
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013



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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.

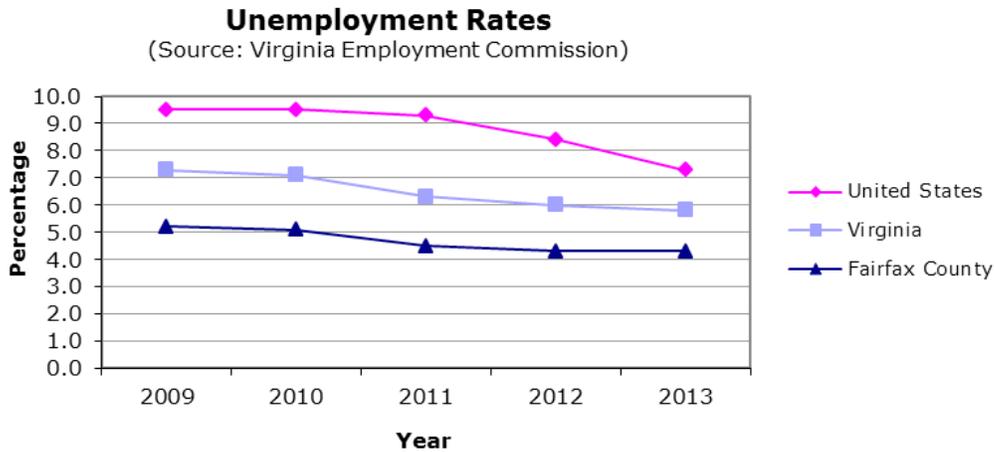
Leasing activity was at a five-year low.

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

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

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 and www.fcrcv.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

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 and 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

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

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.

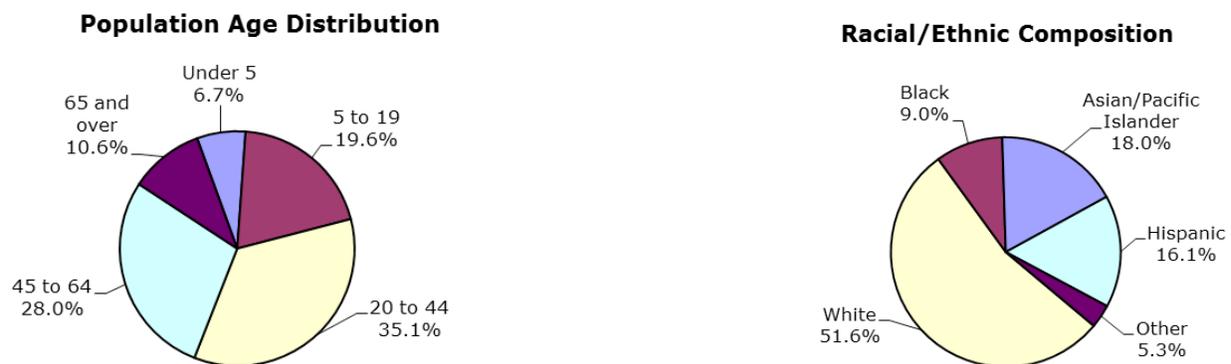
In 1980, Fairfax County was the third most populous jurisdiction in the Washington, D.C. metropolitan area, as defined by the U.S. Census Bureau, with a population of 596,900. **Since 1990, Fairfax County has been**

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

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

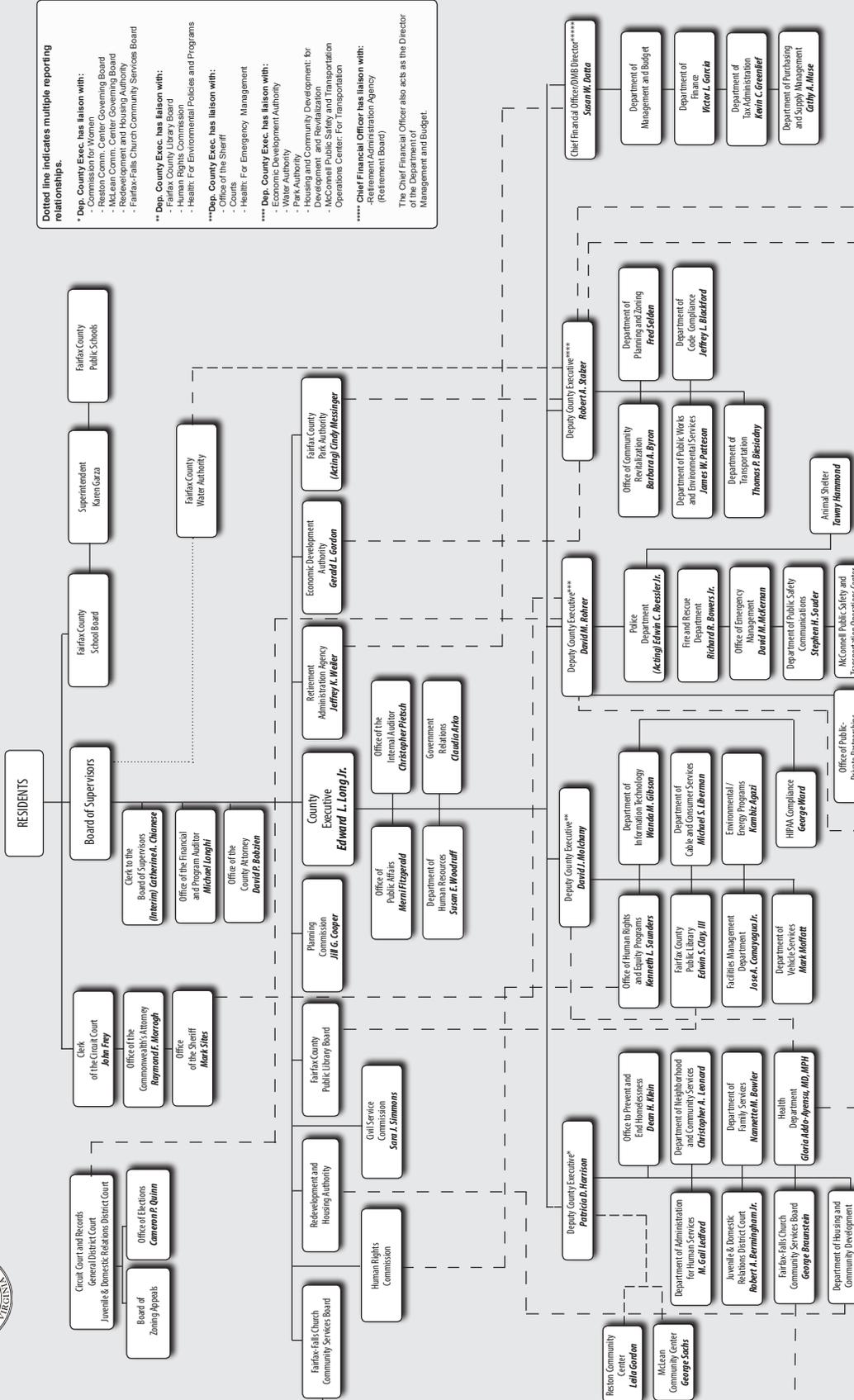
Christopher J. Pietsch, Director

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
 - Reston and McLean Community Services Board
 - 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 Board
 - Department of Public Safety and Transportation Operations Center: For Transportation
- Chief Financial Officer has liaison with:**
 - Retirement Agency
 - 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

DIRECTOR

Victor L. Garcia, CPA

DEPUTY DIRECTOR

John D. Higgins

CAFR PROJECT TEAM

Richard M. Modie Jr., Chief, Financial Reporting Division
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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.



The Fairfax County Board of Supervisors
November 22, 2013
Page 2 of 3

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



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

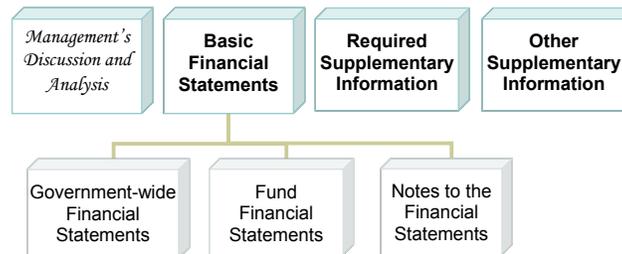
- In September 2012, the Economic Development Authority issued \$42.4 million of revenue bonds (Silver Line Phase 1 Project) Series 2012 to finance a portion of the costs of the construction of the first phase of an extension of the Washington Metropolitan Area Transit Authority's mass transit system 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 |

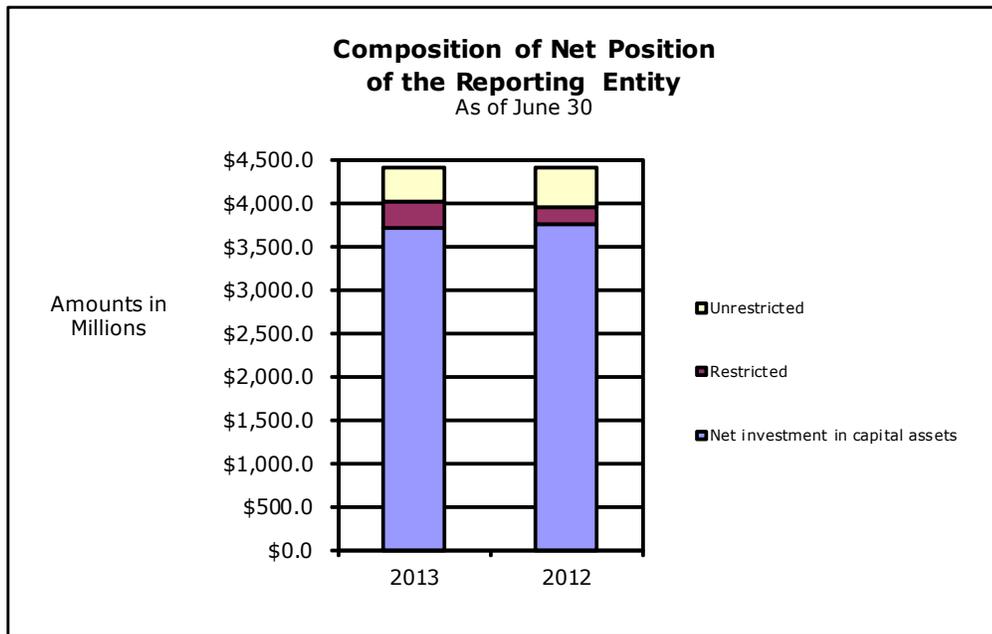
| Summary of Net Position- continued As of June 30 (\$ in millions) | | | | | | | | |
|--|-------------------------------------|----------------|----------------------------|----------------|----------------------------|-------------|-----------------------------------|-----------------|
| | Total Primary 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.

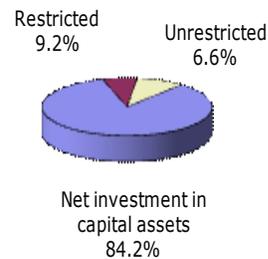
The Commonwealth of Virginia requires that counties, as well as their financially dependent component units, be financed under a single taxing structure. This results in counties issuing general obligation debt to finance capital assets, such as public schools, for their component units. The component 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 | 340.6 | ** |
| 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 | ** |

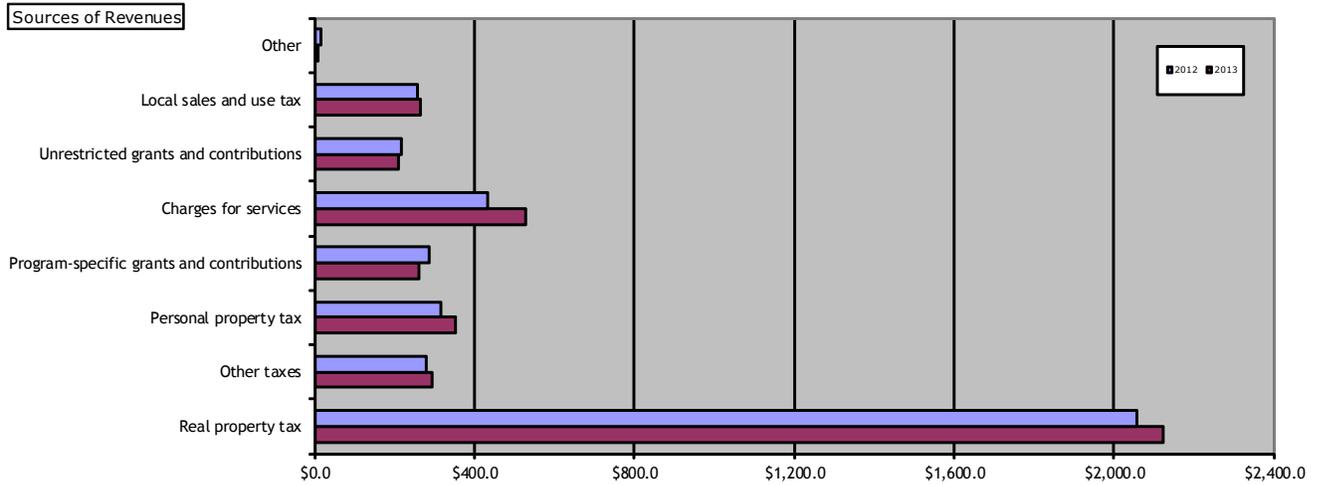
* For business-type activities, interest on long-term debt is included in the functional expense category.

**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

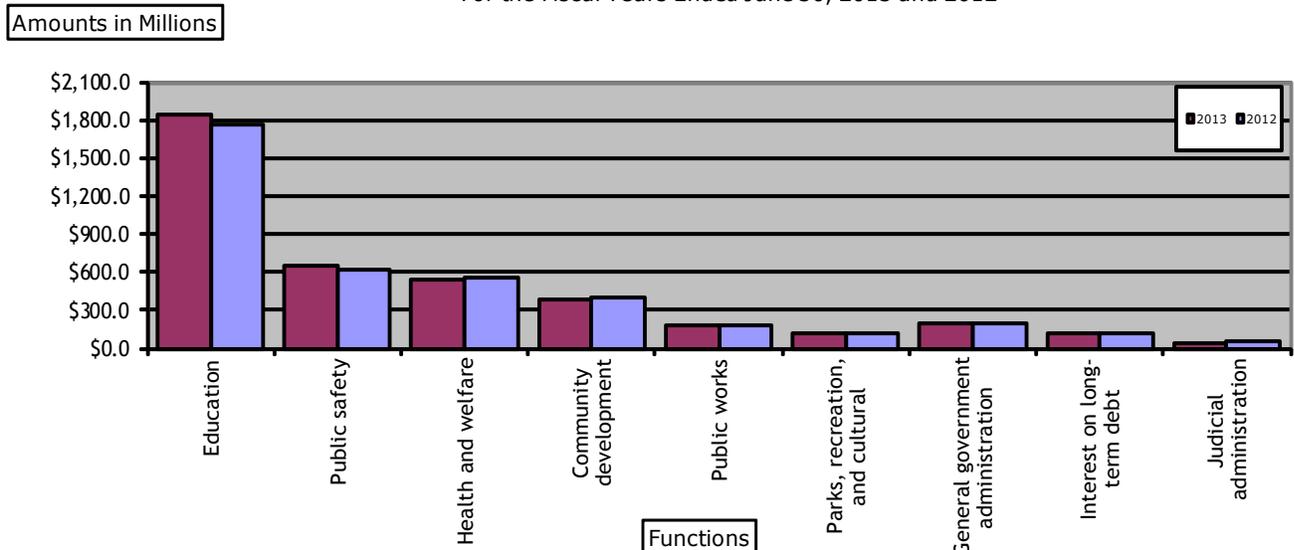
Revenues for the County's governmental activities were \$4,044.2 million for fiscal year 2013, representing an increase of \$179.3 million over fiscal year 2012. Sources of revenues for fiscal years 2013 and 2012 are shown below:

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:

| Capital Assets As of June 30 (\$ in millions) | | | | | | | |
|--|------------------------------------|-------------|-------------------------------------|-------------|---|-------------|--|
| | Governmental Activities | | Business-type Activities | | Total Primary Government | | |
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | |
| 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:

| Outstanding Long-term Debt As of June 30 (\$ in millions) | | | | | | |
|--|------------------------------------|----------------|-------------------------------------|--------------|-------------------------------------|----------------|
| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| 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.



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

| | Primary Government | | Total Primary Government |
|---|----------------------------|-----------------------------|--------------------------------|
| | Governmental Activities | Business-type Activities | |
| ASSETS | | | |
| 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 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| 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 | |
|---------------------------------------|--------------------------------------|------------------------------|---|
| ASSETS | | | |
| 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 |
| <u>3,554,239,351</u> | <u>-</u> | <u>11,922,815,300</u> | Total assets |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| <u>545,888</u> | <u>-</u> | <u>63,860,142</u> | Deferred loss on refunding of debt |
| <u>545,888</u> | <u>-</u> | <u>63,860,142</u> | Total deferred outflows of resources |

continued

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

| | Primary Government | | Total Primary Government |
|--|----------------------------|-----------------------------|--------------------------------|
| | Governmental Activities | Business-type Activities | |
| LIABILITIES | | | |
| 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 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| 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 |
| NET POSITION | | | |
| 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 | |
|---|--------------------------------------|------------------------------|--|
| LIABILITIES | | | |
| 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 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| - | - | 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 |
| NET POSITION | | | |
| 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

| Functions/Programs | Expenses | Program Revenues | | |
|-------------------------------------|-------------------------|----------------------|------------------------------------|----------------------------------|
| | | 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

| Net (Expense) Revenue and Changes in Net Position | | | | |
|--|--------------------------|--------------------------|-----------------|--|
| Primary Government | | | Total | |
| Governmental Activities | Business-type Activities | Total Primary Government | Component Units | Functions/Programs |
| (161,794,632) | - | (161,794,632) | - | Primary government: |
| (22,968,802) | - | (22,968,802) | - | Governmental activities: |
| (542,089,550) | - | (542,089,550) | - | General government administration |
| (50,260,515) | - | (50,260,515) | - | Judicial administration |
| (338,595,126) | - | (338,595,126) | - | Public safety |
| (131,562,978) | - | (131,562,978) | - | Public works |
| (95,885,241) | - | (95,885,241) | - | Health and welfare |
| (1,843,611,090) | - | (1,843,611,090) | - | Community development |
| (117,251,705) | - | (117,251,705) | - | Parks, recreation, and cultural |
| (3,304,019,639) | - | (3,304,019,639) | - | Education - for Public Schools |
| | | | | Interest on long-term debt |
| | | | | Total governmental activities |
| - | 31,881,206 | 31,881,206 | - | Business-type activities: |
| - | 31,881,206 | 31,881,206 | - | Public works - Sewer |
| (3,304,019,639) | 31,881,206 | (3,272,138,433) | - | Total business-type activities |
| | | | | Component units: |
| | | | (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 |
| | | | | General revenues: |
| 2,123,759,406 | - | 2,123,759,406 | - | Taxes: |
| 353,275,799 | - | 353,275,799 | - | Real property |
| 158,768,484 | - | 158,768,484 | - | Personal property |
| 265,029,666 | - | 265,029,666 | - | Business licenses |
| 73,450,331 | - | 73,450,331 | - | Local sales and use |
| 28,281,179 | - | 28,281,179 | - | Consumers utility |
| 32,694,178 | - | 32,694,178 | - | Recordation |
| | | | - | 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 | - | Special items: |
| 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 |
|--|-------------------------|-----------------------------------|--------------------------------|
| ASSETS | | | |
| 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 | <u>3,269,786,859</u> | <u>892,085,751</u> | <u>4,161,872,610</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Total deferred outflows of resources | - | - | - |
| Total assets and deferred outflows of resources | \$ 3,269,786,859 | 892,085,751 | 4,161,872,610 |
| LIABILITIES | | | |
| 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 | <u>176,165,220</u> | <u>169,825,153</u> | <u>345,990,373</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| 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 | <u>2,764,353,390</u> | <u>6,456,398</u> | <u>2,770,809,788</u> |
| Total liabilities and deferred inflows of resources | \$ 2,940,518,610 | 176,281,551 | 3,116,800,161 |

EXHIBIT A-2

| | General Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|------------------|-----------------------------------|--------------------------------|
| FUND BALANCES | | | |
| 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: | | | |
| Total fund balances | 76,819,631 | (13,108,305) | 63,711,326 |
| 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> | <u>(3,389,893,497)</u> |

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 |
|--|-----------------------|-----------------------------------|--------------------------------|
| REVENUES | | | |
| 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 |
| Total revenues | 3,498,853,809 | 559,889,105 | 4,058,742,914 |
| EXPENDITURES | | | |
| 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 |
| Total expenditures | 3,048,085,967 | 1,407,215,799 | 4,455,301,766 |
| Excess (deficiency) of revenues over (under) expenditures | 450,767,842 | (847,326,694) | (396,558,852) |
| OTHER FINANCING SOURCES (USES) | | | |
| 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 |
| Total other financing sources (uses) | (475,170,759) | 788,134,525 | 312,963,766 |
| SPECIAL ITEM | | | |
| 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 |
| Fund balances, June 30, 2013 | \$ 329,268,249 | 715,804,200 | 1,045,072,449 |

See accompanying notes to the financial statements.

continued

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

EXHIBIT A-3
concluded

| | | |
|--|----|---------------------|
| 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. | | |
| | | <u>25,166,804</u> |
| Change in net position of governmental activities | \$ | <u>(45,432,507)</u> |

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

| | Business-type Activities - <u>Enterprise Fund</u> Integrated Sewer System | Governmental Activities - Internal Service Funds |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| Equity in pooled cash and temporary investments | \$ 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 | <u>159,526,471</u> | <u>172,853,133</u> |
| 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 | <u>131,831,453</u> | <u>187,000</u> |
| Total current assets | <u>291,357,924</u> | <u>173,040,133</u> |
| 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 | <u>1,350,935,383</u> | <u>70,516,639</u> |
| Total long-term assets | <u>1,350,935,383</u> | <u>70,516,639</u> |
| Total assets | <u>1,642,293,307</u> | <u>243,556,772</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred loss on refunding of debt | 18,000,552 | - |
| Total deferred outflows of resources | <u>\$ 18,000,552</u> | <u>-</u> |

See accompanying notes to the financial statements.

EXHIBIT A-4

| | Business-type Activities - <u>Enterprise Fund</u> Integrated Sewer System | Governmental Activities - Internal Service Funds |
|--|---|---|
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 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 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred gain on refunding of debt | 1,931,477 | - |
| Total deferred inflow of resources | 1,931,477 | - |
| NET POSITION | | |
| 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 |
|--|--|---|
| OPERATING REVENUES: | | |
| 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 |
| OPERATING EXPENSES: | | |
| 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 |
| NONOPERATING REVENUES (EXPENSES): | | |
| 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 |
|---|--|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| 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 | <u>87,502,032</u> | <u>29,373,050</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Transfers from other funds | - | 11,018,536 |
| Net cash provided by noncapital financing activities | <u>-</u> | <u>11,018,536</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| 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 | <u>(13,803,434)</u> | <u>(14,259,425)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| 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 | <u>(2,549,514)</u> | <u>299,781</u> |
| 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 | <u>\$ 208,267,547</u> | <u>170,023,546</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | |
| 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 | <u>54,747,825</u> | <u>17,246,276</u> |
| Net cash provided by operating activities | <u>\$ 87,502,032</u> | <u>29,373,050</u> |
| Noncash investing, capital, and financing activities: | | |
| 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 |
|--|-------------------------|--------------------|---------------------|
| ASSETS | | | |
| 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> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Total deferred outflows of resources | - | - | - |
| LIABILITIES | | | |
| 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> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Total deferred inflows of resources | - | - | - |
| NET POSITION | | | |
| 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 |
|---|-------------------------|--------------------|
| ADDITIONS | | |
| Contributions: | | |
| Employer | \$ 215,181,525 | 38,306,234 |
| Plan members | 53,748,642 | - |
| Other | - | 1,262,891 |
| Total contributions | <u>268,930,167</u> | <u>39,569,125</u> |
| 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 | <u>483,113,420</u> | <u>11,411,653</u> |
| Less investment activities expenses: | | |
| Management fees | 19,601,922 | 100,154 |
| Other | 1,757,957 | 500 |
| Total investment activities expenses | <u>21,359,879</u> | <u>100,654</u> |
| Net income from investment activities | <u>461,753,541</u> | <u>11,310,999</u> |
| From securities lending activities: | | |
| Securities lending income | <u>1,196,192</u> | <u>-</u> |
| Less securities lending expenses: | | |
| Management fees | <u>374,434</u> | <u>-</u> |
| Total securities lending activities expenses | <u>374,434</u> | <u>-</u> |
| Net income from securities lending activities | <u>821,758</u> | <u>-</u> |
| Net investment income | <u>462,575,299</u> | <u>11,310,999</u> |
| Total additions | <u>731,505,466</u> | <u>50,880,124</u> |
| DEDUCTIONS | | |
| Benefits | 348,410,213 | 13,531,790 |
| Refunds of contributions | 4,068,639 | - |
| Administrative expenses | 2,726,856 | 153,804 |
| Total deductions | <u>355,205,708</u> | <u>13,685,594</u> |
| 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 | \$ <u>5,775,268,187</u> | <u>150,888,339</u> |

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 |
|---|----------------------|---|
| ASSETS | | |
| 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> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| 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 | |
|---------------------------------------|--------------------------------|-----------------------|---|
| ASSETS | | | |
| 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 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| 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 |
|--|-------------------------|---|
| LIABILITIES | | |
| 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> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Total deferred inflow of resources | - | - |
| NET POSITION | | |
| 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> |
| Net position | <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 | |
|---|--------------------------------|-----------------------|--|
| LIABILITIES | | | |
| 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 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| - | - | - | Total deferred inflow of resources |
| NET POSITION | | | |
| 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

| Functions/Programs | Expenses | Program Revenues | | |
|--------------------------------------|-------------------------|-----------------------------|---|---|
| | | 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 | - | - | - |
| Total component units | \$ 2,834,243,813 | 191,063,817 | 313,816,531 | 181,130,819 |

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

Net (Expense) Revenue and Changes in Net Position

| 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 |



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.

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

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:

| Restricted Assets of the Sewer System | |
|--|-----------------------|
| 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 | \$ 131,831,453 |

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.

| Net Position (summarized) | Primary Government | Component Units | Reclassification of Debt Issued for: | | | Total Reporting Entity |
|---|--------------------|-----------------|--------------------------------------|---------------------------|---------------------------------------|------------------------|
| | | | Public Schools Facilities | Park Authority Facilities | Total Reclassification of Debt Issued | |
| 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 |
|-------------------------------------|------------------------|
| Primary Government | |
| General Fund | |
| 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 | <u>43,802,911</u> |
| Capital Projects Funds | |
| Capital Project | <u>\$ 61,246,415</u> |

15. Stabilization and Managed Reserve

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

In 1999, the Board of Supervisors passed a resolution establishing the revenue stabilization fund. The revenue stabilization fund is included in the general fund for reporting purposes. The purpose of the revenue stabilization fund is to provide a mechanism for maintaining a balanced budget without

resorting to tax increases and expenditure reductions that aggravate the stresses imposed by the cyclical nature of the economy. Three specific criteria must be met to draw from this fund. Projected revenues must reflect a decrease greater than 1.5% from the current year estimate, withdrawals must not exceed one-half of the fund balance in any fiscal year, and withdrawals must be used in conjunction with spending cuts or other measures.

16. Recovered Costs

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

17. Intermunicipal Agreements

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

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

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

18. Deficit fund balance

The 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) |
|---|-------------------------|----------------------------------|
| Primary Government - Pooled Investments: | | |
| Pooled Investments: | | |
| 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 |
| Component Units - Pooled Investments: | | |
| 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) |
|--|-------------------------|---------------------|
| Primary Government - Pension Trust Funds: | | |
| 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> | |
| Component Unit - Pension Trust Fund: | | |
| 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 | |
| Primary Government | | | | | | | | | |
| Pooled Investments: | | | | | | | | | |
| 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 | - | - | - | - | - | |
| Pension Trust Funds: | | | | | | | | | |
| 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 | |
| Component Units | | | | | | | | | |
| Pooled Investments: | | | | | | | | | |
| 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 | - | - | - | - | - | |
| Pension Trust Fund: | | | | | | | | | |
| 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 |
|--|-----------------------|----------------------------------|--|
| Primary Government - Pension Trust Funds: | | | |
| 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 | \$ 348,857,798 | 75,775,624 | 297,525,214 |
| Component Unit - Pension Trust Fund: | | | |
| 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 | \$ 64,829,567 | 66,498,968 | - |

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 |
|--|---------------------------|-------------|------------------------------|--------------------|
| Primary Government - Pension Trust Funds: | | | | |
| 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 |
| Component Unit - Pension Trust Fund: | | | | |
| 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 |
|--|-----------------------|
| Primary Government - Pension Trust Funds: | |
| 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 |
|--|-----------------------|----------------|
| Primary Government - Pension Trust Funds: | | |
| 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 | \$ (6,316,440) | 536,083 |

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) |
|--|---------------------|------------------|------------------------|
| Primary Government - Pension Trust Funds: | | | |
| 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 | \$ (216,876) | (737,275) | (520,399) |

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 |
|--|------------------------------|---|
| Primary Government - Pension Trust Funds: | | |
| 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 |
|--|------------------------------|--|
| Primary Government - Pension Trust Funds: | | |
| 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 | | | <u>\$ 20,494,032</u> |

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) | | | | <u>331,948,191</u> | |

E. INTERFUND BALANCES AND TRANSFERS

Payments for fringe benefits are made through the General Fund on behalf of all funds of the County. As a result, interfund payables primarily represent the portion of fringe benefits to be paid by certain other funds to the General Fund. Interfund receivables and payables are also recorded when funds overdraw their share of pooled cash. All amounts are expected to be paid within one year. The composition of interfund balances as of June 30, 2013, is as shown on the right.

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

Due to/from primary government and component units represent amounts paid by one entity on behalf of the other entity. Due to/from primary government and component units as of June 30, 2013, are as follows:

| Receivable Entity | Payable Entity | Amount |
|---------------------------|----------------------------|---------------------|
| Component Units | Primary Government | |
| 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 |
| Total | | <u>\$ 2,547,390</u> |
| Primary Government | Component Unit | |
| General Fund | FCRHA | \$ 128,676 |
| General Fund | Park Authority | 234,666 |
| Total | | <u>\$ 363,342</u> |

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

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 |
|---|--------------------------|--------------------|----------------------|---------------------------|
| Primary Government | | | | |
| Governmental activities: | | | | |
| 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 |
| Total capital assets, net - Governmental activities | 2,290,840,265 | 193,437,033 | (87,041,993) | 2,397,235,305 |
| Business-type activities: | | | | |
| 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 |
| Total capital assets, net - Business-type activities | 1,303,521,786 | 66,721,056 | (19,307,459) | 1,350,935,383 |
| Total capital assets, net - Primary government | \$ 3,594,362,051 | 260,158,089 | (106,349,452) | 3,748,170,688 |

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 |
|--|---------------------------|--------------------|----------------------|---------------------------|
| Component Units | | | | |
| Public Schools | | | | |
| 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 |
| Total capital assets, net - Public Schools | 2,073,375,976 | 148,117,476 | (109,806,464) | 2,111,686,988 |
| FCRHA | | | | |
| 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 |
| Total capital assets, net - FCRHA | 148,694,620 | (3,274,812) | (1,046,280) | 144,373,528 |
| Park Authority | | | | |
| 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 |
| Total capital assets, net - Park Authority | 587,086,859 | 12,479,143 | (25,077,754) | 574,488,248 |
| EDA | | | | |
| 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) |
| Total capital assets, net - EDA | 548,756 | (76,799) | - | 471,957 |
| Total capital assets, net - Component units | \$ 2,809,706,211 | 157,245,008 | (135,930,498) | 2,831,020,721 |

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 |
|---|----------------------------|-----------------------------|--------------------|
| Primary Government | | | |
| 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 | - | - |
| Component Units | | | |
| Public Schools | - | - | 120,066,043 |
| FCRHA | - | - | 6,249,603 |
| Park Authority | - | - | 10,464,361 |
| EDA | - | - | 76,799 |
| Total depreciation and amortization expense | \$ 88,405,860 | 54,358,299 | 136,856,806 |

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. 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 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 rate of return on the investment of present and future assets of 7.5 percent per year compounded annually.
- Projected annual salary increases of 3.0 percent.
- 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 |
|--|--------------------------|------------------|------------------|--------------------------|---------------------------|
| Primary Government | | | | | |
| 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 |
| Business-type activities: | | | | | |
| 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 |
| Total long-term liabilities - Primary government | \$ 3,892,892 | 1,000,635 | (806,420) | 4,087,107 | 353,198 |
| Component Units | | | | | |
| Public Schools | | | | | |
| 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 |
| FCRHA | | | | | |
| 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 |
| Park Authority | | | | | |
| 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 |
| EDA | | | | | |
| Compensated absences payable | 260 | 19 | - | 279 | 159 |
| Unearned rent | 1,071 | - | (82) | 989 | 101 |
| Total EDA | 1,331 | 19 | (82) | 1,268 | 260 |
| Total long-term liabilities - Component units | \$ 297,182 | 73,502 | (78,226) | 292,458 | 77,626 |

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.

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.

| 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 |

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) |
|---|-----------------------------------|-------------------|------------|---------------------|---------------------------------|----------------------|-----------------------------|------------------------------------|--|
| Governmental activities: | | | | | | | | | |
| 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 | | | | | | <u>1,226,801</u> | <u>737,371</u> | <u>236,744</u> | <u>974,115</u> |
| 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 | | | | | | <u>2,019,985</u> | <u>1,311,469</u> | <u>434,683</u> | <u>1,746,152</u> |
| Total general obligation bonds | | | | | | <u>3,246,786</u> | <u>2,048,840</u> | <u>671,427</u> | <u>2,720,267</u> |
| 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 | | | | | | <u>822,200</u> | <u>734,424</u> | <u>484,484</u> | <u>1,218,908</u> |
| 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 | | | | | | <u>13,875</u> | <u>11,493</u> | <u>3,090</u> | <u>14,583</u> |
| 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 | | | | | | <u>4,120,411</u> | <u>2,827,470</u> | <u>1,161,477</u> | <u>3,988,947</u> |
| Business-type activities: | | | | | | | | | |
| 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 | | | | | | <u>704,591</u> | <u>642,887</u> | <u>382,243</u> | <u>1,025,130</u> |
| Total County bond, note, and loan indebtedness | | | | | | <u>\$ 4,825,002</u> | <u>3,470,357</u> | <u>1,543,720</u> | <u>5,014,077</u> |

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) |
|---|---|-------------------|------------|---------------------|----------------------------------|-----------------------|------------------------------------|
| Housing Bonds Payable: | | | | | | | |
| Mortgage revenue bonds | Little River Glen rental property | 4.65-6.10 | 08-29-96 | 09-01-26 | \$ 150-190 | \$ 6,340 | 4,295 |
| 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 |
| Mortgage Notes Payable and Loan from County: | | | | | | | |
| United Bank | One University Plaza office building | 5.00 | 02-01-04 | 02-01-14 | \$ 26-32 | 363 | 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 |
| Bank of America | Hopkins Glen rental property | 4.33 | 12-02-02 | 10-01-16 | 10-62 | 475 | 228 |
| | 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:

| Fiscal Year | Primary Government | Component Units | |
|-------------|-------------------------|-----------------|-----------|
| | 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 | \$ 4,432,718,055 | (20,400,502) | \$ 4,412,317,553 |

| | 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 | \$ 6,804,485,383 | 20,400,502 | \$ 6,824,885,885 |

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 (Budget Basis) | Variance from Final Budget Positive (Negative) |
|--|------------------------|------------------------|----------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| 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 |
| EXPENDITURES | | | | |
| 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 |
| OTHER FINANCING SOURCES (USES) | | | | |
| 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) |
|--|---------------------------------------|---|--|----------------------|-----------------------------|--|
| Primary Government | | | | | | |
| Employees' Retirement System: | | | | | | |
| 7/1/2003 | \$ 1,903,970 | \$ 2,251,187 | \$ 347,217 | 84.58 % | \$ 530,216 | 65.49 % |
| 7/1/2004 | 2,030,539 | 2,411,135 | 380,596 | 84.22 | 552,738 | 68.86 |
| 7/1/2005 | 2,202,515 | 2,676,418 | 473,903 | 82.29 | 565,063 | 83.87 |
| 7/1/2006 | 2,363,844 | 2,881,780 | 517,936 | 82.03 | 574,294 | 90.19 |
| 7/1/2007 | 2,596,658 | 3,139,187 | 542,529 | 82.72 | 579,075 | 93.69 |
| 7/1/2008 | 2,752,874 | 3,328,901 | 576,027 | 82.70 | 610,877 | 94.30 |
| 7/1/2009 | 2,603,284 | 3,535,874 | 932,590 | 73.62 | 628,481 | 148.39 |
| 7/1/2010 | 2,636,052 | 3,771,060 | 1,135,008 | 69.90 | 629,249 | 180.38 |
| 7/1/2011 | 2,841,466 | 4,018,924 | 1,177,457 | 70.70 | 642,073 | 183.38 |
| 7/1/2012 | 3,053,412 | 4,264,175 | 1,210,763 | 71.61 | 642,639 | 188.40 |
| Police Officers Retirement System: | | | | | | |
| 7/1/2003 | 644,405 | 703,977 | 59,572 | 91.54 | 71,401 | 83.43 |
| 7/1/2004 | 685,495 | 749,344 | 63,849 | 91.48 | 78,080 | 81.77 |
| 7/1/2005 | 732,582 | 828,702 | 96,120 | 88.40 | 83,939 | 114.51 |
| 7/1/2006 | 788,766 | 897,478 | 108,712 | 87.89 | 89,062 | 122.06 |
| 7/1/2007 | 870,975 | 968,735 | 97,760 | 89.91 | 95,904 | 101.94 |
| 7/1/2008 | 908,077 | 1,031,333 | 123,256 | 88.05 | 99,714 | 123.61 |
| 7/1/2009 | 879,543 | 1,076,039 | 196,496 | 81.74 | 99,647 | 197.19 |
| 7/1/2010 | 899,543 | 1,135,015 | 235,472 | 79.25 | 100,500 | 234.30 |
| 7/1/2011 | 982,154 | 1,219,609 | 237,455 | 80.53 | 99,070 | 239.68 |
| 7/1/2012 | 1,035,444 | 1,286,841 | 251,397 | 80.46 | 101,121 | 248.61 |
| Uniformed Retirement System: | | | | | | |
| 7/1/2003 | 715,797 | 795,342 | 79,545 | 90.00 | 100,749 | 78.95 |
| 7/1/2004 | 767,357 | 881,015 | 113,658 | 87.10 | 102,960 | 110.39 |
| 7/1/2005 | 830,702 | 974,106 | 143,404 | 85.28 | 109,067 | 131.48 |
| 7/1/2006 | 921,414 | 1,102,667 | 181,253 | 83.56 | 127,469 | 142.19 |
| 7/1/2007 | 1,028,385 | 1,206,624 | 178,239 | 85.23 | 136,487 | 130.59 |
| 7/1/2008 | 1,097,994 | 1,285,694 | 187,700 | 85.40 | 142,724 | 131.51 |
| 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 |
| Other Post-Employment Benefits (OPEB): | | | | | | |
| 7/1/2007 | - | 379,856 | 379,856 | - | 650,106 | 58.43 |
| 7/1/2008 | 48,207 | 350,709 | 302,502 | 13.75 | 697,253 | 43.39 |
| 7/1/2009 | 50,233 | 441,286 | 391,053 | 11.38 | 761,303 | 51.37 |
| 7/1/2010 | 60,473 | 489,203 | 428,730 | 12.36 | 777,040 | 55.17 |
| 7/1/2011 | 80,087 | 474,229 | 394,142 | 16.89 | 799,500 | 49.30 |
| 7/1/2012 | 103,270 | 503,786 | 400,516 | 20.50 | 824,504 | 48.58 |
| Component Unit - Public Schools | | | | | | |
| Educational Employees' Supplementary Retirement System: | | | | | | |
| 6/30/2003 | 1,597,459 | 1,772,418 | 174,959 | 90.13 | 866,502 | 20.19 |
| 12/31/2004 | 1,643,020 | 1,935,582 | 292,562 | 84.89 | 977,817 | 29.92 |
| 12/31/2005 | 1,718,399 | 2,022,962 | 304,563 | 84.94 | 1,050,217 | 29.00 |
| 12/31/2006 | 1,818,930 | 2,105,552 | 286,622 | 86.39 | 1,111,828 | 25.78 |
| 12/31/2007 | 1,924,886 | 2,186,801 | 261,915 | 88.02 | 1,161,432 | 22.55 |
| 12/31/2008 | 1,733,946 | 2,255,298 | 521,352 | 76.88 | 1,211,140 | 43.05 |
| 12/31/2009 | 1,769,540 | 2,314,282 | 544,742 | 76.46 | 1,208,093 | 45.09 |
| 12/31/2010 | 1,822,603 | 2,384,061 | 561,458 | 76.45 | 1,191,290 | 47.13 |
| 12/31/2011 | 1,866,952 | 2,470,964 | 604,012 | 75.56 | 1,246,973 | 48.44 |
| 12/31/2012 | 1,935,292 | 2,566,128 | 630,836 | 75.42 | 1,297,537 | 48.62 |
| Other Post-Employment Benefits (OPEB): | | | | | | |
| 7/1/2007 | - | 299,668 | 299,668 | - | 1,302,665 | 23.00 |
| 7/1/2008 | 7,996 | 458,067 | 450,071 | 1.75 | 1,352,321 | 33.28 |
| 7/1/2009 | 17,520 | 466,324 | 448,804 | 3.76 | 1,182,922 | 37.94 |
| 7/1/2010 | 19,563 | 471,617 | 452,054 | 4.15 | 1,432,000 | 31.57 |
| 7/1/2011 | 40,051 | 431,303 | 391,252 | 9.29 | 1,005,000 | 38.93 |
| 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.



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 (Budget Basis) | Variance from Final Budget Positive (Negative) |
|--|------------------|---------------|----------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| 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 |
| EXPENDITURES | | | | |
| 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 (Budget Basis) | Variance from Final Budget |
|--|------------------|---------------|----------------------------------|-------------------------------|
| | Original | Final | | 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 (Budget Basis) | Variance from Final Budget Positive (Negative) |
|---|------------------|-----------------|----------------------------------|---|
| | Original | Final | | |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in: | | | | |
| From other primary government funds: | | | | |
| Special Revenue Funds: | | | | |
| Cable Communications | \$ 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 |
|--|-----------------------------|-------------------------|------------------------------|--|
| ASSETS | | | | |
| 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 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Total deferred outflows of resources | - | - | - | - |
| Total assets and deferred outflows of resources | \$ 502,408,309 | 97,443,090 | 292,234,352 | 892,085,751 |
| LIABILITIES | | | | |
| 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 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| 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 |
| Total liabilities and deferred inflows of resources | 45,185,928 | 51,810,406 | 79,285,217 | 176,281,551 |
| FUND BALANCES | | | | |
| 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 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 502,408,309 | 97,443,090 | 292,234,352 | 892,085,751 |

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

EXHIBIT C-1

| | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | Total Nonmajor Governmental Funds |
|--|-----------------------------|--------------------------|------------------------------|--|
| REVENUES | | | | |
| 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 |
| Total revenues | 528,112,483 | 7,602,658 | 24,173,964 | 559,889,105 |
| EXPENDITURES | | | | |
| 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 |
| Total expenditures | 734,991,962 | 297,126,298 | 375,097,539 | 1,407,215,799 |
| Deficiency of revenues under expenditures | (206,879,479) | (289,523,640) | (350,923,575) | (847,326,694) |
| OTHER FINANCING SOURCES (USES) | | | | |
| 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 |
| Total other financing sources (uses) | 202,908,709 | 289,266,910 | 295,958,906 | 788,134,525 |
| SPECIAL ITEM | | | | |
| 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 |
| Fund balances, June 30, 2013 | \$ 457,222,381 | 45,632,684 | 212,949,135 | 715,804,200 |



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 |
|---|------------------------------|---|--|--|----------------------------|
| ASSETS | | | | | |
| 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 | <u>50,733,488</u> | <u>52,151,650</u> | <u>20,858,078</u> | <u>93,562,360</u> | <u>44,898,312</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Total deferred outflows of resources | - | - | - | - | - |
| Total assets and deferred outflows of resources | <u>\$ 50,733,488</u> | <u>52,151,650</u> | <u>20,858,078</u> | <u>93,562,360</u> | <u>44,898,312</u> |
| LIABILITIES | | | | | |
| 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 | <u>4,282,435</u> | <u>8,421,028</u> | <u>115,890</u> | <u>3,139,806</u> | <u>3,191,270</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue | - | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - | - |
| Total liabilities and deferred inflows of resources | <u>4,282,435</u> | <u>8,421,028</u> | <u>115,890</u> | <u>3,139,806</u> | <u>3,191,270</u> |
| FUND BALANCES | | | | | |
| Nonspendable: | | | | | |
| Prepaid amounts | - | - | - | - | 69,314 |
| Total Nonspendable | - | - | - | - | <u>69,314</u> |
| 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 | - | <u>43,730,622</u> | <u>20,742,188</u> | <u>90,422,554</u> | <u>39,547,806</u> |
| 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 | <u>46,451,053</u> | - | - | - | <u>2,089,922</u> |
| Total fund balances | <u>46,451,053</u> | <u>43,730,622</u> | <u>20,742,188</u> | <u>90,422,554</u> | <u>41,707,042</u> |
| Total liabilities, deferred inflow of resources, and fund balances | <u>\$ 50,733,488</u> | <u>52,151,650</u> | <u>20,858,078</u> | <u>93,562,360</u> | <u>44,898,312</u> |

EXHIBIT D

| Cable Communications | Fairfax-Falls Church Community Services Board | Reston Community Center | Mosaic Community Development Authority | |
|---------------------------------------|---|-------------------------|--|---|
| ASSETS | | | | |
| 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 |
| - | - | - | - | Prepaid and other assets |
| - | - | - | 1,712,834 | Restricted assets - Cash with fiscal agents |
| <u>16,341,931</u> | <u>13,370,999</u> | <u>6,362,109</u> | <u>1,713,068</u> | Total assets |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| - | - | - | - | Total deferred outflows of resources |
| <u>16,341,931</u> | <u>13,370,999</u> | <u>6,362,109</u> | <u>1,713,068</u> | Total assets and deferred outflows of resources |
| LIABILITIES | | | | |
| 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 |
| <u>574,180</u> | <u>6,941,259</u> | <u>618,461</u> | <u>1,588</u> | Total liabilities |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| 1,412,098 | - | - | - | Unavailable revenue |
| <u>1,412,098</u> | - | - | - | Total deferred inflows of resources |
| <u>1,986,278</u> | <u>6,941,259</u> | <u>618,461</u> | <u>1,588</u> | Total liabilities and deferred inflows of resources |
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| - | 174,244 | - | - | Prepaid amounts |
| - | <u>174,244</u> | - | - | 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 |
| - | - | <u>5,743,648</u> | <u>1,711,480</u> | Total Restricted |
| Committed to: | | | | |
| - | - | - | - | Public safety, courts, and judicial |
| - | - | - | - | Transportation |
| - | 6,255,496 | - | - | Social services, health and welfare |
| <u>14,355,653</u> | - | - | - | Housing and community development |
| <u>14,355,653</u> | <u>6,255,496</u> | - | - | Total Committed |
| <u>14,355,653</u> | <u>6,429,740</u> | <u>5,743,648</u> | <u>1,711,480</u> | Total fund balances |
| <u>16,341,931</u> | <u>13,370,999</u> | <u>6,362,109</u> | <u>1,713,068</u> | 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 |
|---|-------------------------------|--|------------------|---|------------------------|
| ASSETS | | | | | |
| 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> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| 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> |
| LIABILITIES | | | | | |
| 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> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| 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> |
| FUND BALANCES | | | | | |
| 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 | |
|--------------------|---|--------------------|--|----------------------------|--|
| | | | | | ASSETS |
| 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 |
| - | - | - | - | - | Restricted assets - Cash with fiscal agents |
| <u>3,765,847</u> | <u>13,196,050</u> | <u>14,377,538</u> | <u>46,902,372</u> | <u>39,090,461</u> | Total assets |
| | | | | | DEFERRED OUTFLOWS OF RESOURCES |
| - | - | - | - | - | Total deferred outflows of resources |
| <u>3,765,847</u> | <u>13,196,050</u> | <u>14,377,538</u> | <u>46,902,372</u> | <u>39,090,461</u> | Total assets and deferred outflows of resources |
| | | | | | LIABILITIES |
| 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 |
| <u>20,797</u> | <u>2,503,009</u> | <u>3,328,286</u> | <u>601,736</u> | <u>701,735</u> | Total liabilities |
| | | | | | DEFERRED INFLOWS OF RESOURCES |
| - | - | - | - | - | Unavailable revenue |
| - | - | - | - | - | Total deferred inflows of resources |
| <u>20,797</u> | <u>2,503,009</u> | <u>3,328,286</u> | <u>601,736</u> | <u>701,735</u> | Total liabilities and deferred inflows of resources |
| | | | | | FUND BALANCES |
| | | | | | Nonspendable: |
| - | - | - | - | - | Prepaid amounts |
| - | - | - | - | - | Total Nonspendable |
| | | | | | Restricted for: |
| - | - | - | - | - | Public safety, courts, and judicial |
| 3,745,050 | 10,693,041 | 11,049,252 | 46,300,636 | 38,388,726 | General public works |
| - | - | - | - | - | Stormwater management |
| - | - | - | - | - | Transportation |
| - | - | - | - | - | Social services, health and welfare |
| - | - | - | - | - | Housing and community development |
| - | - | - | - | - | Parks, recreation, and cultural |
| - | - | - | - | - | Other purposes |
| <u>3,745,050</u> | <u>10,693,041</u> | <u>11,049,252</u> | <u>46,300,636</u> | <u>38,388,726</u> | Total Restricted |
| | | | | | Committed to: |
| - | - | - | - | - | Public safety, courts, and judicial |
| - | - | - | - | - | Transportation |
| - | - | - | - | - | Social services, health and welfare |
| - | - | - | - | - | Housing and community development |
| - | - | - | - | - | Total Committed |
| <u>3,745,050</u> | <u>10,693,041</u> | <u>11,049,252</u> | <u>46,300,636</u> | <u>38,388,726</u> | Total fund balances |
| <u>3,765,847</u> | <u>13,196,050</u> | <u>14,377,538</u> | <u>46,902,372</u> | <u>39,090,461</u> | 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 |
|---|--|-------------------|--|--|--------------------------------------|
| ASSETS | | | | | |
| 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 | <u>8,442,353</u> | <u>16,444,761</u> | <u>3,594,948</u> | <u>133,862</u> | <u>502,408,309</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Total deferred outflows of resources | - | - | - | - | - |
| Total assets and deferred outflows of resources | \$ 8,442,353 | 16,444,761 | 3,594,948 | 133,862 | 502,408,309 |
| LIABILITIES | | | | | |
| 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 | <u>833,730</u> | <u>18,579</u> | <u>7,747</u> | <u>69,474</u> | <u>41,715,920</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue | - | 721,019 | - | - | 3,470,008 |
| Total deferred inflows of resources | - | <u>721,019</u> | - | - | <u>3,470,008</u> |
| Total liabilities and deferred inflows of resources | 833,730 | 739,598 | 7,747 | 69,474 | 45,185,928 |
| FUND BALANCES | | | | | |
| Nonspendable: | | | | | |
| Prepaid amounts | 134,554 | - | 370,687 | - | 748,799 |
| Total Nonspendable | <u>134,554</u> | <u>-</u> | <u>370,687</u> | <u>-</u> | <u>748,799</u> |
| 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 | <u>7,474,069</u> | <u>15,705,163</u> | <u>3,216,514</u> | <u>-</u> | <u>382,841,154</u> |
| 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 | <u>-</u> | <u>-</u> | <u>-</u> | <u>64,388</u> | <u>73,632,428</u> |
| Total fund balances | <u>7,608,623</u> | <u>15,705,163</u> | <u>3,587,201</u> | <u>64,388</u> | <u>457,222,381</u> |
| Total liabilities, deferred inflow of resources, and fund balances | \$ 8,442,353 | 16,444,761 | 3,594,948 | 133,862 | 502,408,309 |



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 |
|--|------------------------------|---|--|--|----------------------------|
| REVENUES | | | | | |
| 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 |
| EXPENDITURES | | | | | |
| 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) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| 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 | |
|---------------------------------------|---|-------------------------|--|---|
| REVENUES | | | | |
| - | - | - | 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 |
| EXPENDITURES | | | | |
| 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 |
| OTHER FINANCING SOURCES (USES) | | | | |
| - | 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 |
|--|-------------------------------|--|-------------------|---|------------------------|
| REVENUES | | | | | |
| 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 |
| EXPENDITURES | | | | | |
| 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 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| 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 | |
|--------------------|---|--------------------|--|----------------------------|--|
| | | | | | REVENUES |
| - | - | - | - | - | - 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 |
| | | | | | EXPENDITURES |
| | | | | | 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 |
| | | | | | OTHER FINANCING SOURCES (USES) |
| - | - | - | - | - | 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 |
|--|--|-------------------|--|--|--------------------------------------|
| REVENUES | | | | | |
| 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 |
| Total revenues | 6,382,920 | 334,568 | 5,974,941 | 1,543,400 | 528,112,483 |
| EXPENDITURES | | | | | |
| 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 |
| Total expenditures | 7,359,261 | 782,178 | 5,793,127 | 1,724,910 | 734,991,962 |
| Excess (deficiency) of revenues over (under) expenditures | (976,341) | (447,610) | 181,814 | (181,510) | (206,879,479) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| 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 |
| Total other financing sources (uses) | - | - | - | 171,958 | 202,908,709 |
| 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
 Special Revenue Fund
 Budgetary Comparison Schedule - County Transit Systems Fund (Budget Basis)
 For the fiscal year ended June 30, 2013

EXHIBIT D-2A

| | Budgeted Amounts | | Actual Amounts (Budget Basis) | Variance from Final Budget Positive (Negative) |
|--|------------------|--------------|----------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| 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 |
| EXPENDITURES | | | | |
| 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 |
| OTHER FINANCING SOURCES | | | | |
| 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
Special Revenue Fund
Budgetary Comparison Schedule - Dulles Rail Phase I Transportation Improvement
District Fund (Budget Basis)
For the fiscal year ended June 30, 2013

EXHIBIT D-2B

| | Budgeted Amounts | | Actual Amounts (Budget Basis) | Variance from Final Budget Positive (Negative) |
|--|------------------|--------------|----------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| 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 |
| EXPENDITURES | | | | |
| 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 (Budget Basis) | Variance from Final Budget Positive (Negative) |
|--|------------------|------------|----------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| 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 |
| EXPENDITURES | | | | |
| 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 (Budget Basis) | Variance from Final Budget Positive (Negative) |
|--|---------------------|---------------------|----------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| 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 |
| Total revenues | 44,436,000 | 58,697,320 | 54,522,595 | (4,174,725) |
| EXPENDITURES | | | | |
| Community development | 17,734,014 | 148,369,451 | 15,074,927 | 133,294,524 |
| Total expenditures | 17,734,014 | 148,369,451 | 15,074,927 | 133,294,524 |
| Excess (deficiency) of revenues over (under) expenditures | 26,701,986 | (89,672,131) | 39,447,668 | 129,119,799 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (26,701,986) | (26,701,986) | (26,701,986) | - |
| Revenue bonds issued | - | 50,000,000 | - | (50,000,000) |
| Total other financing sources (uses) | (26,701,986) | 23,298,014 | (26,701,986) | (50,000,000) |
| Net change in fund balance | \$ - | (66,374,117) | 12,745,682 | 79,119,799 |

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

EXHIBIT D-2E

| | Budgeted Amounts | | Actual Amounts (Budget Basis) | Variance from Final Budget Positive (Negative) |
|--|-------------------|---------------------|----------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| 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) |
| EXPENDITURES | | | | |
| 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 |
| OTHER FINANCING SOURCES | | | | |
| 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
 Special Revenue Fund
 Budgetary Comparison Schedule - Information Technology Fund (Budget Basis)
 For the fiscal year ended June 30, 2013

EXHIBIT D-2F

| | Budgeted Amounts | | Actual Amounts (Budget Basis) | Variance from Final Budget Positive (Negative) |
|--|------------------|--------------|----------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| 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 |
| EXPENDITURES | | | | |
| 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 |
| OTHER FINANCING SOURCES | | | | |
| 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 (Budget Basis) | Variance from Final Budget Positive (Negative) |
|--|-----------------------|---------------------|----------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| 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) |
| EXPENDITURES | | | | |
| 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 |
| OTHER FINANCING USES | | | | |
| 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 (Budget Basis) | Variance from Final Budget Positive (Negative) |
|--|------------------|---------------|----------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| 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) |
| EXPENDITURES | | | | |
| 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 |
| OTHER FINANCING SOURCES | | | | |
| 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-21

Special Revenue Fund

Budgetary Comparison Schedule - Reston Community Center 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 | \$ 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 |
| EXPENDITURES | | | | |
| 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 (Budget Basis) | Variance from Final Budget Positive (Negative) |
|--|------------------|-------------|----------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| 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) |
| EXPENDITURES | | | | |
| 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 (Budget Basis) | Variance from Final Budget Positive (Negative) |
|--|------------------|--------|----------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| 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) |
| EXPENDITURES | | | | |
| 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 (Budget Basis) | Variance from Final Budget |
|--|------------------|--------------|----------------------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| REVENUES | | | | |
| 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) |
| EXPENDITURES | | | | |
| 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 |
| OTHER FINANCING SOURCES | | | | |
| 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
 Special Revenue Fund
 Budgetary Comparison Schedule - Stormwater Services Fund (Budget Basis)
 For the fiscal year ended June 30, 2013

EXHIBIT D-2N

| | Budgeted Amounts | | Actual Amounts (Budget Basis) | Variance from Final Budget Positive (Negative) |
|--|-------------------|---------------------|----------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| 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) |
| EXPENDITURES | | | | |
| 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 |
| OTHER FINANCING SOURCES | | | | |
| 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
Special Revenue Fund
Budgetary Comparison Schedule - Leaf Collection Fund (Budget Basis)
For the fiscal year ended June 30, 2013

EXHIBIT D-20

| | Budgeted Amounts | | Actual Amounts (Budget Basis) | Variance from Final Budget Positive (Negative) |
|--|------------------|-----------|----------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| 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) |
| EXPENDITURES | | | | |
| 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 (Budget Basis) | Variance from Final Budget Positive (Negative) |
|--|------------------|-------------|----------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| 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) |
| EXPENDITURES | | | | |
| 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
Special Revenue Fund
Budgetary Comparison Schedule - Refuse Disposal Fund (Budget Basis)
For the fiscal year ended June 30, 2013

EXHIBIT D-2Q

| | Budgeted Amounts | | Actual Amounts (Budget Basis) | Variance from Final Budget |
|--|------------------|-------------|----------------------------------|-------------------------------|
| | Original | Final | | 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 (Budget Basis) | Variance from Final Budget Positive (Negative) |
|--|----------------------|-------------------|----------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| 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) |
| EXPENDITURES | | | | |
| 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 |
|--|------------------|--------------|----------------------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| 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 (Budget Basis) | Variance from Final Budget Positive (Negative) |
|--|------------------|-------------------|----------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| 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) |
| EXPENDITURES | | | | |
| 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 (Budget Basis) | Variance from Final Budget Positive (Negative) |
|--|------------------|-------------|----------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| 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) |
| EXPENDITURES | | | | |
| 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 | | |
| EXPENDITURES | | | | |
| 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 |
| OTHER FINANCING SOURCES | | | | |
| 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 (Budget Basis) | Variance from Final Budget Positive (Negative) |
|--|------------------|--------------|----------------------------------|---|
| | Original | Final | | |
| EXPENDITURES | | | | |
| 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 |
| OTHER FINANCING SOURCES | | | | |
| 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 |
|---|----------------------|---|-----------------------------|
| ASSETS | | | |
| 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 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Total deferred outflows of resources | - | - | - |
| Total assets and deferred outflows of resources | \$ 84,201,975 | 13,241,115 | 97,443,090 |
| LIABILITIES | | | |
| 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 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Total deferred inflows of resources | - | - | - |
| Total liabilities and deferred inflows of resources | 51,714,031 | 96,375 | 51,810,406 |
| FUND BALANCES | | | |
| 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 |
| Total liabilities, deferred inflows of resources, and fund balance | \$ 84,201,975 | 13,241,115 | 97,443,090 |

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 |
|--|---------------|---|-----------------------------------|
| REVENUES | | | |
| 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 |
| EXPENDITURES | | | |
| 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) |
| OTHER FINANCING SOURCES (USES) | | | |
| 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 (Budget Basis) | Variance from Final Budget Positive (Negative) |
|--|------------------|---------------|----------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| 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 |
| EXPENDITURES | | | | |
| 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 |
| OTHER FINANCING SOURCES | | | | |
| 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 |
|--|---------------------------------------|-------------------------|------------------------|------------------------------------|
| ASSETS | | | | |
| 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> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Total deferred outflows of resources | - | - | - | - |
| Total assets and deferred outflows of resources | <u>\$ 52,083,558</u> | <u>8,006,500</u> | <u>122,930,184</u> | <u>839,959</u> |
| LIABILITIES | | | | |
| 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 | 16,364,921 | - | 2,599,539 | - |
| Total liabilities | <u>16,633,213</u> | <u>30,660</u> | <u>37,566,254</u> | <u>8,174,328</u> |
| DEFERRED INFLOW OF RESOURCES | | | | |
| Unavailable revenue | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - |
| Total liabilities and deferred inflows of resources | <u>16,633,213</u> | <u>30,660</u> | <u>37,566,254</u> | <u>8,174,328</u> |
| FUND BALANCES | | | | |
| Restricted for: | | | | |
| Capital projects | 35,450,345 | 7,975,840 | 41,458,740 | 535,224 |
| 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 | - | - | <u>43,905,190</u> | - |
| Unassigned: | | | | |
| Total fund balances | <u>35,450,345</u> | <u>7,975,840</u> | <u>85,363,930</u> | <u>(7,334,369)</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <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 | ASSETS |
| - | - | - | 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 |
| | | | DEFERRED OUTFLOWS OF RESOURCES |
| - | - | - | 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 |
| | | | LIABILITIES |
| | | | 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 |
| | | | DEFERRED INFLOW OF RESOURCES |
| - | - | - | 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 |
| | | | FUND BALANCES |
| | | | 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 |
|---|----------------------------------|---|--------------------------------------|----------------------------------|
| ASSETS | | | | |
| 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> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Total deferred outflows of resources | - | - | - | - |
| Total assets and deferred outflows of resources | <u>\$13,582,666</u> | <u>1,600,216</u> | <u>7,184,547</u> | <u>6,949,206</u> |
| LIABILITIES | | | | |
| 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> |
| DEFERRED INFLOW OF RESOURCES | | | | |
| Unavailable revenue | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - |
| Total liabilities and deferred inflows of resources | <u>5,238,712</u> | <u>268,906</u> | <u>7,178,481</u> | <u>113,679</u> |
| FUND BALANCES | | | | |
| 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> |
| Total liabilities deferred inflows of resources, and fund balances | <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 | |
|---|---|---------------------------------------|---|
| ASSETS | | | |
| 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 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| - | - | - | Total deferred outflows of resources |
| 62,471,000 | 3,218,132 | 292,234,352 | Total assets and deferred outflows of resources |
| LIABILITIES AND FUND BALANCES | | | |
| 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 |
| DEFERRED INFLOW OF RESOURCES | | | |
| 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 |
| FUND BALANCES | | | |
| 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 |
| Unassigned: | | | |
| - | - | (13,108,305) | Total fund balances |
| 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 |
|--|---------------------------------------|-------------------------|------------------------|------------------------------------|
| REVENUES | | | | |
| 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 |
| EXPENDITURES | | | | |
| 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) |
| OTHER FINANCING SOURCES (USES) | | | | |
| 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 |
| SPECIAL ITEM | | | | |
| 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 | |
|---------------------------------------|---------------------------------------|--|--|
| REVENUES | | | |
| - | - | - | 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 |
| EXPENDITURES | | | |
| Current: | | | |
| - | - | - | General government administration |
| - | - | - | Public safety |
| - | 348,786 | - | Public works |
| - | - | - | Health and welfare |
| 15,014,772 | - | - | Community development |
| - | - | - | Parks, recreation, and cultural |
| - | - | 31,678,111 | Intergovernmental: |
| - | - | - | 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 |
| OTHER FINANCING SOURCES (USES) | | | |
| 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) |
| SPECIAL ITEM | | | |
| - | - | - | 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 |
|--|----------------------------------|---|--------------------------------------|----------------------------------|
| REVENUES | | | | |
| 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 | - |
| EXPENDITURES | | | | |
| 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) |
| OTHER FINANCING SOURCES (USES) | | | | |
| 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 |
| SPECIAL ITEM | | | | |
| 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 | |
|--|---|---------------------------------------|--|
| REVENUES | | | |
| 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 |
| <u>15,533,772</u> | <u>8,662</u> | <u>24,173,964</u> | Total revenues |
| EXPENDITURES | | | |
| 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 |
| <u>5,150,087</u> | <u>-</u> | <u>5,495,178</u> | Interest and other charges |
| <u>36,856,043</u> | <u>5,378,576</u> | <u>375,097,539</u> | Total expenditures |
| Deficiency of revenues under expenditures | | | |
| <u>(21,322,271)</u> | <u>(5,369,914)</u> | <u>(350,923,575)</u> | |
| OTHER FINANCING SOURCES (USES) | | | |
| 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 |
| <u>24,650,000</u> | <u>-</u> | <u>24,650,000</u> | Refunding bonds issued |
| <u>25,708,750</u> | <u>-</u> | <u>295,958,906</u> | Total other financing sources (uses) |
| SPECIAL ITEM | | | |
| - | - | 4,200,000 | INOVA Health |
| 4,386,479 | (5,369,914) | (50,764,669) | Net change in fund balances |
| <u>54,928,308</u> | <u>8,588,046</u> | <u>263,713,804</u> | Fund balances, July 1, 2012 |
| <u>59,314,787</u> | <u>3,218,132</u> | <u>212,949,135</u> | 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 |
|---|---------------------|--------------------|----------------------|
| ASSETS | | | |
| 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 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Total deferred outflows of resources | - | - | - |
| LIABILITIES | | | |
| 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 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Total deferred inflow of resources | - | - | - |
| NET POSITION | | | |
| 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 | |
|--|--------------------|---------------------------------------|---|
| ASSETS | | | |
| 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 |
| <u>12,084,363</u> | <u>52,255,502</u> | <u>172,853,133</u> | Total unrestricted current assets |
| - | - | 187,000 | Restricted assets - Cash with fiscal agents |
| <u>12,084,363</u> | <u>52,255,502</u> | <u>173,040,133</u> | 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 |
| <u>(883,344)</u> | | <u>(883,344)</u> | Accumulated amortization |
| <u>7,782,017</u> | <u>20,022</u> | <u>70,516,639</u> | Total capital assets, net |
| <u>19,866,380</u> | <u>52,275,524</u> | <u>243,556,772</u> | Total assets |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| - | - | - | Total deferred outflows of resources |
| LIABILITIES | | | |
| 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 |
| <u>4,280,941</u> | <u>14,562,963</u> | <u>43,511,772</u> | 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 |
| <u>1,182,164</u> | - | <u>31,331,901</u> | Total long-term liabilities |
| <u>5,463,105</u> | <u>14,562,963</u> | <u>74,843,673</u> | Total liabilities |
| DEFERRED INFLOWS OF RESOURCES | | | |
| - | - | - | Total deferred inflow of resources |
| NET POSITION | | | |
| 6,877,124 | 20,022 | 68,447,572 | Net investment in capital assets |
| <u>7,526,151</u> | <u>37,692,539</u> | <u>100,265,527</u> | Unrestricted |
| <u>14,403,275</u> | <u>37,712,561</u> | <u>168,713,099</u> | 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 |
|--|---------------------|--------------------|----------------------|
| OPERATING REVENUES: | | | |
| 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 |
| OPERATING EXPENSES: | | | |
| 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) |
| NONOPERATING REVENUES (EXPENSES): | | | |
| 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 | |
|--|--------------------|---------------------------------------|--|
| OPERATING REVENUES: | | | |
| 28,738,352 | 147,243,251 | 283,246,492 | Charges for services |
| - | - | 10,878 | Intergovernmental |
| - | - | 107,182 | Recovered costs |
| <u>28,738,352</u> | <u>147,243,251</u> | <u>283,364,552</u> | Total operating revenues |
| OPERATING EXPENSES: | | | |
| 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 |
| <u>29,055,156</u> | <u>133,338,353</u> | <u>271,237,778</u> | Total operating expenses |
| <u>(316,804)</u> | <u>13,904,898</u> | <u>12,126,774</u> | Operating income (loss) |
| NONOPERATING REVENUES (EXPENSES): | | | |
| - | - | 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 |
| <u>10,446</u> | <u>118,449</u> | <u>1,792,671</u> | Total nonoperating revenues (expenses) |
| <u>(306,358)</u> | <u>14,023,347</u> | <u>13,919,445</u> | Income (loss) before operating transfers and contributions |
| 92,819 | - | 228,823 | Capital contributions |
| <u>4,620,303</u> | <u>4,000,000</u> | <u>11,018,536</u> | 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 |
| <u>14,403,275</u> | <u>37,712,561</u> | <u>168,713,099</u> | 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 |
|--|---------------------|--------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| 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) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers from other funds | - | - | 2,398,233 |
| Net cash provided by noncapital financing activities | - | - | 2,398,233 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| 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) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| 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 |
| Reconciliation of operating income (loss) to net cash provided (used) | | | |
| by operating activities: | | | |
| 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) |
| Noncash capital and financing activities: | | | |
| 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 | |
|---|--------------------|---------------------------------------|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| 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 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| 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 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| 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 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| - | 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 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | |
| (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 |
| Noncash capital and financing activities: | | | |
| 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 |
|--|-------------------------|--------------------------|-------------------------------|
| ASSETS | | | |
| 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 | <u>1,415,141,525</u> | <u>3,551,278,338</u> | <u>1,119,159,856</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Total deferred outflows of resources | - | - | - |
| LIABILITIES | | | |
| 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 | <u>96,327,524</u> | <u>197,346,235</u> | <u>16,637,773</u> |
| DEFERRED INFLOW OF RESOURCES | | | |
| Total deferred inflows of resources | - | - | - |
| NET POSITION | | | |
| 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 | |
|---------------------------------|--------------------|----------------------|--|
| 8,707,745 | 2,333,265 | 11,041,010 | ASSETS |
| 75,775,624 | - | 75,775,624 | Equity in pooled cash and temporary investments |
| 9,590,951 | - | 9,590,951 | Cash collateral for securities lending |
| 6,842,099 | 39,303 | 6,881,402 | Contributions receivable |
| 183,237,686 | - | 183,237,686 | Accrued interest and dividends receivable |
| 7,251 | - | 7,251 | Receivable from sale of pension investments |
| 169,128,018 | - | 169,128,018 | Equipment |
| 365,341,491 | - | 365,341,491 | Investments, at fair value: |
| 644,401,668 | - | 644,401,668 | U.S. Government securities |
| 1,538,894,502 | - | 1,538,894,502 | Asset-backed securities |
| 496,372,993 | - | 496,372,993 | Corporate and other bonds |
| 2,587,279,691 | 148,542,663 | 2,735,822,354 | Common and preferred stock |
| 6,085,579,719 | 150,915,231 | 6,236,494,950 | Short-term investments |
| | | | Investment in pooled funds |
| | | | Total assets |
| - | - | - | DEFERRED OUTFLOWS OF RESOURCES |
| | | | Total deferred outflows of resources |
| 10,681,056 | 26,892 | 10,707,948 | LIABILITIES |
| 107,123 | - | 107,123 | Accounts payable and accrued liabilities |
| 223,747,729 | - | 223,747,729 | Accrued salaries and benefits |
| 75,775,624 | - | 75,775,624 | Payable for purchase of pension investments |
| 310,311,532 | 26,892 | 310,338,424 | Liabilities for collateral received under securities lending agreements |
| | | | Total liabilities |
| - | - | - | DEFERRED INFLOW OF RESOURCES |
| | | | Total deferred inflows of resources |
| 5,775,268,187 | 150,888,339 | 5,926,156,526 | NET POSITION |
| | | | 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 |
|--|-------------------------|--------------------------|-------------------------------|
| ADDITIONS | | | |
| 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 |
| DEDUCTIONS | | | |
| 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 | ADDITIONS |
| 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 | DEDUCTIONS |
| 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 |
|---|---------------------------|--------------------|---------------|---------------|
| ASSETS | | | | |
| 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 |
| LIABILITIES | | | | |
| 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 | |
|--------------------|--------------------------------------|--------------------------|---|
| ASSETS | | | |
| 509 | 454 | 2,179,172 | Equity in pooled cash and temporary investments |
| 1,595 | - | 61,516 | Accounts receivable |
| <u>2,104</u> | <u>454</u> | <u>2,240,688</u> | Total assets |
| LIABILITIES | | | |
| <u>2,104</u> | <u>454</u> | <u>2,240,688</u> | Liabilities under reimbursement agreements |
| <u>2,104</u> | <u>454</u> | <u>2,240,688</u> | 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 | | | Balances |
|---|---------------|------------|------------|---------------|
| | June 30, 2012 | Additions | Deductions | June 30, 2013 |
| Sanitary Reimbursement | | | | |
| Assets: | | | | |
| 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 |
| Liabilities: | | | | |
| Liabilities under reimbursement agreements | 1,642,411 | 4,930 | 208 | 1,647,133 |
| Total liabilities | 1,642,411 | 4,930 | 208 | 1,647,133 |
| Special Welfare | | | | |
| Assets: | | | | |
| 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 |
| Liabilities: | | | | |
| Liabilities under reimbursement agreements | 546,494 | 757,919 | 796,677 | 507,736 |
| Total liabilities | 546,494 | 757,919 | 796,677 | 507,736 |
| State Taxes | | | | |
| Assets: | | | | |
| 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 |
| Liabilities: | | | | |
| Liabilities under reimbursement agreements | 81,604 | 878,503 | 943,443 | 16,664 |
| Total liabilities | 81,604 | 878,503 | 943,443 | 16,664 |
| Route 28 | | | | |
| Assets: | | | | |
| 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 |
| Liabilities: | | | | |
| 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 |
| Lake Barcroft | | | | |
| Assets: | | | | |
| 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 |
| Liabilities: | | | | |
| Liabilities under reimbursement agreements | 2,367 | 968,409 | 968,672 | 2,104 |
| Total liabilities | 2,367 | 968,409 | 968,672 | 2,104 |
| Toll Road Violations Penalties | | | | |
| Assets: | | | | |
| Equity in pooled cash and temporary investments | 8,629 | 139,180 | 147,355 | 454 |
| Total assets | 8,629 | 139,180 | 147,355 | 454 |
| Liabilities: | | | | |
| Liabilities under reimbursement agreements | 8,629 | 139,180 | 147,355 | 454 |
| Total liabilities | 8,629 | 139,180 | 147,355 | 454 |
| Total Agency Funds: | | | | |
| Assets: | | | | |
| 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 |
| Liabilities: | | | | |
| 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 |
|--|-------------------------|
| Governmental funds capital assets: | |
| 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 | 3,210,230,241 |
| Investments in governmental funds capital assets by source: | |
| 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 | \$ 3,210,230,241 |

- (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 |
| Parks, recreation, and cultural | 237,255,846 | 4,069,974 | 686,052 | 240,639,768 |
| 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 |
| Total governmental funds capital assets | \$ 3,047,689,300 | 482,800,122 | 320,259,181 | 3,210,230,241 |



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

| | Nonmajor Governmental | | | |
|---|-----------------------|-----------------------------|-----------------------------------|--|
| | General Fund | Capital Projects Fund | Food and Nutrition Services | Special Revenue Grants and Self-Supporting Programs |
| ASSETS | | | | |
| 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> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Total deferred outflows of resources | - | - | - | - |
| Total assets and deferred outflows of resources | <u>\$ 263,085,721</u> | <u>129,940,195</u> | <u>18,405,346</u> | <u>23,225,763</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| 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> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Total deferred inflows of resources | - | - | - | - |
| Total liabilities and deferred inflows of resources | <u>49,097,400</u> | <u>21,554,914</u> | <u>2,716,213</u> | <u>8,444,691</u> |
| FUND BALANCES | | | | |
| 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 | 3,271,563 | - | - | - |
| 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> |
| Reconciliation of the Balance Sheet to the Statement of Net Position | | | | |
| 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 | | | | (965,703) |
| 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 |
| ASSETS | | |
| 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> | <u>Total assets</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| - | - | Total deferred outflows of resources |
| <u>1,387,935</u> | <u>436,044,960</u> | <u>Total assets and deferred outflows of resources</u> |
| LIABILITIES AND FUND BALANCES | | |
| 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> | <u>Total liabilities</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| - | - | Total deferred inflows of resources |
| <u>803,780</u> | <u>82,616,998</u> | <u>Total liabilities and deferred inflows of resources</u> |
| FUND BALANCES | | |
| - | 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> | <u>Total fund balances</u> |
| <u>1,387,935</u> | <u>436,044,960</u> | <u>Total liabilities, deferred inflows of resources and fund balances</u> |

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

| | General Fund | Nonmajor Governmental | | |
|---|-----------------------|-----------------------|-----------------------------|---|
| | | Capital Projects Fund | Food and Nutrition Services | Special Revenue Grants and Self-Supporting Programs |
| REVENUES | | | | |
| 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 |
| EXPENDITURES | | | | |
| 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) |
| OTHER FINANCING SOURCES (USES) | | | | |
| 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 | |
| REVENUES | | |
| 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 |
| <u>8,012,267</u> | <u>2,644,909,651</u> | Total revenues |
| EXPENDITURES | | |
| 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 |
| <u>7,853,434</u> | <u>2,677,717,555</u> | Total expenditures |
| <u>158,833</u> | <u>(32,807,904)</u> | Excess (deficiency) of revenues over (under) expenditures |
| OTHER FINANCING SOURCES (USES) | | |
| 1,400,000 | 30,393,112 | Transfers in |
| - | (30,393,112) | Transfers out |
| - | 10,294,245 | Capital leases and installment purchases |
| <u>1,400,000</u> | <u>10,294,245</u> | 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 |
| <u>584,155</u> | <u>353,427,962</u> | 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 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 (Budget Basis) | Variance from Final Budget Positive (Negative) |
|--|-------------------------|----------------------|----------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| 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) |
| EXPENDITURES | | | | |
| 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 |
| OTHER FINANCING USES | | | | |
| 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
Fairfax County Public Schools
Budgetary Comparison Schedule - Food and Nutrition Services Fund (Budget Basis)
For the fiscal year ended June 30, 2013

EXHIBIT J-3A

| | Budgeted Amounts | | Actual Amounts (Budget Basis) | Variance from Final Budget |
|--|------------------------|---------------------|----------------------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| REVENUES | | | | |
| 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) |
| EXPENDITURES | | | | |
| 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 |
|--|---------------------|---------------------|----------------------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| 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
 Fairfax County Public Schools
 Budgetary Comparison Schedule - Adult and Community Education Fund (Budget Basis)
 For the fiscal year ended June 30, 2013

EXHIBIT J-3C

| | Budgeted Amounts | | Actual Amounts (Budget Basis) | Variance from Final Budget Positive (Negative) |
|--|------------------|-----------|----------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| 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) |
| EXPENDITURES | | | | |
| 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) |
| OTHER FINANCING SOURCES | | | | |
| 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 |
|---|------------------------|--------------------------|------------|---------------------------------|
| ASSETS | | | | |
| 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 |
| DEFERRED OUTFLOW OF RESOURCES | | | | |
| Total deferred outflows of resources | - | - | - | - |
| LIABILITIES | | | | |
| 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 |
| DEFERRED INFLOW OF RESOURCES | | | | |
| Total deferred inflow of resources | - | - | - | - |
| NET POSITION | | | | |
| 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 |
|--|------------------------|--------------------------|------------|---------------------------------|
| OPERATING REVENUES: | | | | |
| 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 |
| OPERATING EXPENSES: | | | | |
| 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) |
| NONOPERATING REVENUES: | | | | |
| 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 |
|--|------------------------|--------------------------|-------------|---------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| 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) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Net advances from other funds | (288,900) | - | - | (288,900) |
| Net cash provided by noncapital financing activities | (288,900) | - | - | (288,900) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| 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 |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | | | |
| 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 |
|--|---|-------------------|---------------------------------------|
| ASSETS | | | |
| 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 | <u>2,033,629,547</u> | <u>64,982,390</u> | <u>2,098,611,937</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Total deferred outflows of resources | - | - | - |
| LIABILITIES | | | |
| 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 | <u>66,498,968</u> | - | <u>66,498,968</u> |
| Total liabilities | <u>76,856,721</u> | <u>57,700</u> | <u>76,914,421</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Total deferred inflows of resources | - | - | - |
| NET POSITION | | | |
| Held in trust for pension/OPEB benefits | \$ <u>1,956,772,826</u> | <u>64,924,690</u> | <u>2,021,697,516</u> |

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 |
|---|---|-----------------|---------------------------------------|
| ADDITIONS | | | |
| 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 |
| DEDUCTIONS | | | |
| 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 |
|--|---------------------------|-----------|------------|---------------------------|
| Student Activity Fund: | | | | |
| Assets: | | | | |
| 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 |
| Liabilities: | | | | |
| 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 |
|---|----------------------|-------------------------------|---------------|
| ASSETS | | | |
| 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 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Total deferred outflows of resources | - | - | - |
| LIABILITIES | | | |
| 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 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Total deferred inflow of resources | - | - | - |
| NET POSITION | | | |
| 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
 Fairfax County Redevelopment and Housing Authority
 Statement of Revenues, Expenses, and Changes in Net Position
 For the fiscal year ended June 30, 2013

EXHIBIT K-1

| | Housing Authority | Component Units of Housing | Total Entity |
|--|----------------------|-------------------------------|-----------------|
| OPERATING REVENUES: | | | |
| 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 |
| OPERATING EXPENSES: | | | |
| 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) |
| NONOPERATING REVENUES (EXPENSES): | | | |
| 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) |
| CAPITAL CONTRIBUTIONS: | | | |
| 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 |
|--|----------------------|-------------------------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| 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) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| 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 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| 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) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| 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 |
| Reconciliation of operating income (loss) to net cash provided (used) | | | |
| by operating activities: | | | |
| 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) | Major Governmental | |
|---|---|---|---|
| | | Special Revenue Fund - Park Revenue | Capital Financed from County Construction Fund |
| ASSETS | | | |
| 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 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Total deferred outflows of resources | - | - | - |
| Total assets and deferred outflows of resources | 1,415,255 | 13,043,251 | 367,763 |
| LIABILITIES | | | |
| 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 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Total deferred inflows of resources | - | - | - |
| Total liabilities and deferred inflows of resources | 1,415,255 | 7,562,341 | 367,763 |
| FUND BALANCES | | | |
| 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 | - |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 1,415,255 | 13,043,251 | 367,763 |
| 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) | | |
| | | | <u>(22,402,176)</u> |
| Net position of governmental activities | | | <u>\$ 593,341,762</u> |

EXHIBIT L

| Funds | | | |
|------------------------|--------------------------|--------------------------|--|
| Projects Funds | | | |
| Park Construction Bond | Park Capital Improvement | Total Governmental Funds | |
| - | 27,733,292 | 40,691,543 | ASSETS |
| - | - | 4,675 | Equity in pooled cash and temporary investments |
| - | 47,175 | 62,268 | Receivables: |
| - | - | 1,783,018 | Accounts |
| 100,000 | - | 104,117 | Accrued interest |
| 7,345,967 | 2,207,926 | 9,553,893 | Due from primary government |
| - | - | 61,115 | Due from Intergovernmental units |
| 7,445,967 | 29,988,393 | 52,260,629 | Restricted assets: |
| | | | Equity in pooled cash and temporary investments |
| | | | Investments |
| | | | Total assets |
| - | - | - | DEFERRED OUTFLOWS OF RESOURCES |
| | | | 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 | LIABILITIES |
| - | - | 2,324,129 | Accounts payable and accrued liabilities |
| - | - | 234,666 | Accrued salaries and benefits |
| 177,970 | 38,138 | 238,045 | Due to primary government |
| - | 158,110 | 5,326,655 | Contract retainages |
| - | 674,064 | 768,294 | Deferred revenue |
| 500,189 | 1,159,391 | 11,004,939 | Performance and other deposits |
| | | | Total liabilities |
| - | - | - | DEFERRED INFLOWS OF RESOURCES |
| | | | 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 | FUND BALANCES |
| - | - | 61,115 | Restricted for: |
| - | 1,507,926 | 1,507,926 | Capital projects |
| - | 700,000 | 700,000 | Debt service |
| - | - | 2,017,969 | E.C.Lawrence Trust |
| - | - | 1,246,804 | Repair and replacement |
| - | 2,565,983 | 2,565,983 | Committed to: |
| - | 11,346,736 | 11,346,736 | Managed reserve |
| | | | Donation/Deferred revenue |
| | | | Facilities and services reserve |
| | | | Other capital projects |
| | | | Assigned to: |
| 6,945,778 | 28,829,002 | 41,255,690 | Park operation and maintenance |
| 7,445,967 | 29,988,393 | 52,260,629 | 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 |
| REVENUES | | | |
| 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 |
| EXPENDITURES | | | |
| 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 | - |
| OTHER FINANCING SOURCES (USES) | | | |
| 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 | |
| | | | REVENUES |
| 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 |
| | | | EXPENDITURES |
| | | | 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 (under) expenditures |
| 2,891,893 | 1,568,862 | 5,780,371 | |
| | | | OTHER FINANCING SOURCES (USES) |
| - | 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 |
|--|----|-----------|

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) |
|-------------------------------------|----------------|-------------|

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> | <u>56,447</u> |

| | | |
|---|-----------|--------------------|
| Change in net position of governmental activities | <u>\$</u> | <u>(5,826,792)</u> |
|---|-----------|--------------------|

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT L-2A

Fairfax County Park Authority

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

For the fiscal year ended June 30, 2013

| | Budgeted Amounts | | Actual Amounts (Budget Basis) | Variance from Final Budget Positive (Negative) |
|---------------------------------|------------------|------------|----------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| 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) |
| EXPENDITURES | | | | |
| 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
 Fairfax County Park Authority
 Budgetary Comparison Schedule - Park Revenue Fund (Budget Basis)
 For the fiscal year ended June 30, 2013

EXHIBIT L-2B

| | Budgeted Amounts | | Actual Amounts (Budget Basis) | Variance from Final Budget |
|--|------------------|-------------|----------------------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| REVENUES | | | | |
| 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 |
| EXPENDITURES | | | | |
| 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 |
| OTHER FINANCING SOURCES (USES) | | | | |
| 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) |
|--|--|
| ASSETS | |
| Due from primary government | \$ 484,394 |
| Total assets | <u>484,394</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Total deferred outflows of resources | - |
| Total assets and deferred outflows of resources | <u>\$ 484,394</u> |
| LIABILITIES | |
| Accounts payable and accrued liabilities | 342,316 |
| Accrued salaries and benefits | <u>142,078</u> |
| Total liabilities | <u>484,394</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Total deferred inflows of resources | - |
| Total liabilities and deferred inflows of resources | 484,394 |
| FUND BALANCE | |
| Unreserved | - |
| Total liabilities, deferred inflows of resources and fund balance | <u>\$ 484,394</u> |
| Reconciliation of the Balance Sheet to the Statement of Net Position | |
| 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
 Fairfax County Economic Development Authority
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 For the fiscal year ended June 30, 2013

EXHIBIT M-1

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

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

Net change in fund balance - General Fund \$ -

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

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

| | | |
|---|---------------|--------------------|
| Depreciation and amortization expense | (76,799) | |
| Increase in liability for compensated absences | (19,747) | |
| Unearned rent | <u>82,112</u> | <u>(14,434)</u> |
| Change in net position of governmental activities | | <u>\$ (14,434)</u> |

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT M-2

Fairfax County Economic Development Authority

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

For the fiscal year ended June 30, 2013

| | Budgeted Amounts | | Actual Amounts (Budget Basis) | Variance from Final Budget Positive (Negative) |
|----------------------------|------------------|-----------|----------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| 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) |
| EXPENDITURES | | | | |
| 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 |
| Expenses | | | | | |
| <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 |
| Program Revenues | | | | | |
| <i>Governmental activities:</i> | | | | | |
| <i>Charges for services:</i> | | | | | |
| 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> | | | | | |
| <i>Charges for services:</i> | | | | | |
| 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 |
| Net (Expense) Revenue | | | | | |
| 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 | | |
| | | | | | Expenses | |
| | | | | | <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 |
| <u>3,715,290,129</u> | <u>3,505,411,037</u> | <u>3,277,207,833</u> | <u>3,109,166,903</u> | | <u>2,839,742,909</u> | 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 |
| <u>142,521,912</u> | <u>136,914,753</u> | <u>136,063,778</u> | <u>125,435,224</u> | | <u>124,373,936</u> | Total expenses, business-type activities |
| <u>3,857,812,041</u> | <u>3,642,325,790</u> | <u>3,413,271,611</u> | <u>3,234,602,127</u> | | <u>2,964,116,845</u> | Total expenses, primary government |
| | | | | | | Program Revenues |
| | | | | | | <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 |
| <u>32,540,001</u> | <u>20,942,679</u> | <u>28,003,177</u> | <u>55,346,338</u> | | <u>47,056,844</u> | Capital grants and contributions |
| <u>563,261,946</u> | <u>539,786,538</u> | <u>532,655,807</u> | <u>508,201,627</u> | | <u>497,903,157</u> | 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 |
| <u>10,087,940</u> | <u>8,137,150</u> | <u>5,888,926</u> | <u>7,248,130</u> | | <u>8,887,132</u> | Capital grants and contributions |
| <u>124,294,758</u> | <u>123,594,346</u> | <u>129,247,321</u> | <u>125,261,805</u> | | <u>126,309,229</u> | Total program revenues, business-type activities |
| <u>687,556,704</u> | <u>663,380,884</u> | <u>661,903,128</u> | <u>633,463,432</u> | | <u>624,212,386</u> | Total program revenues, primary government |
| | | | | | | Net (Expense) Revenue |
| (3,152,028,183) | (2,965,624,499) | (2,744,552,026) | (2,600,965,276) | | (2,341,839,752) | Governmental activities |
| <u>(18,227,154)</u> | <u>(13,320,407)</u> | <u>(6,816,457)</u> | <u>(173,419)</u> | | <u>1,935,293</u> | Business-type activities |
| <u>(3,170,255,337)</u> | <u>(2,978,944,906)</u> | <u>(2,751,368,483)</u> | <u>(2,601,138,695)</u> | | <u>(2,339,904,459)</u> | 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 |
| General Revenues and Other Changes in Net Position | | | | | |
| <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 | <u>3,258,587,132</u> | <u>3,149,586,690</u> | <u>3,092,396,850</u> | <u>2,938,426,085</u> | <u>3,186,315,226</u> |
| <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 | <u>1,409,377</u> | <u>521,755</u> | <u>17,872,472</u> | <u>1,303,897</u> | <u>2,301,005</u> |
| Total general revenues and other changes in net position, primary government | <u>3,259,996,509</u> | <u>3,150,108,445</u> | <u>3,110,269,322</u> | <u>2,939,729,982</u> | <u>3,188,616,231</u> |
| Change in Net Position | | | | | |
| 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 | <u>\$ (12,141,924)</u> | <u>(99,748,815)</u> | <u>(50,309,561)</u> | <u>53,780,334</u> | <u>27,743,246</u> |

Source: Fairfax County Department of Finance

Notes:

- (1) The County sold 46.8 acres of land located in the Laurel Hill area of the southern part of the County to a private developer for development as a senior living campus and graduated care facility.
- (2) The County sold 34.0 acres of land located in central Fairfax to provide funding for the Park Authority to satisfy the debt it issued to purchase certain park land in western Fairfax.
- (3) The Sewer System used available resources to redeem certain outstanding bonds, resulting in the recognition of an accounting loss, in order to reduce its total debt service payments by approximately \$20.9 million over 13 years.
- (4) General government administration expenses increased approx 53.6 percent over fiscal year 2004 primarily as a result of the transfer of South County Secondary School valued at \$68.0 million to Public Schools.
- (5) In FY2007, Public Schools transferred 12 properties totaling 188.9 acres to the County valued at \$10,874,069. As part of this transfer, Public Schools is able to make an annual request of \$25 million in capital bond funding through fiscal year 2012.

| Fiscal Year | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|--|
| 2008 | 2007 | 2006 | 2005 | 2004 | |
| | | | | | General Revenues and Other Changes in Net Position |
| | | | | | <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) | - | Special item |
| <u>3,141,869,360</u> | <u>3,090,221,572</u> | <u>2,897,092,011</u> | <u>2,630,995,554</u> | <u>2,423,934,988</u> | 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 |
| <u>16,081,651</u> | <u>5,825,962</u> | <u>4,449,036</u> | <u>3,505,410</u> | <u>827,260</u> | Total general revenues and other changes in net position, business-type activities |
| | | | | | Total general revenues and other changes in net position, primary government |
| <u>3,157,951,011</u> | <u>3,096,047,534</u> | <u>2,901,541,047</u> | <u>2,634,500,964</u> | <u>2,424,762,248</u> | |
| | | | | | Change in Net Position |
| (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 |
| <u>(12,304,326)</u> | <u>117,102,628</u> | <u>150,172,564</u> | <u>33,362,269</u> | <u>84,857,789</u> | 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 | 329,268,249 | 353,671,166 | 376,398,964 | 386,681,169 | 279,183,377 |
| <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 | \$ 715,804,200 | 770,796,369 | 777,064,513 | 618,728,181 | 507,477,160 |

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 |
| Revenues | | | | | |
| 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 |
| Expenditures | | | | | |
| 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) |
| Other Financing Sources (Uses) | | | | | |
| 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 |
| Special Item | 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 | |
| | | | | | Revenues |
| 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 |
| <u>3,710,669,082</u> | <u>3,651,479,352</u> | <u>3,453,712,934</u> | <u>3,135,258,553</u> | <u>2,919,426,518</u> | Total revenues |
| | | | | | Expenditures |
| | | | | | 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 |
| <u>4,119,073,863</u> | <u>3,825,300,211</u> | <u>3,598,083,802</u> | <u>3,363,634,631</u> | <u>3,055,060,576</u> | Total expenditures |
| <u>(408,404,781)</u> | <u>(173,820,859)</u> | <u>(144,370,868)</u> | <u>(228,376,078)</u> | <u>(135,634,058)</u> | Deficiency of revenues under expenditures |
| | | | | | Other Financing Sources (Uses) |
| 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 |
| <u>276,344,834</u> | <u>235,567,188</u> | <u>208,684,293</u> | <u>278,078,174</u> | <u>203,483,328</u> | Total other financing sources |
| | | | | | Special Item |
| - | - | - | 15,500,000 | - | Net change in fund balances |
| <u>(132,059,947)</u> | <u>61,746,329</u> | <u>64,313,425</u> | <u>65,202,096</u> | <u>67,849,270</u> | |
| 7.2% | 7.1% | 7.3% | 7.4% | 7.7% | Debt service as a percentage of noncapital expenditures |

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

COUNTY OF FAIRFAX, VA
TABLE 2.1 - Assessed Value and Actual Value of Taxable Real Property (1)
Last Ten Fiscal Years

| Fiscal Year | Residential (000s) | Commercial (000s) | Public Service Corporations (000s) | Total Taxable Assessed Value (000s) | Tax-Exempt (000s) | Total Direct Tax Rate (2) |
|-------------|-----------------------|----------------------|--|---|----------------------|---------------------------------|
| 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 | | <u>\$ 3,047,123,195</u> | <u>2.10 %</u> |

| 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

| Fiscal Year | Governmental Activities (1) | | | | | | | | |
|-------------|---------------------------------------|--|--|--------|--|-----------------|-----------------------------|-----------------------------------|--|
| | 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 (000s) | Pct. of Personal Income (4) | Debt Per Capita (5) |
|---------------------------------|---------------------------------------|-----------------------------------|------------------------|
| Revenue Bonds (000s) | | | |
| 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) | | | | | | | | |
|-------------------------------------|---------------------------------------|--|--|--|-----------------|---|------------------------|--|
| Fiscal Year | General Obligation Bonds (000s) | Lease Revenue Bonds (2)(5) (000s) | Certificates of Participation (000s) | State Literary Fund Loans (000s) | Total (000s) | Pct. of Actual Taxable Value of Real Property (3) | Debt Per Capita (4) | |
| 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) | <u>2,575,596</u> | <u>2,734,135</u> | <u>2,554,051</u> | <u>2,318,699</u> | <u>2,131,273</u> |
| Self-imposed debt margin | <u>\$ 3,938,161</u> | <u>\$ 3,586,443</u> | <u>3,554,605</u> | <u>4,361,447</u> | <u>5,223,095</u> |
| 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% |
| <i>Debt Margin Calculation for Fiscal Year 2013:</i> | | | | | |
| 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) | <u>289,714</u> | <u>288,302</u> | <u>285,551</u> | <u>277,370</u> | <u>276,105</u> |
| Self-imposed debt service margin | <u>\$ 63,615</u> | <u>53,552</u> | <u>48,939</u> | <u>53,525</u> | <u>59,259</u> |
| 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 |
| 28.77% | 28.98% | 33.73% | 40.38% | 41.96% | Total debt applicable to limit as a percentage of debt limit |
| 0.86% | 0.87% | 1.01% | 1.21% | 1.26% | Total debt applicable to limit as a percentage of 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 |
| 80.56% | 78.57% | 78.86% | 80.23% | 82.09% | Total debt service requirements applicable to limit as a percentage of the debt service limit |
| 8.06% | 7.86% | 7.89% | 8.02% | 8.21% | Total debt service requirements applicable to limit as a percentage of annual general fund expenditures and transfers out |

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

| Fiscal Year | 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 ≥ 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 Federal Credit 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 |
| Primary Government: | | | | | |
| 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 |
| Total | 12,302.0 | 12,278.0 | 11,040.0 | 11,183.8 | 11,392.8 |
| Component Units: | | | | | |
| <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 |
| <u>11,334.5</u> | <u>11,323.6</u> | <u>10,999.0</u> | <u>10,739.1</u> | <u>10,662.3</u> | Total |
| | | | | | <u>Component Units:</u> |
| | | | | | <i>Public Schools:</i> |
| <u>22,994.2</u> | <u>22,706.8</u> | <u>22,561.8</u> | <u>22,246.5</u> | <u>21,770.1</u> | Education |
| | | | | | <i>Redevelopment and Housing Authority:</i> |
| <u>238.0</u> | <u>236.0</u> | <u>234.0</u> | <u>234.0</u> | <u>234.0</u> | Community development |
| | | | | | <i>Park Authority:</i> |
| <u>618.0</u> | <u>615.5</u> | <u>611.3</u> | <u>609.7</u> | <u>592.3</u> | Parks, recreation, and cultural |

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

| Function/Program | Fiscal Year | | | | |
|---|-------------|-----------|-----------|-----------|-----------|
| | 2013 | 2012 | 2011 | 2010 | 2009 |
| Primary Government: | | | | | |
| <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> | | | | | |
| Police: | | | | | |
| 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 |
| Sheriff: | | | | | |
| 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 |
| Fire and rescue: | | | | | |
| 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> | | | | | |
| Persons served through Community Services Board programs: | | | | | |
| 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: | | | | | |
| <i>General government administration:</i> | | | | | |
| 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) |
| <i>Judicial administration:</i> | | | | | |
| 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 |
| <i>Public safety:</i> | | | | | |
| 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 |
| <i>Public works:</i> | | | | | |
| 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) |
| <i>Health and welfare:</i> | | | | | |
| 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 | |
| <i>Community development:</i> | | | | | |
| 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 |
| <i>Parks, recreation, and cultural:</i> | | | | | |
| 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 |
| <u>Component Units:</u> | | | | | |
| <i>Public Schools:</i> | | | | | |
| 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 |
| <i>Redevelopment and Housing Authority:</i> | | | | | |
| 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 |
| <i>Park Authority:</i> | | | | | |
| 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 |
| Primary Government: | | | | | |
| <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> | | | | | |
| <i>Police:</i> | | | | | |
| 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 |
| <i>Fire and rescue:</i> | | | | | |
| 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 | |
| <i>Primary Government:</i> | | | | | |
| <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> | | | | | |
| <i>Police:</i> | | | | | |
| 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) |
| <i>Fire and rescue:</i> | | | | | |
| 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 |
| Component Units: | | | | | |
| <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 |

