286,410
Cash in banks	7,751,898	4,939,162	12,691,060
Investments	3,685,186	-	3,685,186
Receivables (net of allowances):			
Accounts	672,239	263,343	935,582
Accrued interest	326,480	-	326,480
Notes	411,184	-	411,184
Property held for sale	1,026,747	-	1,026,747
Prepaid and other assets	4,346,395	4,284	4,350,679
Restricted assets:			-
Performance and other deposits	1,608,985	586,047	2,195,032
Investments	1,960,000	-	1,960,000
Total current assets	51,075,524	5,792,836	56,868,360
Long-term assets:			
Restricted assets:			
Cash reserves	8,999,752	8,121,644	17,121,396
Certificates of deposit - performance bonds	-	-	-
Investments	-	-	-
Total restricted assets	8,999,752	8,121,644	17,121,396
Capital assets:			
Non-depreciable/non-amortizable:			
Land	30,200,212	11,896,564	42,096,776
Construction in progress	1,833,004	-	1,833,004
Depreciable/amortizable:			
Equipment	572,657	1,370,454	1,943,111
Buildings and improvements	131,304,703	86,793,099	218,097,802
Accumulated depreciation/amortization	(86,146,210)	(33,450,955)	(119,597,165)
Total capital assets, net	77,764,366	66,609,162	144,373,528
Other long-term assets:			
Notes receivable	26,052,036	-	26,052,036
Prepaid and other assets	203,542	-	203,542
Unearned financing fees (net of amortization)	-	1,108,177	1,108,177
Total other long-term assets	26,255,578	1,108,177	27,363,755
Total long-term assets	113,019,696	75,838,983	188,858,679
Total assets	164,095,220	81,631,819	245,727,039
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total deferred outflows of resources	-	-	-
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	1,469,931	5,873,787	7,343,718
Accrued salaries and benefits	437,863	-	437,863
Due to primary government	128,676	-	128,676
Unearned revenue	1,708,458	222,955	1,931,413
Performance and other deposits	1,776,953	551,668	2,328,621
Mortgage notes payable	3,315,170	4,541,378	7,856,548
Compensated absences payable	571,569	-	571,569
Total current liabilities	9,408,620	11,189,788	20,598,408
Long-term liabilities:			
Mortgage notes payable	32,057,895	53,699,409	85,757,304
Compensated absences payable	648,700	-	648,700
Other accrued long-term interest	-	4,548,934	4,548,934
Total long-term liabilities	32,706,595	58,248,343	90,954,938
Total liabilities	42,115,215	69,438,131	111,553,346
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Total deferred inflow of resources	-	-	-
<b>NET POSITION</b>			
Net investment in capital assets	64,726,212	8,368,375	73,094,587
Restricted	14,643,596	8,156,023	22,799,619
Unrestricted	42,610,197	(4,330,710)	38,279,487
Net Position	\$ 121,980,005	12,193,688	134,173,693

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT K-1

Fairfax County Redevelopment and Housing Authority  
Statement of Revenues, Expenses, and Changes in Net Position  
For the fiscal year ended June 30, 2013

	Housing Authority	Component Units of Housing	Total Entity
<b>OPERATING REVENUES:</b>			
Dwelling rentals	\$ 27,426,884	10,132,745	37,559,629
Other	2,464,884	1,014,407	3,479,291
Total operating revenues	29,891,768	11,147,152	41,038,920
<b>OPERATING EXPENSES:</b>			
Personnel services	15,804,957	2,046,061	17,851,018
Materials and supplies	2,412,209	2,587,082	4,999,291
Repairs and maintenance	11,030,099	2,239,026	13,269,125
Housing assistance payments	51,149,912	-	51,149,912
Depreciation and amortization	3,425,119	2,880,587	6,305,706
Contractual services	297,196	145,301	442,497
Utilities	3,660,332	1,271,085	4,931,417
Total operating expenses	87,779,824	11,169,142	98,948,966
Operating income (loss)	(57,888,056)	(21,990)	(57,910,046)
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Intergovernmental revenue	60,655,668	100,343	60,756,011
Interest revenue	217,237	5,217	222,454
Interest expense	(724,337)	(2,689,306)	(3,413,643)
Grant to the County	(5,218,400)	-	(5,218,400)
Total nonoperating revenues (expenses)	54,930,168	(2,583,746)	52,346,422
Gain (loss) before contributions	(2,957,888)	(2,605,736)	(5,563,624)
<b>CAPITAL CONTRIBUTIONS:</b>			
HUD debt service contributions	-	-	-
HUD capital contributions	489,767	-	489,767
Total capital contributions	489,767	-	489,767
Change in net position	(2,468,121)	(2,605,736)	(5,073,857)
Net Position, July 1, 2012	124,448,126	14,799,424	139,247,550
Net Position, June 30, 2013	\$ 121,980,005	12,193,688	134,173,693

**COUNTY OF FAIRFAX, VIRGINIA**  
**Fairfax County Redevelopment and Housing Authority**  
**Statement of Cash Flows**  
**For the fiscal year ended June 30, 2013**

**EXHIBIT K-2**

	Housing Authority	Component Units of Housing	Total Entity
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Rental receipts	\$ 27,336,977	10,509,458	37,846,435
Other operating cash receipts	2,621,839	1,032,914	3,654,753
Payments to employees for services	(15,733,794)	(2,046,061)	(17,779,855)
Payments made for housing assistance	(51,440,009)	-	(51,440,009)
Payments to suppliers for goods and services	(16,853,749)	(5,960,262)	(22,814,011)
Purchase of property held for sale	(2,023,734)	-	(2,023,734)
Receipts from sale of property held for sale	2,404,307	-	2,404,307
Net cash provided (used) by operating activities	(53,688,163)	3,536,049	(50,152,114)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Retirement of loans, notes, and bonds payables	(257,317)	-	(257,317)
Proceeds from the issuance of debt	-	-	-
Intergovernmental revenue received	60,583,126	100,343	60,683,469
Amount provided to County	(5,218,400)	-	(5,218,400)
Net cash provided by noncapital financing activities	55,107,409	100,343	55,207,752
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	(1,994,241)	-	(1,994,241)
Proceeds from sale of capital assets	65,730	-	65,730
Proceeds from issuance of debt	-	162,488	162,488
Interest payments	(739,310)	(2,356,943)	(3,096,253)
Debt principal payments	(1,365,826)	(1,293,609)	(2,659,435)
Repayment of amount due to the primary government	-	-	-
HUD debt service and capital contributions	489,767	-	489,767
Net cash used by capital and related financing activities	(3,543,880)	(3,488,064)	(7,031,944)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Receipt of loan and advance repayments	504,222	-	504,222
Disbursement of loans and advances receivable	(69,540)	-	(69,540)
Acquisition of investments	1,459,814	-	1,459,814
Interest received	128,814	5,217	134,031
Net cash provided (used) by investing activities	2,023,310	5,217	2,028,527
Net increase (decrease) in cash and cash equivalents	(101,324)	153,545	52,221
Cash and cash equivalents, July 1, 2012	47,748,369	13,493,308	61,241,677
Cash and cash equivalents, June 30, 2013	\$ 47,647,045	13,646,853	61,293,898
<b>Reconciliation of operating income (loss) to net cash provided (used)</b>			
<b>by operating activities:</b>			
Operating loss	\$ (57,888,056)	(21,990)	(57,910,046)
Adjustments to reconcile operating (loss) to net cash provided (used)			
by operating activities:			
Depreciation and amortization	3,425,119	2,880,587	6,305,706
Change in assets and liabilities:			
(Increase) in accounts receivable	322,607	251,646	574,253
(Increase) decrease in prepaid and other assets	192,700	8,082	200,782
(Decrease) in accounts payable and accrued liabilities	253,509	274,150	527,659
Increase in accrued salaries and benefits	82,900	-	82,900
(Decrease) in performance and other deposits	38,507	18,507	57,014
Increase (decrease) in unearned revenue	(115,449)	125,067	9,618
Total adjustments to operating income (loss)	4,199,893	3,558,039	7,757,932
Net cash provided (used) by operating activities	\$ (53,688,163)	3,536,049	(50,152,114)

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, 2013**

	General Fund (Financed from County General Fund)	Special Revenue Fund - Park Revenue	Major Governmental Capital Financed from County Construction Fund
<b>ASSETS</b>			
Equity in pooled cash and temporary investments	\$ -	12,958,251	-
Receivables:			
Accounts	-	4,675	-
Accrued interest	-	15,093	-
Due from primary government	1,415,255	-	367,763
Due from Intergovernmental units	-	4,117	-
Restricted assets:			
Equity in pooled cash and temporary investments	-	-	-
Investments	-	61,115	-
Total assets	1,415,255	13,043,251	367,763
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total deferred outflows of resources	-	-	-
<b>Total assets and deferred outflows of resources</b>	<b>1,415,255</b>	<b>13,043,251</b>	<b>367,763</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 322,935	833,091	345,826
Accrued salaries and benefits	1,092,320	1,231,809	-
Due to primary government	-	234,666	-
Contract retainages	-	-	21,937
Deferred revenue	-	5,168,545	-
Performance and other deposits	-	94,230	-
Total liabilities	1,415,255	7,562,341	367,763
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Total deferred inflows of resources	-	-	-
<b>Total liabilities and deferred inflows of resources</b>	<b>1,415,255</b>	<b>7,562,341</b>	<b>367,763</b>
<b>FUND BALANCES</b>			
Restricted for:			
Capital projects	-	-	-
Debt service	-	61,115	-
E.C.Lawrence Trust	-	-	-
Repair and replacement	-	-	-
Committed to:			
Managed reserve	-	2,017,969	-
Donation/Deferred revenue	-	1,246,804	-
Facilities and services reserve	-	-	-
Other capital projects	-	-	-
Assigned to:			
Park operation and maintenance	-	2,155,022	-
Total fund balances	-	5,480,910	-
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,415,255</b>	<b>13,043,251</b>	<b>367,763</b>

**Reconciliation of the Balance Sheet to the Statement of Net Position**

Fund balances - Total governmental funds \$ 41,255,690

Amounts reported for governmental activities in the statement of net position 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 \$756,611,620 and the accumulated depreciation is \$182,123,372. 574,488,248

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	\$ (4,955,847)	
Compensated absences payable	(4,596,496)	
Loan from primary government	(12,832,200)	
Accrued interest payable	(17,633)	(22,402,176)

Net position of governmental activities \$ 593,341,762

## EXHIBIT L

Funds			
Projects Funds			
Park Construction Bond	Park Capital Improvement	Total Governmental Funds	
-	27,733,292	40,691,543	<b>ASSETS</b>
-	-	-	Equity in pooled cash and temporary investments
-	-	-	Receivables:
-	47,175	4,675	Accounts
-	-	62,268	Accrued interest
100,000	-	1,783,018	Due from primary government
7,345,967	2,207,926	104,117	Due from Intergovernmental units
-	-	-	Restricted assets:
7,445,967	29,988,393	9,553,893	Equity in pooled cash and temporary investments
-	-	61,115	Investments
-	-	-	Total assets
-	-	-	<b>DEFERRED OUTFLOWS OF RESOURCES</b>
-	-	-	Total deferred outflows of resources
7,445,967	29,988,393	52,260,629	Total assets and deferred outflows of resources
322,219	289,079	2,113,150	<b>LIABILITIES</b>
-	-	-	Accounts payable and accrued liabilities
-	-	2,324,129	Accrued salaries and benefits
177,970	38,138	234,666	Due to primary government
-	158,110	238,045	Contract retainages
-	674,064	5,326,655	Deferred revenue
500,189	1,159,391	768,294	Performance and other deposits
-	-	-	Total liabilities
-	-	-	<b>DEFERRED INFLOWS OF RESOURCES</b>
-	-	-	Total deferred inflows of resources
500,189	1,159,391	11,004,939	Total liabilities and deferred inflows of resources
6,945,778	12,708,357	19,654,135	<b>FUND BALANCES</b>
-	-	-	Restricted for:
-	1,507,926	61,115	Capital projects
-	700,000	1,507,926	Debt service
-	-	700,000	E.C.Lawrence Trust
-	-	-	Repair and replacement
-	-	2,017,969	Committed to:
-	-	1,246,804	Managed reserve
-	2,565,983	2,565,983	Donation/Deferred revenue
-	11,346,736	2,565,983	Facilities and services reserve
-	-	11,346,736	Other capital projects
-	-	-	Assigned to:
6,945,778	28,829,002	2,155,022	Park operation and maintenance
7,445,967	29,988,393	41,255,690	Total fund balances
-	-	-	Total liabilities, deferred inflows of resources, 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, 2013

	General Fund (Financed from County General Fund)	Major Governmental	
		Special Revenue Fund - Park Revenue	Capital Financed from County Construction Fund
<b>REVENUES</b>			
Intergovernmental	\$ 29,591,048	4,117	9,903,477
Charges for services	1,467,166	39,739,661	-
Developers' contributions	-	-	-
Revenue from the use of money and property	-	2,307,371	-
Gifts, donations, and contributions	-	720,682	-
Other	-	183,685	-
Total revenues	31,058,214	42,955,516	9,903,477
<b>EXPENDITURES</b>			
Current:			
Parks, recreation, and cultural	30,954,542	39,476,837	6,417,574
Intergovernmental	-	-	-
Capital outlay	103,672	256,846	3,485,903
Debt service:			
Principal retirement	-	935,000	-
Interest and other charges	-	967,217	-
Total expenditures	31,058,214	41,635,900	9,903,477
Excess (deficiency) of revenues over (under) expenditures	-	1,319,616	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	(1,849,882)	-
Refunding revenue bond proceeds	-	4,800,000	-
Premium on refunding revenue bonds	-	701,735	-
Payments to refunded bond escrow agent	-	(7,175,945)	-
Total other financing sources (uses)	-	(3,524,092)	-
Net change in fund balances	-	(2,204,476)	-
Fund balances, July 1, 2012	-	7,685,386	-
Fund balances, June 30, 2013	\$ -	5,480,910	-

## EXHIBIT L-1

Funds			
Projects Funds			
Park Construction Bond	Park Capital Improvement	Total Governmental Funds	
<b>REVENUES</b>			
13,000,000	-	52,498,642	Intergovernmental
-	477	41,207,304	Charges for services
-	359,485	359,485	Developers' contributions
-	2,495,233	4,802,604	Revenue from the use of money and property
-	2,337,194	3,057,876	Gifts, donations and contributions
-	-	183,685	Other
13,000,000	5,192,389	102,109,596	Total revenues
<b>EXPENDITURES</b>			
Current:			
130,506	1,489,783	78,469,242	Parks, recreation, and cultural
-	-	-	Intergovernmental
9,977,601	2,133,744	15,957,766	Capital outlay
Debt service:			
-	-	935,000	Principal retirement
-	-	967,217	Interest and other charges
10,108,107	3,623,527	96,329,225	Total expenditures
Excess (deficiency) of revenues over			
2,891,893	1,568,862	5,780,371	(under) expenditures
<b>OTHER FINANCING SOURCES (USES)</b>			
-	1,849,882	1,849,882	Transfers in
-	-	(1,849,882)	Transfers out
-	-	4,800,000	Refunding revenue bond proceeds
-	-	701,735	Premium on refunding revenue bonds
-	-	(7,175,945)	Payments to refunded bond escrow agent
-	1,849,882	(1,674,210)	Total other financing sources (uses)
2,891,893	3,418,744	4,106,161	Net change in fund balances
4,053,885	25,410,258	37,149,529	Fund balances, July 1, 2012
6,945,778	28,829,002	41,255,690	Fund balances, June 30, 2013

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, 2013

## 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	\$	4,106,161
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlays	\$	15,957,766	
Less depreciation expense		<u>(10,464,361)</u>	5,493,405

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.

10,144

Activities related to capital assets impacted the statement of activities but not appear in the governmental funds because they are not financial resources.

(18,102,160)

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 position and does not affect the statement of activities.

Series 2013 Revenue Refunding Bonds	\$	(5,501,734)	(5,501,734)
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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	\$	725,000	
Principal repayments of revenue notes		210,000	
Payments to refunded bond escrow agent		<u>7,175,945</u>	8,110,945

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	\$	(36,835)	
Interest and other		<u>93,282</u>	56,447

Change in net position of governmental activities	\$	<u>(5,826,792)</u>
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## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT L-2A

## Fairfax County Park Authority

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

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 20,722,178	21,185,551	21,189,085	3,534
Charges for services	1,944,286	1,736,093	1,467,166	(268,927)
Total revenues	22,666,464	22,921,644	22,656,251	(265,393)
<b>EXPENDITURES</b>				
Current:				
Parks, recreation, and cultural	22,666,464	22,921,644	22,656,251	265,393
Total expenditures	22,666,464	22,921,644	22,656,251	265,393
Net change in fund balance	\$ -	-	-	-

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT L-2B

## Fairfax County Park Authority

## Budgetary Comparison Schedule - Park Revenue Fund (Budget Basis)

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Charges for services	\$ 39,265,223	39,265,223	39,739,661	474,438
Revenue from the use of money and property	2,597,272	2,597,272	2,307,371	(289,901)
Gifts, donations, and contributions	596,689	596,689	720,682	123,993
Other	50,822	50,822	187,802	136,980
Total revenues	42,510,006	42,510,006	42,955,516	445,510
<b>EXPENDITURES</b>				
Parks, recreation, and cultural	42,304,706	41,881,762	41,635,900	245,862
Total expenditures	42,304,706	41,881,762	41,635,900	245,862
Excess of revenues over expenditures	205,300	628,244	1,319,616	691,372
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(1,849,882)	(1,849,882)	-
Refunding revenue bond proceeds	-	-	4,800,000	(4,800,000)
Premium on refunding revenue bonds	-	-	701,735	(701,735)
Payments to refunded bond escrow agent	-	-	(7,175,945)	7,175,945
Total other financing sources (uses)	-	(1,849,882)	(3,524,092)	1,674,210
Net change in fund balance	\$ 205,300	(1,221,638)	(2,204,476)	2,365,582

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, 2013**

**EXHIBIT M**

	Governmental Fund (Financed from County General Fund)
<b>ASSETS</b>	
Due from primary government	\$ 484,394
Total assets	<u>484,394</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Total deferred outflows of resources	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 484,394</u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	342,316
Accrued salaries and benefits	<u>142,078</u>
Total liabilities	<u>484,394</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Total deferred inflows of resources	<u>-</u>
Total liabilities and deferred inflows of resources	<u>484,394</u>
<b>FUND BALANCE</b>	
Unreserved	<u>-</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 484,394</u>
<b>Reconciliation of the Balance Sheet to the Statement of Net Position</b>	
Fund balance - General Fund	\$ -
Amounts reported for governmental activities in the statement of net position 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 \$806,808 and the accumulated depreciation and amortization is \$334,851.	471,957
Long-term liabilities, including compensated absences payable, \$279,331, and unearned rent, \$989,301, are not due and payable in the current period and, therefore, are not reported in the fund.	<u>(1,268,632)</u>
Net position of governmental activities	<u>\$ (796,675)</u>

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT M-1

## Fairfax County Economic Development Authority

## Statement of Revenues, Expenditures, and Changes in Fund Balance

For the fiscal year ended June 30, 2013

	Governmental Fund (Financed from County General Fund)
<b>REVENUES</b>	
Intergovernmental	\$ 8,310,032
Total revenues	8,310,032
<b>EXPENDITURES</b>	
Current:	
Community development	8,310,032
Total expenditures	8,310,032
Excess of revenues over expenditures	-
Fund balance, July 1, 2012	-
Fund balance, June 30, 2013	\$ -

**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	(76,799)	
Increase in liability for compensated absences	(19,747)	
Unearned rent	82,112	(14,434)
Change in net position of governmental activities		\$ (14,434)

## 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, 2013

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 7,218,600	7,218,600	7,193,593	(25,007)
Total revenues	7,218,600	7,218,600	7,193,593	(25,007)
<b>EXPENDITURES</b>				
Community development	7,218,600	7,218,600	7,193,593	25,007
Total expenditures	7,218,600	7,218,600	7,193,593	25,007
Net change in fund balance	\$ -	-	-	-



**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 Position by Component**  
**Last Ten Fiscal Years**

	Fiscal Year				
	2013	2012 (2)	2011	2010	2009
<i>Governmental activities:</i>					
Net investment in capital assets	\$ 1,736,906,426	1,695,143,766	1,540,962,447	1,458,369,495	1,399,874,484
Restricted	214,950,085	226,409,285	308,394,968	210,842,044	188,432,037
Unrestricted (1)	(1,657,422,986)	(1,581,687,019)	(1,370,285,300)	(1,112,442,403)	(1,093,476,245)
Net position, governmental activities	\$ 294,433,525	339,866,032	479,072,115	556,769,136	494,830,276
<i>Business-type activities:</i>					
Net investment in capital assets	\$ 778,825,722	769,135,097	722,703,848	748,697,093	645,044,053
Restricted	44,113,954	51,055,374	93,427,366	44,371,666	148,760,524
Unrestricted	147,119,567	116,578,189	81,180,178	76,855,173	84,277,881
Net position, business-type activities	\$ 970,059,243	936,768,660	897,311,392	869,923,932	878,082,458
<i>Total Primary government:</i>					
Net investment in capital assets	\$ 2,515,732,148	2,464,278,863	2,263,666,295	2,207,066,588	2,044,918,537
Restricted	259,064,039	277,464,659	401,822,334	255,213,710	337,192,561
Unrestricted	(1,510,303,419)	(1,465,108,830)	(1,289,105,122)	(1,035,587,230)	(1,009,198,364)
Net position, primary government	\$ 1,264,492,768	1,276,634,692	1,376,383,507	1,426,693,068	1,372,912,734

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				
	2013	2012	2011	2010	2009
	\$ 1,596,333,283	1,453,383,980	1,431,198,421	1,371,914,260	1,342,939,932

Fiscal Year					
2008	2007	2006	2005	2004	
					<i>Governmental activities:</i>
1,313,609,617	1,176,653,933	1,075,520,989	1,034,317,673	995,156,131	Net investment in capital assets
55,360,397	45,835,642	36,903,134	30,414,477	42,737,479	Restricted
(919,381,116)	(762,741,854)	(777,273,475)	(882,121,487)	(885,313,225)	Unrestricted (1)
449,588,898	459,747,721	335,150,648	182,610,663	152,580,385	Net position, governmental activities
					<i>Business-type activities:</i>
757,799,128	789,479,735	786,263,108	787,889,313	755,683,261	Net investment in capital assets
28,251,270	46,489,817	57,514,949	56,463,753	85,025,111	Restricted
109,530,192	61,756,541	61,442,481	63,234,893	63,547,596	Unrestricted
895,580,590	897,726,093	905,220,538	907,587,959	904,255,968	Net position, business-type activities
					<i>Total Primary government:</i>
2,071,408,745	1,966,133,668	1,861,784,097	1,822,206,986	1,750,839,392	Net investment in capital assets
83,611,667	92,325,459	94,418,083	86,878,230	127,762,590	Restricted
(809,850,924)	(700,985,313)	(715,830,994)	(818,886,594)	(821,765,629)	Unrestricted
1,345,169,488	1,357,473,814	1,240,371,186	1,090,198,622	1,056,836,353	Net position, primary government

(2) Fiscal Year 2012 net position restated due to the implementation of GASB statement 65. See Note N for additional information.

Fiscal Year				
2008	2007	2006	2005	2004
1,297,409,248	1,215,573,395	1,184,160,483	1,154,667,840	1,117,774,930

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

	Fiscal Year				
	2013	2012	2011	2010	2009
<b>Expenses</b>					
<i>Governmental activities:</i>					
General government administration	\$ 201,445,282	201,444,643 (9)	138,976,659	148,730,289	160,696,700
Judicial administration	46,336,343	54,731,149	52,295,620	40,825,671	44,885,189
Public safety	658,186,021	621,850,677	618,789,976	604,822,717	624,257,988
Public works	185,250,816	176,714,926	192,081,461	198,458,714	195,125,647
Health and welfare	542,052,102	562,237,332	546,852,765	495,727,107	494,493,208
Community development	387,551,012	393,528,633	378,565,455	232,156,056	273,649,566
Parks, recreation, and cultural	112,057,718	114,767,984	105,293,977	123,549,652	140,802,569
Education - for Public Schools	1,843,611,090	1,769,700,781	1,744,248,387	1,784,128,380	1,784,670,681
Interest on long-term debt	117,251,705	112,604,312	98,596,584	97,587,106	95,151,292
Total expenses, governmental activities	4,093,742,089	4,007,580,437	3,875,700,884	3,725,985,692	3,813,732,840
<i>Business-type activities:</i>					
Public works - Sewer	\$ 169,212,487	163,955,907 (9)	156,989,198	155,490,570	148,934,682
Total expenses, business-type activities	169,212,487	163,955,907	156,989,198	155,490,570	148,934,682
Total expenses, primary government	4,262,954,576	4,171,536,344	4,032,690,082	3,881,476,262	3,962,667,522
<b>Program Revenues</b>					
<i>Governmental activities:</i>					
Charges for services:					
Public safety	\$ 58,883,550	62,860,108	74,126,570	67,562,279	62,631,798
Public works	117,037,898	110,804,240	113,296,977	95,740,931	88,943,909
Health and welfare	64,938,672	68,152,942	70,834,601	63,641,537	60,789,511
Other activities	287,013,174	191,091,722	137,393,757	136,293,136	181,759,896
Operating grants and contributions	239,536,892	256,182,164	292,921,660	440,962,393	247,996,754
Capital grants and contributions	22,312,264	29,696,488	17,033,448	45,298,191	30,537,124
Total program revenues, governmental activities	789,722,450	718,787,664	705,607,013	849,498,467	672,658,992
<i>Business-type activities:</i>					
Charges for services:					
Public works - Sewer	\$ 194,030,949	188,917,214	154,118,716	137,350,273	120,184,626
Capital grants and contributions	7,062,744	13,974,206	12,385,470	8,677,874	8,950,919
Total program revenues, business-type activities	201,093,693	202,891,420	166,504,186	146,028,147	129,135,545
Total program revenues, primary government	990,816,143	921,679,084	872,111,199	995,526,614	801,794,537
<b>Net (Expense) Revenue</b>					
Governmental activities	(3,304,019,639)	(3,288,792,773)	(3,170,093,871)	(2,876,487,225)	(3,141,073,848)
Business-type activities	31,881,206	38,935,513	9,514,988	(9,462,423)	(19,799,137)
Total primary government	\$ (3,272,138,433)	(3,249,857,260)	(3,160,578,883)	(2,885,949,648)	(3,160,872,985)

Fiscal Year					
2008	2007	2006	2005	2004	
					<b>Expenses</b>
					<i>Governmental activities:</i>
155,387,589	140,972,403	133,838,032	182,163,429 (4)	118,582,483	General government administration
45,402,679	41,566,535	38,631,468	36,370,091	34,988,605	Judicial administration
614,837,542	580,551,244	550,648,594	481,881,184	436,789,222	Public safety
191,477,505	173,175,664	159,913,922	155,502,766	146,543,177	Public works
491,520,452	464,160,365	441,567,541	423,218,014	400,760,061	Health and welfare
206,158,826	224,697,345	185,778,647	167,075,768	130,018,919	Community development
182,268,495	126,638,121	137,380,297	126,227,717	123,769,806	Parks, recreation, and cultural
1,733,929,914	1,665,173,825	1,547,083,954	1,453,746,126	1,370,981,360	Education - for Public Schools
94,307,127	88,475,535	82,365,378	82,981,808	77,309,276	Interest on long-term debt
3,715,290,129	3,505,411,037	3,277,207,833	3,109,166,903	2,839,742,909	Total expenses, governmental activities
					<i>Business-type activities:</i>
142,521,912	136,914,753	136,063,778	125,435,224	124,373,936	Public works - Sewer
142,521,912	136,914,753	136,063,778	125,435,224	124,373,936	Total expenses, business-type activities
3,857,812,041	3,642,325,790	3,413,271,611	3,234,602,127	2,964,116,845	Total expenses, primary government
					<b>Program Revenues</b>
					<i>Governmental activities:</i>
					Charges for services:
62,297,005	55,092,085	53,558,588	41,565,418	38,438,771	Public safety
88,692,491	89,181,174	80,212,361	72,715,488	72,758,327	Public works
56,173,288	53,722,470	56,770,395	48,998,685	43,329,319	Health and welfare
63,191,212	82,465,140	72,600,753	64,486,204	59,564,348	Other activities
260,367,949	238,382,990	241,510,533	225,089,494	236,755,548	Operating grants and contributions
32,540,001	20,942,679	28,003,177	55,346,338	47,056,844	Capital grants and contributions
563,261,946	539,786,538	532,655,807	508,201,627	497,903,157	Total program revenues, governmental activities
					<i>Business-type activities:</i>
					Charges for services:
114,206,818	115,457,196	123,358,395	118,013,675	117,422,097	Public works - Sewer
10,087,940	8,137,150	5,888,926	7,248,130	8,887,132	Capital grants and contributions
124,294,758	123,594,346	129,247,321	125,261,805	126,309,229	Total program revenues, business-type activities
687,556,704	663,380,884	661,903,128	633,463,432	624,212,386	Total program revenues, primary government
					<b>Net (Expense) Revenue</b>
(3,152,028,183)	(2,965,624,499)	(2,744,552,026)	(2,600,965,276)	(2,341,839,752)	Governmental activities
(18,227,154)	(13,320,407)	(6,816,457)	(173,419)	1,935,293	Business-type activities
(3,170,255,337)	(2,978,944,906)	(2,751,368,483)	(2,601,138,695)	(2,339,904,459)	Total primary government

(continued)



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

	Fiscal Year				
	2013	2012	2011	2010	2009
<b>General Revenues and Other Changes in Net Position</b>					
<i>Governmental activities:</i>					
Taxes:					
Real property	\$ 2,123,759,406	2,057,935,398	2,028,435,622	2,126,498,175	2,093,518,885
Personal property	353,275,799	316,966,006	301,272,265	296,610,992	316,717,991
Business licenses	158,768,484	155,480,677	150,669,671	138,684,942	142,922,838
Local sales and use	265,029,666	257,770,918	158,772,098	151,354,001	154,902,699
Consumers utility	73,450,331	65,254,197	113,731,677	117,882,816	113,556,023
Motor vehicle decals	-	-	27,408,623	-	-
Recordation	28,281,179	26,223,747	26,407,596	24,891,357	25,063,223
Occupancy, tobacco, and other	32,694,178	33,360,801	47,946,003	47,772,667	40,122,826
Unrestricted grants and contributions	209,291,717	218,287,716	211,818,969	366,331	211,981,020
Revenue from the use of money	9,836,372	14,807,663	18,634,630	34,364,804	87,529,721
Special item	4,200,000 (7)	3,499,567 (7)	7,299,696 (7)	-	-
Total general revenues and other changes in net position, governmental activities	3,258,587,132	3,149,586,690	3,092,396,850	2,938,426,085	3,186,315,226
<i>Business-type activities:</i>					
Revenue from the use of money	\$ 1,409,377	521,755	1,084,587	1,303,897	2,301,005
Special item	-	-	16,787,885 (8)	-	-
Total general revenues and other changes in net position, business-type activities	1,409,377	521,755	17,872,472	1,303,897	2,301,005
Total general revenues and other changes in net position, primary government	3,259,996,509	3,150,108,445	3,110,269,322	2,939,729,982	3,188,616,231
<b>Change in Net Position</b>					
Governmental activities	(45,432,507)	(139,206,083)	(77,697,021)	61,938,860	45,241,378
Business-type activities	33,290,583	39,457,268	27,387,460	(8,158,526)	(17,498,132)
Total primary government	\$ (12,141,924)	(99,748,815)	(50,309,561)	53,780,334	27,743,246

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					
2008	2007	2006	2005	2004	
					<b>General Revenues and Other Changes in Net Position</b>
					<i>Governmental activities:</i>
					Taxes:
2,020,779,749	1,938,762,106	1,785,065,735	1,638,739,052	1,502,921,280	Real property
307,572,072	310,274,454	288,584,215	277,668,819	272,609,749	Personal property
139,073,624	136,616,482	127,439,823	114,434,467	103,176,919	Business licenses
164,873,726	160,580,634	176,084,111	168,740,477	160,910,888	Local sales and use
122,378,380	116,673,940	103,271,085	96,189,365	92,533,138	Consumers utility
-	-	19,572,404	19,802,772	19,503,579	Motor vehicle decals
29,958,163	41,687,302	51,431,631	48,743,007	30,908,422	Recordation
40,827,006	46,450,935	41,195,083	33,376,957	19,814,208	Occupancy, tobacco, and other
212,546,890	216,873,082	215,804,028	200,817,597	201,520,018	Unrestricted grants and contributions
103,859,750	111,428,568	88,643,896	24,483,041	20,036,787	Revenue from the use of money
-	10,874,069 (5)	-	8,000,000 (2)	- (1)	Special item
3,141,869,360	3,090,221,572	2,897,092,011	2,630,995,554	2,423,934,988	Total general revenues and other changes in net position, governmental activities
					<i>Business-type activities:</i>
5,127,079	5,825,962	4,449,036	3,505,410	2,640,720	Revenue from the use of money
10,954,572 (6)	-	-	-	(1,813,460) (3)	Special item
16,081,651	5,825,962	4,449,036	3,505,410	827,260	Total general revenues and other changes in net position, business-type activities
3,157,951,011	3,096,047,534	2,901,541,047	2,634,500,964	2,424,762,248	Total general revenues and other changes in net position, primary government
					<b>Change in Net Position</b>
(10,158,823)	124,597,073	152,539,985	30,030,278	82,095,236	Governmental activities
(2,145,503)	(7,494,445)	(2,367,421)	3,331,991	2,762,553	Business-type activities
(12,304,326)	117,102,628	150,172,564	33,362,269	84,857,789	Total primary government

(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. See note N to the financial statements.

(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.

(9) Fiscal Year 2012 expenses restated due to the implementation of GASB statement 65. See Note N for additional information.

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

	Fiscal Year				
	2013	2012	2011 (1)	2010 (2)	2009
<i>General Fund:</i>					
Reserved	\$ -	-	-	42,842,683	41,356,567
Unreserved	-	-	-	343,838,486	237,826,810
Nonspendable	727,441	1,129,586	308,818	-	-
Restricted	-	-	-	-	-
Committed	216,879,261	213,718,785	206,627,013	-	-
Assigned	34,841,916	29,080,155	34,411,546	-	-
Unassigned	76,819,631	109,742,640	135,051,587	-	-
Total general fund	<u>329,268,249</u>	<u>353,671,166</u>	<u>376,398,964</u>	<u>386,681,169</u>	<u>279,183,377</u>
<i>All Other Governmental Funds:</i>					
Reserved	-	-	-	204,151,525	219,337,769
Unreserved, reported in:					
Special revenue funds	-	-	-	327,654,603	342,552,944
Debt service funds	-	-	-	12,918,625	10,487,202
Capital projects funds	-	-	-	74,003,428	(64,900,755)
Nonspendable	748,799	48,513,721	51,702,443	-	-
Restricted	565,814,956	569,803,909	566,941,106	-	-
Committed	162,348,750	155,083,147	158,420,964	-	-
Assigned	-	-	-	-	-
Unassigned	(13,108,305)	(2,604,408)	-	-	-
Total all other governmental funds	<u>\$ 715,804,200</u>	<u>770,796,369</u>	<u>777,064,513</u>	<u>618,728,181</u>	<u>507,477,160</u>

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					
2008	2007	2006	2005	2004	
					<i>General Fund:</i>
44,027,425	41,763,658	34,665,914	25,761,930	31,694,047	Reserved
227,421,300	249,823,537	239,587,945	210,724,987	161,541,066	Unreserved
-	-	-	-	-	Nonspendable
-	-	-	-	-	Restricted
-	-	-	-	-	Committed
-	-	-	-	-	Assigned
-	-	-	-	-	Unassigned
<u>271,448,725</u>	<u>291,587,195</u>	<u>274,253,859</u>	<u>236,486,917</u>	<u>193,235,113</u>	Total general fund
					<i>All Other Governmental Funds:</i>
238,978,072	249,675,360	236,238,170	196,266,810	222,458,953	Reserved
					Unreserved, reported in:
219,078,434	191,493,718	184,308,185	180,570,230	178,290,865	Special revenue funds
8,890,466	12,121,986	8,361,065	14,302,670	18,970,383	Debt service funds
(3,629,250)	121,892,612	101,882,556	113,143,870	62,758,569	Capital projects funds
-	-	-	-	-	Nonspendable
-	-	-	-	-	Restricted
-	-	-	-	-	Committed
-	-	-	-	-	Assigned
-	-	-	-	-	Unassigned
<u>463,317,722</u>	<u>575,183,676</u>	<u>530,789,976</u>	<u>504,283,580</u>	<u>482,478,770</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				
	2013	2012	2011	2010	2009
<b>Revenues</b>					
Taxes	\$ 3,036,288,822	\$ 2,907,905,803	2,857,920,425	2,899,801,062	2,888,968,005
Permits, privilege fees, and regulatory licenses	62,411,104	59,935,796	55,402,463	47,681,442	41,148,793
Intergovernmental	554,886,927	500,063,928	516,260,179	482,379,557	476,787,036
Charges for services	337,660,061	323,151,828	314,079,106	305,372,921	372,034,854
Fines and forfeitures	16,842,952	17,230,369	16,645,115	15,065,700	16,507,756
Revenue from the use of money and property	34,239,413	38,113,332	35,214,790	34,949,962	56,222,006
Recovered costs	14,076,599	20,294,568	21,034,191	16,701,652	18,153,938
Contributions and other	2,337,036	4,353,629	2,727,276	4,482,245	6,639,296
Total revenues	4,058,742,914	3,871,049,253	3,819,283,545	3,806,434,541	3,876,461,684
<b>Expenditures</b>					
Current:					
General government administration	172,947,861	142,882,772	131,833,676	133,726,104	149,274,890
Judicial administration	45,751,873	50,071,223	50,502,397	39,347,205	43,230,230
Public safety	639,655,183	594,264,731	573,559,767	565,403,962	583,525,248
Public works	198,203,970	194,764,262	203,941,440	218,774,283	215,701,070
Health and welfare	542,814,370	557,655,637	539,471,030	489,662,065	488,328,771
Community development	192,000,269	185,214,980	166,588,005	150,881,980	148,394,752
Parks, recreation, and cultural	54,270,433	51,248,180	45,300,724	65,451,624	71,536,790
Intergovernmental (1):					
Community development	178,024,166	195,414,873	196,331,575	64,962,498	111,546,162
Parks, recreation, and cultural	52,494,525	56,373,285	51,963,744	50,660,393	57,753,807
Education	1,843,611,090	1,769,700,781	1,744,248,387	1,784,128,380	1,784,670,681
Capital outlay	173,558,840	215,858,520	126,573,819	108,546,444	103,631,142
Debt service:					
Principal retirement	234,615,416	199,199,649	192,553,364	180,329,456	181,248,484
Interest and other charges	127,353,770	122,995,432	111,835,136	113,476,133	107,665,231
Total expenditures	4,455,301,766	4,335,644,325	4,134,703,064	3,965,350,527	4,046,507,258
Deficiency of revenues under expenditures	(396,558,852)	(464,595,072)	(315,419,519)	(158,915,986)	(170,045,574)
<b>Other Financing Sources (Uses)</b>					
Transfers in	525,335,599	547,558,731	485,495,544	515,765,999	519,572,088
Transfers out	(536,354,136)	(551,771,067)	(485,707,880)	(508,672,574)	(514,736,191)
Bonds issued	445,277,818	434,761,982	449,668,535	370,806,378	211,699,021
Refunding bonds issued	24,650,000	297,015,139	50,968,368	199,228,007	61,224,951
Payments to escrow agent	(145,945,515)	(295,465,222)	(50,785,617)	(198,007,662)	(61,085,125)
Capital leases, installment purchases, and other	-	-	6,535,000	-	5,197,257
Total other financing sources	312,963,766	432,099,563	456,173,950	379,120,148	221,872,001
<b>Special Item</b>					
	4,200,000	3,499,567	3,499,567	-	-
Net change in fund balances	\$ (79,395,086)	\$ (28,995,942)	144,253,998	220,204,162	51,826,427
Debt service as a percentage of noncapital expenditures	8.5%	7.8%	7.6%	7.6%	7.3%

Source: Fairfax County Department of Finance

Note:

- (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					
2008	2007	2006	2005	2004	
					<b>Revenues</b>
2,822,785,575	2,747,313,169	2,591,610,934	2,398,277,235	2,200,570,345	Taxes
42,102,636	44,581,986	45,335,405	40,591,871	40,310,942	Permits, privilege fees, and regulatory licenses
486,912,629	482,930,649	484,822,403	435,486,897	451,720,871	Intergovernmental
212,446,433	219,607,480	202,707,290	182,316,633	168,106,332	Charges for services
14,912,589	14,867,509	15,108,251	15,554,264	13,307,318	Fines and forfeitures
108,289,490	122,013,330	91,543,648	44,975,930	25,582,447	Revenue from the use of money and property
18,244,071	13,393,966	15,876,280	11,135,242	12,607,810	Recovered costs
4,975,659	6,771,263	6,708,723	6,920,481	7,220,453	Contributions and other
3,710,669,082	3,651,479,352	3,453,712,934	3,135,258,553	2,919,426,518	Total revenues
					<b>Expenditures</b>
					Current:
149,122,282	133,968,481	123,677,400	120,937,429	112,177,459	General government administration
43,509,367	41,062,317	38,113,725	35,409,832	34,127,757	Judicial administration
569,302,568	562,006,584	532,941,254	461,387,643	422,501,453	Public safety
218,923,642	210,888,400	195,231,421	180,096,171	171,616,126	Public works
488,090,226	463,193,567	442,392,799	421,059,009	395,790,648	Health and welfare
145,834,184	163,601,525	140,630,700	112,375,464	87,925,272	Community development
73,762,142	68,455,248	63,493,502	54,152,986	49,149,335	Parks, recreation, and cultural
					Intergovernmental (1):
53,272,255	52,461,994	36,375,841	42,713,945	30,280,310	Community development
97,512,863	51,998,820	67,429,466	65,432,258	66,231,453	Parks, recreation, and cultural
1,733,929,914	1,665,173,825	1,548,705,318	1,516,057,490	1,372,602,724	Education
269,431,452	151,872,354	159,498,041	114,008,813	85,091,794	Capital outlay
					Debt service:
172,491,889	163,468,305	155,731,090	149,333,276	144,474,933	Principal retirement
103,891,079	97,148,791	93,863,245	90,670,315	83,091,312	Interest and other charges
4,119,073,863	3,825,300,211	3,598,083,802	3,363,634,631	3,055,060,576	Total expenditures
(408,404,781)	(173,820,859)	(144,370,868)	(228,376,078)	(135,634,058)	Deficiency of revenues under expenditures
					<b>Other Financing Sources (Uses)</b>
493,747,382	500,822,272	494,604,574	454,613,670	412,033,079	Transfers in
(506,661,485)	(513,738,563)	(502,270,865)	(458,514,510)	(416,933,079)	Transfers out
250,487,439	248,483,479	199,964,050	280,615,984	199,224,018	Bonds issued
-	-	381,982,418	141,081,070	257,362,098	Refunding bonds issued
-	-	(381,019,900)	(140,525,562)	(255,977,448)	Payments to escrow agent
38,771,498	-	15,424,016	807,522	7,774,660	Capital leases, installment purchases, and other
276,344,834	235,567,188	208,684,293	278,078,174	203,483,328	Total other financing sources
-	-	-	15,500,000	-	<b>Special Item</b>
(132,059,947)	61,746,329	64,313,425	65,202,096	67,849,270	Net change in fund balances
7.2%	7.1%	7.3%	7.4%	7.7%	Debt service as a percentage of noncapital expenditures

**2.0 - Revenue** capacity information is intended to assist users in understanding and assessing the factors affecting the County's ability to generate its own-source revenues. There are four tables presented in this section.

COUNTY OF FAIRFAX, VA

**TABLE 2.1 - Assessed Value and Actual Value of Taxable Real Property (1)  
Last Ten Fiscal Years**

Fiscal Year	Residential (000s)	Commercial (000s)	Public Service Corporations (000s)	Total Taxable Assessed Value (000s)	Tax-Exempt (000s)	Total Direct Tax Rate (2)
2013	\$ 148,296,431	51,966,913	875,704	201,139,048	15,564,645	1.075
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

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
2013	1.075	0.27	0.242
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

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 2013			
Rank	Taxpayer	Taxable Assessed Value (1)	Pct. of Total Taxable Assessed Value (2)
1	TYSONS CORNER PROPERTY HOLDINGS LLC	\$ 1,001,280,920	0.50 %
2	CESC SKYLINE LLC	606,125,490	0.30
3	FAIRFAX COMPANY OF VIRGINIA LLC	359,841,800	0.18
4	FEDERAL HOME LOAN MORTGAGE CORP	358,605,010	0.18
5	CAMDEN SUMMIT PARTNERSHIP LP	316,385,210	0.16
6	BRANDYWINE ACQUISTION PARTNERS LP	288,015,080	0.14
7	PS BUSINESS PARKS LP	282,879,220	0.14
8	SRI SEVEN FAIR LAKES LLC	263,834,360	0.13
9	WASHINTON GAS LIGHT CO	260,250,331	0.13
10	RESTON TOWN CENTER PROPERTY LLC	248,822,080	0.12
Totals		<u>\$ 3,986,039,501</u>	<u>1.98 %</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 \$200,262,343,910.  
Total taxable assessed value for fiscal year 2004 is \$144,804,746,640.

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		
2013	\$ 2,132,072,324	2,124,865,909	99.66 %	-	2,132,072,324
2012	2,055,354,905	2,048,202,774	99.65	(886,825)	2,054,468,080
2011	2,024,903,008	2,017,592,586	99.64	(982,706)	2,023,920,302
2010	2,122,256,675	2,113,800,763	99.60	(1,105,795)	2,121,150,880
2009	2,088,602,937	2,078,433,868	99.51	(1,373,557)	2,087,229,380
2008	2,014,871,776	2,005,101,989	99.52	(1,448,538)	2,013,423,238
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

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. FY2013, taxes are levied for calendar year 2012.
- (2) Adjustments to the original levy include exonerations, tax relief, and supplemental assessments.

Fiscal Year 2004

Rank	Taxpayer	Taxable Assessed Value (1)	Pct. of Total Taxable Assessed Value (2)
1	Lehndorff Tysons Property	\$ 485,820,295	0.34 %
2	West Group Properties LLC	453,206,520	0.31
3	Prentiss Properties	424,250,515	0.29
4	Dominion Power	358,671,418	0.25
5	Smith Property Holdings	257,888,285	0.18
6	Franconia Two LP	247,895,865	0.17
7	Company of Fairfax	247,260,135	0.17
8	Washington GAS Light Co.	202,770,217	0.14
9	EOP Reston Town Center	190,398,370	0.13
10	Springfield Campus LLC	178,961,575	0.12
Totals		\$ 3,047,123,195	2.10 %

Collections in Subsequent Years	Total Collections to Date	
	Amount	Pct. of Adjusted Levy (3)
-	2,124,865,909	99.66 %
3,956,483	2,052,159,257	99.89
5,130,917	2,022,723,503	99.94
6,665,407	2,120,466,170	99.97
8,419,583	2,086,925,450	99.99
8,127,622	2,013,229,611	99.99
8,868,357	1,935,148,309	99.99
8,048,883	1,777,842,099	99.99
7,127,120	1,655,631,366	99.98
6,124,257	1,518,028,918	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**

Governmental Activities (1)								
Fiscal Year	General Obligation Bonds (000s)	Revenue Bonds		Certificates of Participation (3) (000s)	Notes (000s)	Capital Leases (000s)	HUD Section 108 Loan (000s)	State Literary Fund Loans (000s)
		Revenue- Backed Bonds (6) (000s)	Lease Revenue Bonds (2) (6) (000s)					
2013	\$ 2,226,884	420,949	348,712	-	32,713	3,478	11,493	-
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

Source: Fairfax County Department of Finance

Notes:

- (1) Amounts for bonds are reported net of premiums and/or discounts starting in fiscal year 2013. Prior to fiscal year 2013, 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) 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.
- (4) See Table 4.1 for personal income data. The percentage is calculated using personal income data for the prior calendar year.
- (5) See Table 4.1 for population data. The ratio is calculated using population data for the prior calendar year.
- (6) In fiscal years 2011 and 2012, the revenue-backed and lease revenue bonds were consolidated in lease revenue bonds. The outstanding debt for revenue-backed bonds in fiscal years 2011 and 2012 are \$252,685 and \$364,595, respectively. The two types of bonds are reported separately starting in fiscal year 2013.

Business-type Activities (1)	Total Primary Government	Pct. of Personal	Debt Per
Revenue Bonds (000s)	(000s)	Income (4)	Capita (5)
565,100	3,609,329	4.687 %	3,227
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

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

General Bonded Debt Outstanding (1)							
	General Obligation Bonds	Lease Revenue Bonds (2)(5)	Certificates of Participation	State Literary Fund Loans	Total	Pct. of Actual Taxable Value of Real Property (3)	Debt Per Capita (4)
Fiscal Year	(000s)	(000s)	(000s)	(000s)	(000s)		
2013	\$ 2,226,884	348,712	-	-	2,575,596	1.28 %	2,303
2012	2,017,435	716,700	-	-	2,734,135	1.40	2,484
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

Source: Fairfax County Department of Finance

Notes:

- (1) Amounts for bonds are reported net of premiums and/or discounts starting in fiscal year 2013. Prior to fiscal year 2013, 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.
- (5) In fiscal years 2011 and 2012, the revenue-backed and lease revenue bonds were consolidated in lease revenue bonds. The outstanding debt for revenue-backed bonds in fiscal years 2011 and 2012 are \$252,685 and \$364,595, respectively. The two types of bonds are reported separately starting in fiscal year 2013.

COUNTY OF FAIRFAX, VA  
**TABLE 3.3 - Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2013**

	Debt Outstanding (000s)	Percentage Applicable (2)	Share of Overlapping Debt (000s) (1)
<i>Overlapping debt (2):</i>			
Town of Herndon:			
General obligation bonds	\$ 14,009	100.0 %	\$ 14,009
Public Improvement notes	1,591	100.0	<u>1,591</u>
Total overlapping debt, Town of Herndon			<u>15,600</u>
Town of Vienna:			
General obligation bonds	15,519	100.0	15,519
Capital leases	1,422	100.0	<u>1,422</u>
Total overlapping debt, Town of Vienna			<u>16,941</u>
Total overlapping debt			<u>32,541</u>
<i>County direct debt (3):</i>			
General obligation bonds			2,226,884
Revenue-Backed bonds			420,949
Lease Revenue bonds			348,712
Notes			32,713
Capital leases			3,478
HUD Section 108 loans			<u>11,493</u>
Total direct debt			<u>3,044,229</u>
Total direct and overlapping debt			<u>\$ 3,076,770</u>

Sources: Fairfax County Department of Finance; Town of Herndon; Town of Vienna

Notes:

- (1) Amounts for bonds are reported net of premiums and/or discounts.
- (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**

		Fiscal Year (000s)				
		2013	2012	2011	2010	2009
(a)	Debt limit (2)	\$ 6,513,757	\$ 6,320,578	6,108,656	6,680,146	7,354,368
	Total debt applicable to limit (3)	2,575,596	2,734,135	2,554,051	2,318,699	2,131,273
	Self-imposed debt margin	\$ 3,938,161	\$ 3,586,443	3,554,605	4,361,447	5,223,095
	Total debt applicable to limit as a percentage of debt limit	39.54%	43.26%	41.81%	34.71%	28.98%
	Total debt applicable to limit as a percentage of assessed value	1.19%	1.30%	1.25%	1.04%	0.87%
Debt Margin Calculation for Fiscal Year 2013:						
	Assessed value (2)	<u>\$ 217,125,234</u>				
	Debt limit (3% of assessed value)	<u>6,513,757</u>				
	Debt applicable to limit: (3)					
	General obligation bonds (1)	2,226,884				
	Lease Revenue bonds (1)(5)	<u>348,712</u>				
	Total debt applicable to limit	<u>2,575,596</u>				
	Self-imposed debt margin	<u>\$ 3,938,161</u>				
		Fiscal Year (000s)				
		2013	2012	2011	2010	2009
(b)	Debt service limit	\$ 353,329	341,854	334,490	330,895	335,364
	Total debt service requirements applicable to limit (4)	289,714	288,302	285,551	277,370	276,105
	Self-imposed debt service margin	\$ 63,615	53,552	48,939	53,525	59,259
	Total debt service requirements applicable to limit as a percentage of the debt service limit	82.00%	84.33%	85.37%	83.82%	82.33%
	Total debt service requirements applicable to limit as a percentage of annual general fund expenditures and transfers out	8.20%	8.43%	8.54%	8.38%	8.23%

Source: Fairfax County Department of Finance

Notes:

- (1) Amounts for bonds are reported net of premiums and/or discounts starting in fiscal year 2013. Prior to fiscal year 2013, 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.
- (5) In fiscal years 2011 and 2012, the revenue-backed and lease revenue bonds were consolidated in lease revenue bonds. The outstanding debt for revenue-backed bonds in fiscal years 2011 and 2012 are \$252,685 and \$364,595, respectively. The two types of bonds are reported separately starting in fiscal year 2013.

Fiscal Year (000s)					
2008	2007	2006	2005	2004	
7,334,790	7,057,254	5,820,845	4,782,421	4,324,646	Debt limit (2)
2,109,908	2,045,423	1,963,218	1,931,008	1,814,517	Total debt applicable to limit (3)
5,224,882	5,011,831	3,857,627	2,851,413	2,510,129	Self-imposed debt margin
					Total debt applicable to limit as a percentage of
28.77%	28.98%	33.73%	40.38%	41.96%	debt limit
					Total debt applicable to limit as a percentage of
0.86%	0.87%	1.01%	1.21%	1.26%	assessed value

Fiscal Year (000s)					
2008	2007	2006	2005	2004	
332,217	322,551	303,501	279,878	259,515	Debt service limit
267,624	253,433	239,326	224,544	213,027	Total debt service requirements applicable to limit (4)
64,593	69,118	64,175	55,334	46,488	Self-imposed debt service margin
					Total debt service requirements applicable to limit as
80.56%	78.57%	78.86%	80.23%	82.09%	a percentage of the debt service limit
					Total debt service requirements applicable to limit as
8.06%	7.86%	7.89%	8.02%	8.21%	a percentage of annual general fund expenditures and transfers out



COUNTY OF FAIRFAX, VA

**TABLE 3.5 - Pledged Revenue Coverage for the Integrated Sewer System  
Last Ten Fiscal Years**

Fiscal Year	Gross Revenues (1) (000s)	Operating Expenses (2) (000s)	Net Available Revenue (000s)	Debt Service (3)			Coverage
				Principal (000s)	Interest (000s)	Total (000s)	
2013	\$ 195,628	\$ 86,441	\$ 109,187	\$ 17,217	\$ 27,091	\$ 44,308	2.46 %
2012	189,447	85,455	103,993	16,445	25,418	41,863	2.48
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

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 $\geq$ 25 Years Old with a Bachelor's Degree (3)	Public School Enrollment (4)	Unemployment Rate (5)
2012	1,118,602	\$ 77,012,392	\$ 68,847	37.6	59.3 %	177,918	4.3%
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

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 2012 has been estimated using percent change in per capita personal income from 2009, 2010 and 2011.
- (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 2013 (1)			Fiscal Year 2004 (1)		
	Number of Employees (2)	Rank	Pct. of Total County Employment (3)	Number of Employees (2)	Rank	Pct. of Total County Employment (3)
Federal Government	24,421	1	4.14 %	17,259	3	3.17 %
Fairfax County Public Schools	24,232	2	4.11	21,069	1	3.87
Fairfax County Government	12,302	3	2.08	11,443	2	2.10
Booz-Allen Hamilton	7,000-10,000	4	1.44	9,000-10,000	6	1.19
Inova Health System	7,000-10,000	5	1.44	9,000-10,000	4	1.75
Federal Home Loan Mortgage	4,000-6,999	6	0.93	3,000-4,000	8	0.64
Lockheed Martin Corporation	4,000-6,999	7	0.93	2,000-3,000	-	0.46
Northrup Grumman	4,000-6,999	8	0.93	6,000-7,000	5	1.19
Science Applications International Corporation	4,000-6,999	9	0.93	6,000-7,000	7	1.19
Administaff	1,000-3,999	10	0.42	-	-	-
Computer Science Corporation	1,000-3,999	-	0.42	3,000-4,000	9	0.64
Gannett	1,000-3,999	-	0.42	2,000-3,000	-	0.46
Navy FederalCredit Union	1,000-3,999	-	0.42	3,000-4,000	10	0.64
Totals			<u>18.61 %</u>			<u>17.30 %</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 2013 excluding data for Fairfax County Government and Fairfax County Public Schools, is from the 1st quarter of calendar year 2013 VEC. Employment information for fiscal year 2004 is from 2004 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 2013 is estimated at 590,282, based on VEC's report for first quarter 2013. Average total County employment for fiscal year 2004 was estimated at 544,171.



**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				
	2013	2012	2011	2010	2009
<b>Primary Government:</b>					
General government administration	2,254.0	2,257.0	1,362.0	1,375.0	1,466.5
Judicial administration	392.0	390.0	386.0	386.0	391.0
Public safety	4,330.0	4,335.0	4,256.0	4,304.0	4,331.0
Public works	511.0	481.0	972.0	970.5	1,118.5
Health and welfare	3,571.0	3,571.0	2,976.0	2,865.8	2,913.3
Community development	481.0	491.0	666.0	678.0	531.0
Parks, recreation, and cultural	763.0	753.0	422.0	604.5	641.5
<b>Total</b>	<b>12,302.0</b>	<b>12,278.0</b>	<b>11,040.0</b>	<b>11,183.8</b>	<b>11,392.8</b>
<b>Component Units:</b>					
<i>Public Schools:</i>					
Education	24,232.0	23,534.0	22,938.8	22,851.6	23,014.3
<i>Redevelopment and Housing Authority:</i>					
Community development	230.0	230.0	228.0	228.0	238.0
<i>Park Authority:</i>					
Parks, recreation, and cultural	598.0	605.0	603.0	600.0	620.0

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
2008	2007	2006	2005	2004	
					<u>Primary Government:</u>
1,446.5	1,437.5	1,426.5	1,417.5	1,415.0	General government administration
384.0	381.0	370.0	370.0	370.0	Judicial administration
4,321.0	4,297.8	4,163.4	4,000.4	3,941.9	Public safety
1,129.5	1,128.5	1,103.5	1,100.5	1,133.5	Public works
2,922.3	2,986.3	2,867.1	2,818.2	2,808.3	Health and welfare
495.0	487.0	469.0	447.5	403.1	Community development
636.2	605.5	599.5	585.0	590.5	Parks, recreation, and cultural
11,334.5	11,323.6	10,999.0	10,739.1	10,662.3	Total
					<u>Component Units:</u>
					<i>Public Schools:</i>
22,994.2	22,706.8	22,561.8	22,246.5	21,770.1	Education
					<i>Redevelopment and Housing Authority:</i>
238.0	236.0	234.0	234.0	234.0	Community development
					<i>Park Authority:</i>
618.0	615.5	611.3	609.7	592.3	Parks, recreation, and cultural

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

Function/Program	Fiscal Year				
	2013	2012	2011	2010	2009
<b>Primary Government:</b>					
<i>General government administration:</i>					
Real property parcels assessed	358,555	358,489	357,943	357,872	358,179
Personal property vehicles assessed	970,361	963,595	956,528	948,285	947,698
Businesses licensed	47,454	46,919	46,597	46,872	47,750
Best qualified job applicants forwarded to departments	21,828	22,466	20,563	11,672	11,028
Number of contacts with citizens (Office of Public Affairs)					
<i>Judicial administration:</i>					
Cases filed in General District Court	310,883	313,369	328,580	334,971	345,240
Booking transactions	43,857	42,290	48,569	49,784	55,806
General District Court probation program new adult enrollment	1,286	755	1,353	1,300	1,819
<i>Public safety:</i>					
<i>Police:</i>					
Recruits graduating Criminal Justice Academy	31	28	42	37	41
Total cases assigned	39,529	13,725	12,083	13,199	11,078
Total cases cleared	15,486	7,699	6,820	9,503	6,158
Parking tickets issued	52,182	58,550	61,252	64,079	66,003
<i>Sheriff:</i>					
Court cases heard annually	490,492	478,726	451,744	435,853	459,836
Average daily Adult Detention Center inmate population	1,220	1,257	1,226	1,279	1,309
<i>Fire and rescue:</i>					
Fire investigations conducted	329	260	306	312	276
Fire inspection activities conducted	18,024	17,917	19,251	15,468	24,641
EMS incidents	67,243	67,073	64,066	65,898	65,662
Animals impounded	3,228	4,323	4,365	4,087	5,176
<i>Public works:</i>					
Gross square feet of facilities maintained	8,688,860	8,613,111	8,532,386	8,494,171	8,079,711
Tons of County waste disposed	724,606	796,472	789,721	789,198	845,541
Total tons recycled	647,456	571,116	472,646	445,625	491,113
Total average daily wastewater flow treated (million gallons)	98.0	102.7	100	107.7	101
<i>Health and welfare:</i>					
<i>Persons served through Community Services Board programs:</i>					
Mental Health Services	6,874	6,736	12,390	11,447	11,318
Alcohol and drug services	2,944	3,281	5,153	5,115	5,136
Intellectual disability	1,645	2,087	2,319	2,297	2,685
Infant Toddler Connection	2,975	2,803	2,801	2,448	2,374
Home and Congregate Meals for Older Adults	451,945	479,555	504,093	584,942	624,745
Food Stamp applications processed	18,725	17,604	17,593	17,739	15,412
Medicaid/FAMIS applications processed	22,161	20,544	19,711	17,760	18,700
Primary care clinic visits	50,287	54,336	56,018	51,447	50,012
Child immunization vaccines given at clinics	27,849	29,365	31,152	65,725	36,062

Fiscal Year					Function/Program
2008	2007	2006	2005	2004	
Primary Government:					
General government administration:					
357,180	354,830	349,995	345,338	341,651	Real property parcels assessed
940,437	941,788	947,135	955,658	942,860	Personal property vehicles assessed
47,768	47,556	48,074	47,248	47,176	Businesses licensed
19,343	20,336	23,850	20,207	17,777	Best qualified job applicants forwarded to departments
			31,534,181	44,010,264	Number of contacts with citizens (Office of Public Affairs)
Judicial administration:					
336,776	308,118	314,964	306,347	281,002	Cases filed in General District Court
54,134	53,389	52,069	52,120	51,972	Booking transactions
1,455	1,369	1,092	1,181	768	General District Court probation program new adult enrollment
Public safety:					
Police:					
108	89	76	96	154	Recruits graduating Criminal Justice Academy
11,200	11,224	10,752	10,407	11,257	Total cases assigned
7,850	6,937	6,182	6,839	7,949	Total cases cleared
66,962	66,993	77,459	81,881	32,743	Parking tickets issued
Sheriff:					
459,543	458,358	488,453	496,080	456,574	Court cases heard annually
1,155	1,095	1,046	1,031	1,044	Average daily Adult Detention Center inmate population
Fire and rescue:					
331	380	395	380	372	Fire investigations conducted
26,830	18,942	17,396	20,052	20,816	Fire inspection activities conducted
64,433	64,088	62,036	61,636	62,420	EMS incidents
5,899	5,202	5,753	7,013	5,773	Animals impounded
Public works:					
8,569,129	7,720,206	7,620,961	7,564,973	7,525,059	Gross square feet of facilities maintained
917,463	1,008,263	1,020,009	1,006,837	965,119	Tons of County waste disposed
488,240	498,139	424,923	437,235	514,220	Total tons recycled
99	107	102	104	108	Total average daily wastewater flow treated (million gallons)
Health and welfare:					
Persons served through Community Services Board programs:					
12,006	11,191	11,165	11,006	10,641	Intellectual Disability Services (IDS)
5,397	5,456	5,684	5,290	5,665	Alcohol and drug services
2,808	2,297	1,890	1,809	1,926	Intellectual disability
2,044	1,314	1,719	1,541	1,434	Infant Toddler Connection
624,745	570,614	505,520	462,049	456,735	Senior home-delivered meals
11,057	9,363	9,343	8,611	9,645	Food Stamp applications processed
17,298	15,621	14,548	13,359	14,376	Medicaid/FAMIS applications processed
50,054	47,022	48,032	47,616	47,899	Primary care clinic visits
39,587	44,775	39,762	32,644	44,537	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				
	2013	2012	2011	2010	2009
<i>Community development:</i>					
Building inspections	146,335	136,532	131,236	119,132	130,492
Building permits issued	59,714	54,138	52,450	59,662	49,783
Zoning permits processed	17,982	15,000	15,768	14,791	14,379
Fairfax Connector bus passengers	10,650,401	10,895,833	10,283,313	9,629,993	10,901,053
<i>Parks, recreation, and cultural:</i>					
Senior Center attendance	284,392	260,943	258,359	254,830	278,054
Teen Center attendance	84,180	97,913	95,993	99,267	90,600
Community Center attendance	264,144	224,163	219,768	211,637	211,781
Library visits	5,221,226	5,246,854	5,439,426	5,685,827	6,128,289
Circulation of all library materials	13,091,690	13,034,816	13,241,259	13,879,073	13,931,027
<u>Component Units:</u>					
<i>Public Schools:</i>					
Combined SAT scores (1)	1,663	1,659	1,654	1,664	1,664
Number of lunches served daily	85,006	86,703	85,154	83,514	83,385
Number of breakfasts served daily	17,171	15,400	12,825	11,911	10,456
Student enrollment	181,259	177,918	174,933	172,391	169,538
Special education enrollment	25,114	24,807	24,489	14,157	14,071
ESOL enrollment	28,090	27,944	22,650	19,222	22,001
<i>Redevelopment and Housing Authority:</i>					
Residents housed through subsidized rental programs:					
Federal Public Housing	2,789	2,818	2,839	2,866	2,863
Federal Housing Choice Vouchers	9,636	9,317	9,103	8,138	8,454
County Rental Program-multifamily and seniors (2)	6,224	6,166	6,006	6,113	6,398
Homes sold in First-Time Homebuyer Program	42	32	51	63	120
<i>Park Authority:</i>					
REC Center attendance	1,919,684	2,006,294	1,988,830	1,868,390	1,847,391
Golf course rounds	276,759	294,828	281,930	289,384	298,631
Visits to natural, cultural, historic, and interpretive sites	791,038	881,510	723,351	616,441	606,411
Class, camp, and program participation	180,336	176,240	166,430	152,002	157,590

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.

Fiscal Year					Function/Program
2008	2007	2006	2005	2004	
Community development:					
144,388	180,471	218,631	256,659	237,073	Building inspections
59,662	73,719	82,029	91,416	78,703	Building permits issued
18,435	24,611	24,555	28,991	27,963	Zoning permits processed
9,810,228	9,717,392	9,529,056	8,474,143	7,990,825	Fairfax Connector bus passengers
Parks, recreation, and cultural:					
276,326	246,946	249,966	209,963	191,794	Senior Center attendance
103,357	99,445	116,033	85,610	61,866	Teen Center attendance
190,397	175,908	157,512	142,531	116,185	Community Center attendance
5,794,036	5,334,827	5,225,404	5,265,176	5,283,497	Library visits
13,065,309	11,942,788	11,279,972	11,232,817	11,435,007	Circulation of all library materials
Component Units:					
Public Schools:					
1,654	1,639	1,643	1,114	1,105	Combined SAT scores (1)
81,432	82,273	82,169	81,672	81,166	Number of lunches served daily
10,555	10,889	10,202	10,830	11,410	Number of breakfasts served daily
166,307	164,486	164,284	164,408	164,195	Student enrollment
13,499	13,265	12,665	12,420	12,148	Special education enrollment
21,783	21,369	20,963	20,646	19,921	ESOL enrollment
Redevelopment and Housing Authority:					
Residents housed through subsidized rental programs:					
2,878	2,924	2,933	3,165	2,940	Federal Public Housing
8,264	8,108	8,676	10,140	10,534	Federal Housing Choice Vouchers
4,941	3,876	1,355	1,378	1,494	County Rental Program-multifamily and seniors (2)
152	142	92	114	97	Homes sold in First-Time Homebuyer Program
Park Authority:					
1,778,914	1,773,319	1,775,980	1,658,377	1,582,774	REC Center attendance
322,175	318,117	319,595	296,750	321,381	Golf course rounds
566,815	526,975	574,127	479,533	469,774	Visits to natural, cultural, historic, and interpretive sites
161,213	158,449	151,019	131,379	133,202	Class, camp, and program participation

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

Function/Program	Fiscal Year				
	2013	2012	2011	2010	2009
<b>Primary Government:</b>					
<i>General government administration:</i>					
Government office buildings (square feet)	3,621,104	3,605,182	3,792,927	3,630,519	3,836,771
Vehicle maintenance facilities	3	4	4	4	4
<i>Judicial administration:</i>					
Correctional facilities (inmate capacity)	1,220	1,257	1,260	1,260	1,260
Courtrooms	44	44	40	39	35
<i>Public safety:</i>					
Police:					
Stations	8	8	8	8	8
Vehicles	1,486	1,263	1,255	1,289	1,290
Helicopters	2	2	2	2	2
Criminal justice academy (trainee capacity)	240	240	240	240	240
Fire and rescue:					
County-operated fire and rescue stations	29	28	28	27	26
Volunteer fire and rescue stations	9	9	9	10	11
Combination stations	4	4	4	4	4
Vehicles	502	495	496	502	495
Boats	2	4	2	2	2
Training facilities (trainee capacity)	186	186	186	186	186
Animal shelters (animal capacity)	137	158	134	146	158
<i>Public works:</i>					
Miles of sanitary sewer lines	3,412	3,398	3,390	3,380	3,378
Sewer pumping stations	59	65	65	65	65
Refuse collection, recycling, and disposal vehicles	263	264	264	263	254
Miles of stormwater drainage lines	1,621	1,607	1,593	1,586	1,575
Stormwater retention ponds	1,396	1,373	1,349	1,334	1,303
Landfills and transfer stations	3	3	3	3	3
<i>Health and welfare:</i>					
Health-related clinics	8	8	5	5	5
Shelters	6	6	6	6	6
Community Services Board Centers	10	10	10	10	10
<i>Community development:</i>					
Community centers	7	7	7	7	7
Bus shelters	375	350	194	184	184
Transit centers and park & ride lots	36	38	45	51	51
Fairfax Connector buses	278	254	271	255	220
<i>Parks, recreation, and cultural:</i>					
Libraries	23	23	23	23	22
Community centers	1	2	2	2	2
Trails and walkways (miles)	649	649	645	641	634

Fiscal Year					Function/Program
2008	2007	2006	2005	2004	
<u>Primary Government:</u>					
<i>General government administration:</i>					
3,393,794	3,080,056	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)
34	35	35	35	35	Courtrooms
<i>Public safety:</i>					
Police:					
8	8	8	8	8	Stations
1,280	1,280	1,326	1,283	1,248	Vehicles
2	2	2	2	2	Helicopters
240	230	230	230	230	Criminal justice academy (trainee capacity)
Fire and rescue:					
24	22	21	20	20	County-operated fire and rescue stations
13	13	11	11	11	Volunteer fire and rescue stations
4	4	4	4	4	Combination stations
496	462	458	447	431	Vehicles
2	2	2	2	2	Boats
186	177	177	152	152	Training facilities (trainee capacity)
158	158	158	158	158	Animal shelters (animal capacity)
<i>Public works:</i>					
3,353	3,328	3,306	3,289	3,267	Miles of sanitary sewer lines
65	65	65	64	64	Sewer pumping stations
289	229	229	228	224	Refuse collection, recycling, and disposal vehicles
1,554	1,758	1,520	1,507	1,044	Miles of stormwater drainage lines
1,267	1,222	1,196	1,146	1,116	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
4	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
181	74	57	53	42	Bus shelters
48	19	8	6	6	Transit centers and park & ride lots
212	202	170	170	170	Fairfax Connector buses
<i>Parks, recreation, and cultural:</i>					
21	21	21	21	21	Libraries
3	3	3	3	3	Community centers
696	605	596	631	626	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				
	2013	2012	2011	2010	2009
<u>Component Units:</u>					
<i>Public Schools:</i>					
Elementary schools	139	138	139	139	137
Middle schools	23	22	22	22	22
High/secondary schools	25	25	25	25	25
Special education centers	7	7	8	8	9
Alternative high schools	2	2	2	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	1,420	1,429	1,442
Senior Housing Program	494	494	494	494	494
Partnership Program	779	779	779	779	689
<i>Park Authority:</i>					
Acres of park land	23,265	23,196	22,894	22,524	24,277
Athletic fields	272	274	273	284	289
Trail miles	320	320	317	314	312
Play areas and tot lots	205	205	204	201	201
Tennis courts	252	227	229	229	229
Multi-use courts	124	132	132	132	132
Recreational centers	9	9	9	9	9
Golf courses	9	9	9	9	9
Historic sites	68	68	68	67	67
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
2008	2007	2006	2005	2004	
<u>Component Units:</u>					
<i>Public Schools:</i>					
137	137	136	136	136	Elementary schools
22	22	22	22	22	Middle schools
25	25	25	24	24	High/secondary schools
10	11	13	15	20	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
1,437	736	702	683	670	County Rental Program
494	494	460	400	400	Senior Housing Program
689	689	491	491	491	Partnership Program
<i>Park Authority:</i>					
24,149	23,976	23,687	23,517	22,987	Acres of park land
289	288	288	275	274	Athletic fields
299	297	211	204	204	Trail miles
201	194	192	205	205	Play areas and tot lots
229	229	229	225	223	Tennis courts
132	132	128	119	118	Multi-use courts
9	9	9	9	8	Recreational centers
9	9	9	8	8	Golf courses
64	64	64	65	65	Historic sites
7	7	7	7	7	Nature/visitor centers
3	3	3	3	3	Marinas

