

County of Fairfax, Virginia

Comprehensive Annual Financial Report



For the Fiscal Year
Ended June 30, 2019



D-Day 75th Anniversary

1944-2019





Front Cover Photographs:

Upper photograph, U.S.S. Herndon, Herndon Historical Society Display

Inside Front Cover Photographs:

Far Left - World War II Memorial Fairfax County, picture taken by Michael Coudert, Intern, Department of Finance

Top Center - U.S.S. Herndon Flag, Herndon Historical Society Display

Far Right - War Dog Monument, picture taken by Michael Coudert

Lower Center - U.S.S. Herndon Ship's Bell, Herndon Historical Society Display

Back Cover Photograph:

Fairfax County Government Center at the 2019 Celebrate Fairfax! Festival, photograph by KPC & Co. Photography

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2019



DEPARTMENT OF FINANCE

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COUNTY OF FAIRFAX, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2019
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Introductory Section

The Introductory Section contains the letter of transmittal, which provides an overview of the County of Fairfax's finances, economic prospects, and achievements. Also, included in this section is the Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association. It is the highest form of recognition in governmental financial reporting.



County of Fairfax, Virginia

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

November 20, 2019

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the County of Fairfax, Virginia (the County) for Fiscal Year (FY) 2019 (July 1, 2018 - June 30, 2019) 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 the County 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 and business affairs.

The following subjects are discussed in this letter:

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

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

ECONOMIC CONDITION AND OUTLOOK

Fairfax County's Gross County Product, adjusted for inflation, increased at a rate of 1.9 percent in calendar year (CY) 2017, with a growth acceleration an estimated 3.3 percent in CY 2018, according to economic forecasting conducted by IHS Markit Ltd. In the beginning of CY 2019, the region's economic performance

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was impacted temporarily by the 35-day partial government shutdown. While the full impact of the shutdown in the long-term is unclear and hard to quantify, it did impact the economy negatively in the short-term as a result of reduced spending by federal workers. Some of the costs were also transferred to local governments. This occurred in the form of higher public assistance expenditures and lower tax revenues. Overall though, by the end of FY 2019, employment had been strong. This was indicative by the County's low unemployment rate, not seasonally adjusted, of 2.4%.

In looking ahead, the current climate indicates FY 2021 to be a challenging budget environment similar to FY 2020. There will continue to be a series of joint meetings between the Board of Supervisors (BOS) and the School Board. To stay abreast of economic conditions, updated projections will be presented and constantly monitored. The inventory of County and School priorities will be refined based on input from the two boards.

Online Resource:

https://www.fairfaxcounty.gov/budget/sites/budget/files/assets/documents/fy2020/adopted/overview/12_multi_year_budget.pdf

The Local Economy

Total employment in Fairfax County increased for a fourth consecutive year in CY 2018. It should be noted, however, the job growth in the Professional and Business Services sector continued to lag slightly behind its peak level in CY 2012. The CY 2018 employment level in this sector was 2,800 jobs less than CY 2012 and was primarily due to the federal sequestration in CY 2013 and CY 2014, with growth averaging less than 1.2 percent annually since then.

Federal procurement spending in the County increased for a third consecutive year, during the federal fiscal period, October 1, 2017, through September 30, 2018. This type of spending has a substantial impact on the local economy, so its continued growth is a positive sign. Total procurement contract awards are 0.4 percent above the previous peak level in FY 2012.

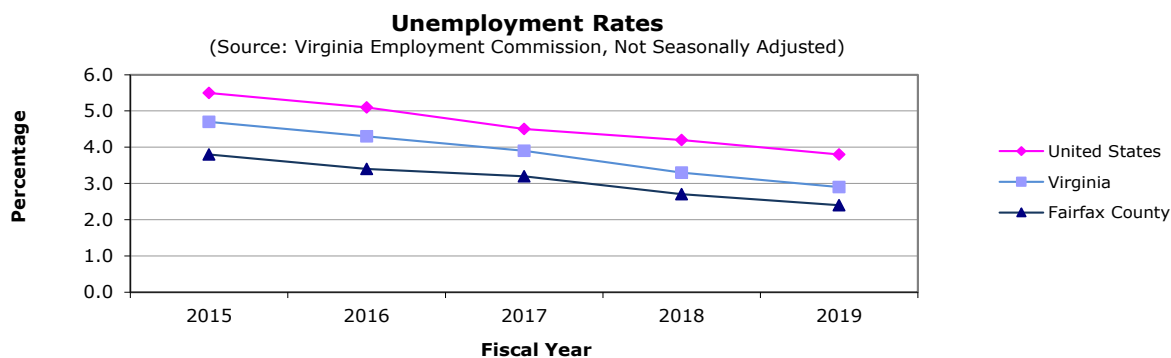
In addition, the two-year, bipartisan federal budget deal signed into law by President Trump in August 2019 raises defense and domestic spending limits for the next two years by about \$100 billion and extends the debt ceiling through July 31, 2021. It should pave the way for a measure of stability for the local economy over the next year.

Business, Professional, and Occupational License (BPOL) and Sales Taxes are two revenue sources that are good indicators of economic activity in the County. BPOL receipts increased 3.0 percent over the previous year, while FY 2019 Sales Tax receipts were up 2.7 percent.

For the commercial real estate market, office vacancy rates continued to decrease. According to the Fairfax County Economic Development Authority (FCEDA), the direct office vacancy rate in the County decreased from 15.5 percent in 2017 to 14.9 percent as of CY-end 2018.

Based on information from the Metropolitan Regional Information System (MRIS), the average sales price of homes sold in Fairfax County rose 1.9 percent in CY 2018. Home prices continued to increase primarily as a result of the tight inventory of homes for sale. Since 2009, the average home sales price has risen 38.7 percent, or an average annual growth of 3.7 percent. MRIS also reported that home sales in Fairfax County decreased by 2.6 percent in CY 2018 compared to CY 2017.

As illustrated on the following chart, Fairfax County's unemployment rates, not seasonally adjusted, have consistently tracked well below both state and national percentages. Fairfax County's unemployment rate was 2.4%. The unemployment rates for the state of Virginia and the United States were 2.9% and 3.8% respectively.



Economic Development

The County's strategy for economic development is to promote a vibrant, diversified business community, while enhancing the commercial tax base, to overcome the County's economic impact resulting from constrained economic federal spending.

The Fairfax County Economic Development Authority (FCEDA) plays a key role in carrying out the economic development activities of the County by promoting the County as a preferred location for business start-up, expansion, relocation and capital investment. The FCEDA provides a wide array of services and information to assist new, expanding and relocating American and international businesses. It maintains offices in six important global technology business centers: Bangalore/Mumbai, India; London, England; Los Angeles; Berlin, Germany; Seoul, South Korea; and Tel Aviv, Israel.

The FCEDA operates under the direction of seven commissioners appointed by the BOS. FCEDA's mission statement is: "to promote the competitive advantages of Fairfax County and influence the growth of a diverse and innovative ecosystem that enhances the tax base, creates demand for commercial space, and supports an extraordinary and equitable quality of life across Fairfax County."

In upholding the diversification of the County's business community, in CY 2018, FCEDA assisted 43 foreign-owned businesses with their expansions in the County. There are 437 foreign-owned firms from 46 countries located in Fairfax County, more such firms than any other jurisdiction in the Washington, D.C. area.

Online Resource: <https://www.fairfaxcountyeda.org/wp-content/uploads/AR18.pdf>

Jobs

During CY 2018, the FCEDA worked with 142 companies adding 8,877 jobs to Fairfax County's economy. The largest corporate announcements were as follows: Appian, an Information Technology (IT) firm, relocated its headquarters from Reston to Tysons and created 600 new jobs; MicroStrategy, an IT firm, added 300 jobs; The St. James, a sports, health and entertainment facility, created 300 jobs; and KPMG, a global financial services firm, added 173 jobs. Companies in a wide range of professional services and information technology sectors dominated the year's announcements. Not only are these companies creating jobs, they are building the commercial tax base that the Board uses to fund high-quality public services essential for the quality of life that more than 1.15 million County residents enjoy.

Of the 142 businesses making job announcements, 99 are U.S.-based. Among the U.S. firms, 13 are minority-owned, woman-owned or veteran-owned companies. Of international businesses, 43 companies with headquarters or parent companies overseas, announced expansions in Fairfax County in CY 2018.

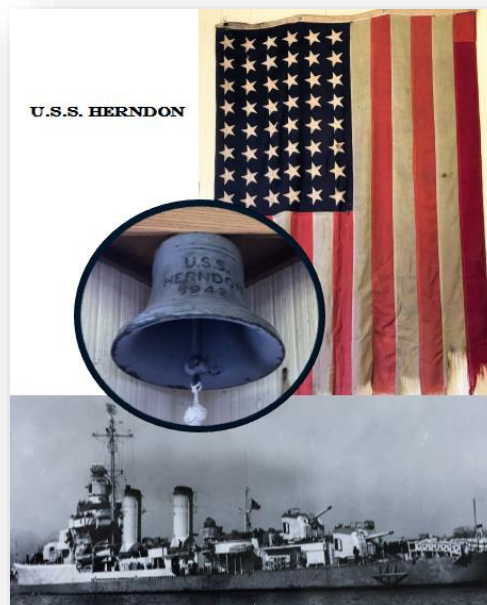
Online Resource: <https://www.fairfaxcountyeda.org/wp-content/uploads/AR18.pdf>

Office Space

The total office space inventory in the County was 118.5 million square feet as of CY-end 2018, making Fairfax County the second-largest suburban office market in the nation. It is also the largest office market in the Commonwealth of Virginia. Industrial/flex inventory in the County is estimated at 38.9 million square feet. As of CY-end 2018, the direct vacancy rates for the office market and industrial/flex markets were 14.9 percent and 7.3 percent, respectively, and represented decreases from the 15.5 percent and 7.8 percent rates from 2017.

Online Resource: <https://www.fairfaxcountyeda.org/wp-content/uploads/AR18.pdf>

MAJOR INITIATIVES AND ACCOMPLISHMENTS



Fairfax County Remembers D-Day and Honors World War II Veterans

The 75th anniversary of D-Day was June 6, 2019, and to honor this important milestone, it was chosen as the cover theme for the FY 2019 CAFR. History buffs may be well aware of the deep history Fairfax County played in the Civil War, but perhaps lesser known are the significant contributions made to the war efforts during World War II (WWII). The following are highlights from the past as well as present honors to those who served.

U.S.S. Herndon

On June 6, 1944, the U.S.S. Herndon was a lead destroyer escort ship for the attack on Omaha Beach. The ship is pictured above along with its bell, showing the year of its launching, and its flag. The ship was named after a Naval Commander, William Lewis Herndon, along with the town of Herndon, Virginia, which is located within the County. The items pictured are on display at the historic Herndon Depot. The U.S.S. Herndon was launched on February 2, 1942. Due to the valiant efforts made during the Omaha Beach assault, the ship and its crew did not sustain any heavy damage, earning the nickname “The Lucky Herndon.”

Online resources: http://www.herndonhistoricalsociety.org/images/HHS_article_U.S.S._Herndon.pdf
[https://en.wikipedia.org/wiki/USS_Herndon_\(DD-638\)](https://en.wikipedia.org/wiki/USS_Herndon_(DD-638))

Herndon High School, Fairfax County Public School

Another event of the 75th D-Day Anniversary included the Herndon High School Marching Band performing in Normandy, France. Herndon High School is a Fairfax County Public School. During the events, each band member carried a photograph of one of the veterans from the U.S.S. Herndon. The picture on the right displays the band, proudly dressed in their uniforms, at the Memorial Concert held at the Brittany American Cemetery on June 6, 2019.



Online resource: <https://www.flickr.com/photos/prideofherndonband/albums/with/72157709181924558>
<https://www.herndonband.org/normandy>

BOS honoring WWII Veterans

On June 4, 2019, the BOS honored the heroic efforts of WWII Veterans who reside in the County. There was a Resolution to recognize the 75th Anniversary of the D-Day invasion and honor the heroic veterans of WWII. The WWII veterans, who were able to attend, were presented with a plaque displaying the BOS' gratitude and respect. On the right is the picture of the WWII Veterans with the BOS. It was taken in the Board Auditorium.



WWII Memorial Fairfax County and War Dog Monument



Located on the grounds of the County Courthouse in the City of Fairfax, VA, is a WWII Memorial commemorating residents who died serving our country. It is the picture on the left. The larger plaque lists the individual names of the soldiers who died in the fight for freedom.

The picture on the right is the War Dog Monument. It is located on the grounds of the Animal Shelter. The monument lists the wars that service dogs assisted and protected U.S. soldiers during the various war efforts.



One Fairfax

One Fairfax is a social and racial equity policy, jointly committed by the BOS and School Board. There is a strong belief equity must exist when delivering programs and services, and making policies, because all residents deserve an equitable opportunity to succeed. Further, equity is recognized as an economic imperative.

Online Resource: <https://www.fairfaxcounty.gov/topics/one-fairfax>



Economic Success Strategic Plan

Reflecting the BOS' Priorities while embracing the County's vision, the Board defined the Strategic Plan to Facilitate the Economic Success of Fairfax County. The plan was initially established in 2015, then updated

in the fall of 2018 and renamed to Economic Success Strategic Plan. The focus is on four fundamental themes: People, Places, Employment, and Governance.



The six goals of the plan are as follows:

1. Further Diversify Our Economy
2. Create Places Where People Want To Be
3. Improve the Speed, Consistency, and Predictability of the Development Review Process
4. Invest in Natural and Physical Infrastructure
5. Achieve Economic Success Through Education and Social Equity
6. Increase Agility of County Government

Online Resource: <https://www.fairfaxcounty.gov/economic-success/>

Fairfax County Strategic Plan



During FY 2019, the County's strategic plan started to take root. Meetings were held with staff and then meetings reached out to the community. The process is designed to have staff and the community "shape the future." The intent is to look over the next decade and address the changing needs of our community while recognizing the fiscally constrained environment.

Online Resource: <http://fairfaxnet.fairfaxcounty.gov/Dept/County/Strategic-Plan/Pages/default.aspx>

Diversion First



Diversion First offers alternatives to incarceration for people with mental illness, co-occurring substance use disorders, or developmental disabilities who come into contact with the criminal justice system for low-level offenses. The goal is to intercede whenever possible to provide assessment, treatment, or needed support, in order to prevent repeated encounters with the criminal justice system and promote a safer community with improved public safety.

The Merrifield Crisis Response Center (MCRC), located at the Fairfax-Falls Church Community Service Board's Merrifield Center, emphasized this need early on. The MCRC is a 24/7 assessment site that allows patrol officers to transfer custody of nonviolent offenders to a Crisis Intervention Team (CIT) trained officer or deputy for a mental evaluation instead of taking them to jail. Over the past fiscal year, first responders in Fairfax County and the Community Services Board worked together to develop and implement a Community Response Team (CRT), whose goal is to intervene and provide customized services focused on providing better outcomes and more efficiently utilizing services to limit the number of "super-users" of these resources.

Diversion First provides opportunities to intervene throughout the criminal justice continuum. Individuals booked into the Adult Detention Center (ADC) are screened with the Brief Jail Mental Health Screening, and inmates at the ADC may receive jail-based services. During the past fiscal year, the Sheriff's Office initiated the Striving to Achieve Recovery (STAR) program, a peer led jail-based addiction recovery program focused on recognizing trauma, identifying triggers, managing stress, and developing social supports. The court system has also seen significant overhaul, including the Supervised Release Program, which provides intensive supervision in the community in lieu of incarceration. Three new specialty dockets now exist: the Veterans Treatment Docket; the Drug Court; and the Mental Health Docket. People who are diverted to one of these dockets participate in a structured process that integrates treatment and court supervision with successful completion potentially resulting in reduced or resolved charges. As momentum for Diversion First continues, efforts are underway to develop a multiagency data system to collection and reporting, and to measure long-term outcomes of diversion. With integrated, cross-system data, the County will be able to

effectively gauge system-wide impact on outcomes related to reduction in incarceration, recidivism and connection to treatment and other supports.

Online Resource: www.fairfaxcounty.gov/topics/diversion-first/

Social Media and Public Safety

The Fairfax County Police Department (FCPD) Media Relations Bureau plays a vital role in the community engagement across all three of FCPD's social media platforms. These social media platforms spread the word quickly throughout the community in such instances as having a critical or endangered missing child or adult. FCPD also uses social media platforms to educate the public on law enforcement and public safety-related topics.



Facebook: 72,163 followers and growing



Twitter: 236,718 followers and growing



Instagram: 9,546 followers and growing

During April of 2019, the FCPD launched the Street Smart program. The primary focus of this program is to enhance the safety of pedestrians and cyclists.

Virginia Task Force 1

Virginia Task Force 1 (VA-TF1/USA-1) is a premier disaster response and humanitarian resource maintained by the Fairfax County Fire and Rescue Department through partnerships with the United States Agency for International Development (USAID), and the Department of Homeland Security (DHS) through the Federal Emergency Management Agency (FEMA).

Nationally, the team deploys as VA-TF1, and, internationally, as USA-1 to natural and man-made disasters on short notice. During FY 2019, Task Force members deployed to help victims affected by Hurricanes Lane, Olivia, Florence, and Michael; Cyclone Idai in Mozambique; and the Venezuela Response in Colombia. The federal government pays the costs for training, equipment, supplies, and personnel. Additionally, Task Force members participated in capacity building and training of other rescue resources around the world.

Online Resource: <https://www.fairfaxcounty.gov/fire-ems/>

Technology Initiatives

The BOS and County Executive are committed to providing the necessary investment to keep pace with emerging trends in Information Technology (IT); providing citizens, the business community, and employees timely and convenient access to information and services through the use of technology; and using current technologies to create new business processes and improve government efficiency.

Technology Strategy

The County's technology strategy is strategic and agile. The strategy includes: leveraging common systems for enterprise-wide use and shared systems among County agencies; workforce mobility which enhances productivity; analytics and business intelligence harnessing the massive amount of data and information in the portfolio of the County's business applications; financial transparency; energy-efficient data centers and enhanced infrastructure resiliency/IT systems recovery; and, information/cyber security.

The County promotes the use of enterprise scale application platforms when business processes cut across County agencies, to have service delivery efficiency and reduction in time-to-market. Multiple County agencies are collaborating on a major strategic initiative to improve the speed, consistency, and predictability of the development review processes, and improve access to data and reporting. This multi-phase initiative will replace and consolidate numerous legacy land use systems supporting zoning and development plan

review, building permit/license issuance, code enforcement, inspection, and cashiering activities. The initiative supports the County's plans to advance economic development and competitiveness, enhance business processes, provide better customer service, and achieve increased reliability in plan review, approval, permitting, and inspections. Another related initiative is the continued digitization of the electronic plans which allows for the submission and review of building plans enabling architects, engineers and construction professionals to submit changes online by marking-up or editing drawings 24 hours a day, 7 days a week from anywhere in the world. Other initiatives such as The Health and Human Services (HHS) Integrative Strategy is designed to harness the enormous amount of data and facilitate efficiency in social and health services client service delivery and improve reporting across many programs. The tax systems modernization initiatives include transformation of the IT platforms, enhanced online self-service capabilities, and improved analytics and reporting capabilities. Lastly, supporting effectiveness in public safety, the Next Generation 9-1-1 (NG911) initiative, is a multi-phase effort to transition the County's core 911 system architecture to a supportable, interoperable and technologically modern platform with text, video, and photographs.

e-Government

The County's Digital/e-Government program is the centerpiece of its nationally recognized technology services portfolio enabling 24/7 online citizen information and services, 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 facilitating County agencies' operational effectiveness goals, such as a mobile workforce and Continuity of Operations.

The web strategy remains consistently ranked in the top five nationally and is recognized for its technology governance and investments model, as well as advances in digital solutions communication with residents, government communities and business, e-services, and incorporation of social media capabilities in County agencies' business tool-kit. This multi-channel platform includes the County's website, Interactive Voice Response (IVR), mobile applications, emergency alerts, podcasts, RSS newsfeeds, moderated discussion sessions, Newswire, specialized blogs, and Fairfax County's presence on social media channels such as YouTube, Facebook, Twitter, and others. For key public engagement tools, there are specialized blogs for County agencies to reach extended audiences. Crowdsourcing and Alert notification allow for enhanced reporting of emergency information to and from the public. Integrated with Customer Relationship Management (CRM) technology, these programs enhance public access/experience and are the cornerstones of the County's goals for delivery of information, services and engagement. The CRM platform was also used to develop an enterprise-wide capability to manage and track Freedom of Information Act (FOIA) requests for responsiveness and timeliness. This application is used by over 30 agencies with over 160 distinct users and has streamlined and improved compliance efforts.

Additional achievements include the 'Government in the Palm of Your Hand' program with mobile applications in areas such as tax transactions and reporting, land-use information, permits and inspections, social services resources, and customer services in public works for improved County efficiency, collections, and response. The County's newly revised Mobile App can be accessed and downloaded through the App Store or by going to the County's website.

Online Resource: <https://www.fairfaxcounty.gov/topics/mobile>



Cloud Services and Cyber Security



Fairfax County has been a leader in developing an enterprise-wide approach for the underlying technology infrastructure, using a centralized open systems architecture and standards that support the needs of all agencies. The architecture includes cloud hosting and co-location services. The County's shared services 'cloud' includes an App Store available for use by all employees. In FY 2019,

transition of the on-premise email and messaging platform to Office 365 was completed, adding significant capacity for email use and storage. Coupled with optimizing the use of productivity suite licensing, this strategy has enhanced delivery of necessary services, better managed growth and optimized existing budgets. The County's IT security infrastructure uses a 'defense in-depth cyber security approach' which includes Next Generation Firewalls, Federated Identity Management, access controls, real-time monitoring and reporting tools, and policy enforcement with an investment strategy that is proactive and allows for new tools and timely processes when needed. The IT security program includes data privacy and in FY 2019, the County enhanced its PCI (Payment Card Industry) Compliance program and the technical profile for e-commerce transactions. The County's network and security strategies facilitate building automation systems environments, support facilities management goals, and also enable furtherance of Wi-Fi services for County sites. The Fairfax County Department Information Technology continues to provide secure remote access capacity for County workers, implementing a top tier mobile device management technology, in addition to providing flexibility and improving worker productivity, as well as supporting County Continuity of Operations (COOP) needs.

Online Resource: <https://www.fairfaxcounty.gov/informationtechnology/it-plan>

Development Initiatives

Tysons

On June 22, 2010, the BOS adopted a new Comprehensive Plan (the Plan) for the Tysons Urban Center (Tysons). The Plan for Tysons is an essential element in the County's strategic efforts to effectively and efficiently manage future growth. The Plan created a vision for the County's largest downtown and was designed to take advantage of the Silver Line extension of the Metrorail transit system. The transformation of Tysons into a walkable, vibrant urban center, expects to support a 2050 population of over 100,000 residents and 200,000 jobs. Tysons is fast becoming a 24-hour place where people live, work, and play.



Monitoring the progress of the Plan is critical to ensuring that the vision for Tysons is achieved. Many of the strategies and milestones for Tysons require the maturation of plans and development; therefore, it is crucial to monitor progress and adjust, as necessary, to achieve intended outcomes. The Plan calls for monitoring performance related to land use and demographics, transportation, environmental stewardship and sustainability, public facilities, and implementation. As part of the monitoring process, the BOS charged County staff with preparing a periodic report on Tysons. The 2018-2019 Progress Report provides monitoring data and updates on the progress of implementing the vision for Tysons contained in the Plan.

Highlights of major accomplishments during the past year are as follows.

- Delivery of three new buildings:
 - Lumen, a 33-story residential building;
 - Boro Tower, a 20-story office building with retail; and
 - Boro Theater, a 3-story building;
- Ten buildings under construction.
- Approval of three major rezoning applications.
- Review and analysis of the Silver Line Metro Rail ridership and other modes of transportation.
- Implementation progress on the Grid of Streets.

A culture of public outreach with a collaborative approach involving stakeholders has been critical in reaching the milestones achieved to date. This approach remains critical to meet all the goals set forth in the Plan for Tysons. The Tysons website serves as primary point of information about Tysons.

Online Resources: <https://www.fairfaxcounty.gov/tysons/annual-report>

Reston Transit Station Areas

In February 2014, the Board adopted an amendment to the Plan establishing the Reston Transit Station Areas (TSAs). The Plan amendment represented a nearly four year planning effort led by a 45-member, Reston Master Plan Special Study Task Force in partnership with County staff. The Plan focuses on future growth around three new Silver Line Metrorail stations: Wiehle-Reston East; Reston Town Center; and Herndon, along the Dulles Airport Access Road in Reston. The new Plan builds upon the foundation established for Reston by its founder, Robert E. Simon, in the 1960s. It capitalizes on the framework originally envisioned for the new town by creating a transit-oriented development strategy that allows for Reston's continued economic and physical growth, while maintaining its legacy of walkability, sustainability, innovation, and inclusiveness.

Since the adoption of the Plan in 2014, the BOS has approved 39 applications resulting in an additional 4.9 million square feet of non-residential development and an additional 11.5 million square feet of residential development within the corridor. These approvals include, approximately, 4.7 million square feet of open space, 1.7 million square feet of park space, and more than \$100 million in proffered contributions to the Reston Road Fund.

Online Resources: <https://www.fairfaxcounty.gov/transportation/projects/silver-line>
<https://www.fcrevite.org/reston-guidelines>
<https://www.fairfaxcounty.gov/planning-zoning/comprehensive-plan/special-planning-areas>

Inova Center for Personalized Health

Inova Health System (Inova) is Northern Virginia's largest hospital system and one of the largest employers in the County. Located adjacent to its already-thriving medical cluster, Inova Fairfax Hospital, Inova is creating a true community campus with five main buildings housing: the Inova Schar Cancer Institute (opened on May 13, 2019); Inova Clinic; Inova Personalized Health Accelerator, Inova Research, Shenandoah University; Research Partnership (University of Virginia, George Mason University, Inova and the Commonwealth of Virginia); and the Conference Center, Inova Sports Medicine and Hitt Center for Healthy Living.

Online Resource: <https://www.inovanewsroom.org/press-release/2019/04/inova-dedicates-inova-schar-cancer-institute-alongside-patients-cancer-survivors-community-supporters-and-elected-officials/>

Capital Project Summary Reports (interactive map)

The Department of Public Works and Environment Services (DPWES) has an interactive map available to the public that provides information on the Capital Project Summary Reports.

Online Resource: <http://fairfaxnet.fairfaxcounty.gov/Dept/DPWES/CAPProjectBook2019/index.html>

Land Development Services

Land Development Services (LDS) stewards the County's land development and building construction codes and regulations, and is committed to improving the speed, consistency and predictability of the development review process. FY 2019 statistics demonstrate the enormous amount of development activity in the County supported by LDS. Customers applied for more than 66,000 building and trade permits and nearly 900 land disturbance permits. LDS received over \$41 million in fees during this same time period. Process improvements continue as the agency works to shorten the overall time to market for development projects in the county. As an example, the overall plan review and processing time from site plan submission to issuance of a building permit has decreased 24%, or four months, between FY 2017 and FY 2019. In FY 2017, this process took 16.75 months; in FY 2019 it took only 12.75 months. Both process improvements and the encouragement of concurrent reviews has facilitated this success. In FY 2019, LDS began reviewing electronic plans (ePlans) for four plan types: new commercial structures, commercial interior alterations, site plans and minor site plans. This major technological shift benefits the customer by allowing simultaneous distribution and review of plans by different reviewing agencies, thus creating a parallel process in place of a linear one. Additionally, ePlans promote better communication and collaboration among all stakeholders, offering real-time status updates and increased transparency. From January to July 2019, customers submitted nearly 400 building and site plans using the ePlans software.

Transportation Improvements

In January 2014, the BOS approved over \$1.4 billion in new transportation projects as part of the County's Transportation Priorities Plan (TPP). The TPP covers FY 2015 - FY 2020 and includes about 220 projects, including new roads, transit projects, sidewalks, and bike facilities. These projects will reduce congestion and improve mobility for those who live, work, do business or travel in the County, while facilitating economic development and providing broader transportation options including bus and rail transit.

At the regional level, the Northern Virginia Transportation Authority (NVTa) recently adopted its FY 2018 - FY 2023 Six Year Program. NVTa's program included funding for several projects in Fairfax County including Richmond Highway Widening (Mt. Vernon Memorial Hwy to Napper Road) - \$127 million; Richmond Highway Bus Rapid Transit (BRT) - \$250 million; Frontier Drive Extension - \$25 million; Route 28 Widening (Route 29 to Prince William County Line) - \$16 million; Richmond Highway/CSX Underpass - \$12 million; Rolling Road (Hunter Village Dr. to Old Keene Mill) - \$11.1 million; Fairfax County Parkway (Ox Road to Lee Highway, including Popes Head Interchange) - \$67 million; Rock Hill Road Bridge - \$20.6 million; and Town of Vienna Mill Street NE Parking Garage - \$2.3 million.

On February 28, 2017, the BOS approved the Reston Transportation Funding Plan. This 40-year plan includes nearly \$2.3 billion in transportation infrastructure improvements. Funding for this plan includes a Reston Transportation Service District, which in addition to an advisory board, was established by the BOS on April 4, 2017. The advisory board provides the BOS with recommendations on the transportation service district tax rate. The advisory board met in spring 2018 to discuss the status of transportation projects and development in Reston, as well as options for the FY 2019 service district tax rate. The BOS set the FY 2019 rate at \$0.021/\$100 of assessed value, and is consistent with the Reston Transportation Funding Plan.

For FY 2020, the Tysons Transportation Service District Advisory Board recommended that the rate stay the same as FY 2019, at \$0.05/\$100 of assessed value. The BOS adopted the FY 2020 budget for the County that included a service district tax rate of \$0.05, which is consistent with the Tysons Transportation Plan adopted by the Board on January 8, 2013.

Metrorail Capital Improvement Projects

The Metro Capital Funding Agreement (CFA), which supports Metro's Capital Improvement Program (CIP), includes funding for maintenance and safety, new rail cars, power upgrades for running eight car trains, and additional buses for operating Priority Corridor Networks. The Washington Area Metro Transit Authority (WMATA) and the member jurisdictions approved three one-year extensions for FY 2017, FY 2018 and FY 2019. A fourth one-year agreement will apply to all jurisdictions for FY 2020. The WMATA Board has started working on the FY 2021 Budget, and discussions will be taking place about whether the region should approve a new long-term agreement or just another extension of the current CFA to allow the purchase of new railcars and other capital projects to continue, as well as the sale of bonds, during FY 2021 and beyond.

I-66 Express Lanes

The County is working closely with Virginia Department of Transportation (VDOT) to implement express toll lanes and other multimodal improvements on I-66, inside and outside, I-495 (Capital Beltway). When express lanes open on I-66 outside the Beltway, the tolling inside the Beltway will increase from High Occupancy Vehicle (HOV) 2+ to 3+. In June 2018, construction began on the eastbound lane, widening between the Dulles Connector Road and Fairfax Drive. A new lane is anticipated to be opened in late 2020. VDOT has selected Express Mobility Partners (EMP) to implement the express lanes and other multimodal improvements on I-66 outside the Beltway to Gainesville (University Boulevard) in Prince William County. EMP will finance, design, build, operate and maintain the project. Improvements will be made to the I-66/Route 28 Interchange, as a part of one of the four FY 2017 key transportation priorities. Design and construction activities are underway, and the project is expected to be completed in 2022.

Route 7 Widening

Route 7 will be widened from the Reston area to the Dulles Toll Road, with VDOT administering the \$314 million fully funded project. This project will improve almost seven miles of Route 7 between Reston Avenue and Jarrett Valley Drive in Fairfax County by widening the road from four to six lanes; adding facilities for cyclists and pedestrians; and making substantial intersection and other improvements along the corridor. Construction began in the spring 2019. Early improvements have been done to Baron Cameron Avenue including a third left-turn lane from Route 7 to Baron Cameron Avenue.

Route 28 Widening

In 2015, Fairfax, Loudoun, and Prince William Counties jointly began construction on Route 28 to relieve traffic congestion. Funding for this project comes from the state transportation tax through the NVTA. \$250 million is being provided to this project over the next several years and it is being implemented by VDOT. In the County, Route 28 was widened on the northbound lanes of Route 28 from McLearen Road to the Dulles Toll Road; while the southbound lanes of Route 28 were widened from the Dulles Toll Road to Route 50. Additional lanes will be added in both directions from the Prince William County border to Route 29, and preliminary engineering is underway.

Fairfax County Parkway Widening

The Fairfax County Parkway will be widened from four to six lanes, from Route 123 to Route 29. In addition, Pope Heads Road intersection will be converted to an interchange. Design work continues on the Popes Head Road interchange.

Richmond Highway Bus Rapid Transit (BRT)

The County is proceeding with implementing a BRT system along the Richmond Highway corridor, from Huntington Metrorail Station to Fort Belvoir. In accordance with the Virginia Department of Rail and Public Transportation (VDRPT) Route 1 Multimodal Transportation Alternatives Analysis, the BRT schedule includes Phase 1 of the project from Huntington Metrorail Station to Hybla Valley, to be completed in 2026, and Phase 2 of the project from Hybla Valley to Fort Belvoir, to be completed in 2028.

Richmond Highway Corridor Improvements

The County is working with VDOT to widen the three-mile section of Route 1 from Jeff Todd Way/Mount Vernon Memorial Highway to Napper Road, from four to six lanes. This Richmond Highway Corridor Improvements project is being administered by VDOT with support from the County. This is the last remaining four-lane section of Richmond Highway between Fort Belvoir and Alexandria. The project will provide continuous pedestrian and bicycle facilities within this three-mile section. The project will also construct a median to accommodate the future BRT system that will be implemented as part of the County's separate Richmond Highway BRT project. The design public hearing was held in March 2019. Construction for the Richmond Highway Corridor Improvements project should begin in 2023 and be completed in 2026.

Jones Branch Connector

The Jones Branch Connector project has been planned to meet the goals of the County in the Tysons area, including the development of a grid of streets that is pedestrian friendly, and to support multimodal forms of transportation. The project will provide an alternative route between Tysons East (Route 123) and West (Jones Branch Drive), bypassing the I-495/Route 123 Interchange. This project will extend and widen the existing Jones Branch Connector that provides access to the I-495 Express Lanes eastward along Scotts Crossing Road, ending at Route 123 adjacent to the McLean Metro Station. The project includes federal, state, and local funding. The total cost estimate for engineering, right of way acquisition, and construction is approximately \$60 million. Total project completion is scheduled for late CY 2019.

Environmental Vision

In the County, environmental impact decisions are guided by the County's policy framework, described in the Board's *Environmental Vision*, first adopted in 2004 and updated in 2017. The document addresses seven core areas: land use; transportation; water; waste management; parks and ecological resources; climate and energy; and environmental stewardship.

Online Resource:

<https://www.fairfaxcounty.gov/environment/environmental-vision>



Office of Environmental and Energy Coordination

In FY 2019, the BOS approved FY 2020 funding to establish an Office of Environmental and Energy Coordination (OEEC). The main purpose of the OEEC is to support a more comprehensive and effective approach to implementing the goals, objectives, and targets of the BOS' policies and goals. These BOS policies and goals include the Environmental Vision, the 2007 Cool Counties Declaration, the 2009 Energy Policy, the County's Comprehensive Plan and the 2018 Fairfax County Operational Energy Strategy. The OEEC's mission is to lead the County's cross-organizational development and implementation of environmental and energy policies, goals, programs and projects, including the upcoming Community-wide Energy and Climate Action Plan (CECAP).

Online Resource: <https://www.fairfaxcounty.gov/environment-energy-coordination/>
<https://www.fairfaxcounty.gov/energy/energy-strategy>

Sustainable County Operations

The BOS policies and goals recognize that environmental quality is essential for everyone living and working in Fairfax County. A healthy environment enhances the quality of life and preserves the vitality that makes the County a special place to live and work. The County's *Sustainability Initiatives* report describes the County's efforts to promote sustainability and protect the environment. It provides an overview of many of the programs and projects carried out by the County and its partners and details significant efforts made over time to reduce the County's operational demand for water and energy through efficiency, conservation, and education.

Online Resource: <https://www.fairfaxcounty.gov/environment/sustainability-initiatives>



Environmental Improvement Program

The Environmental Improvement Program (EIP) supports the BOS Environmental Vision and other environmental and energy policies and goals. The EIP was developed by the County's inter-agency Environment Coordinating Committee (ECC), which helps ensure coordinated action across County departments, agencies, authorities, and schools.



The EIP provides the County Executive and BOS with environmental and energy action-oriented opportunities and initiatives that support the BOS policies and goals. EIP projects are selected based on a formal project selection process supported by the Environmental Quality Advisory Council. EIP projects approved for funding in FY 2019 included several projects proposed by the Fairfax County Park Authority (FCPA), including its Invasive Plant Removal Program and the installation of automated water and heating controls at various unstaffed FCPA facilities, as well as a waste management project to recover unused propane from cylinders that are disposed of as part of the County's Household Hazardous Waste Program.

Online Resource: <https://www.fairfaxcounty.gov/environment/sustainability-initiatives>

Affordable Housing

The mission of the Fairfax County Redevelopment and Housing Authority (FCRHA) focuses on the planning, development, preservation, rehabilitation, financing, and management of housing, primarily for low- and moderate-income households in Fairfax County. As of June 30, 2019, more than 18,000 individuals are served by FCRHA housing programs. The FCRHA, owns and/or operates a total of 3,035 units of multifamily housing, 482 units of independent senior housing, 112 beds of assisted living, and 224 units/beds of specialized housing—including group homes, shelter facilities and a mobile home park with 115 pads.

The preservation of affordable rental housing has long been a concern of the BOS and the 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 value of a “half penny” in FY 2019 was \$12.3 million. A total of 3,473 affordable units have been preserved as of the end of FY 2019 for both homeownership and rental purposes in a variety of large and small projects. Of that number, 252 units are preserved as affordable housing for periods of five years or less, and 3,221 units are preserved for 20 years or longer.

In March 2019, the BOS received the recommendations of the Affordable Housing Resources Panel. The panel is comprised of key stakeholders appointed by the BOS which outline longer-term strategies, tools and policies needed to develop and preserve affordable housing well into the future. These recommendations represent Phase II of the Community-wide Housing Strategic Plan and support a goal of producing a minimum of 5,000 new homes affordable to households earning up to 60 percent of the area median income over the next 15 years; increasing the “Penny for Affordable Housing Fund” by the equivalent of one additional cent on the tax rate; prioritizing the current “half penny” for preservation projects; ensuring no net loss of existing “market affordable” rental apartments; and ensuring housing affordability as a critical element of the Countywide Strategic Plan currently in development.

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 Housing Blueprint, which began in 2010, has four goals: to end homelessness in 10 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 are as follows.

Bridging Affordability Program

The Bridging Affordability program is intended to provide local rental subsidies to individuals and families experiencing homelessness, victims of domestic violence, as well as households currently on the County's affordable housing waiting lists. The program is operated through a consortium of nonprofit organizations. As of the end of June 2019, a total of 611 households have leased through the Bridging Affordability Program. The average income served in the program in FY 2019 was \$19,809.

Affordable Dwelling Unit

The Affordable Dwelling Unit (ADU) program is facilitated by the County's ADU ordinance which requires developers of certain housing developments to set aside up to 12.5 percent of new units as affordable housing, or 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. At the end of FY 2019, a total of 2,807 (1,389 rentals and 1,418 for-sale units) have been produced under the ADU program.

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 the 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. At the end of FY 2019, over 9,326 Workforce Dwelling Units (WDU) were committed by private developers in rezoning actions approved by the Board, and 1,499 (1,477 rentals and 22 for-sale units) have been constructed out of the committed WDUs.

FCRHA Rental Assistance Demonstration (RAD) Program

The FCRHA Rental Assistance Demonstration (RAD) Program gives the FCRHA access to more stable funding from the U.S. Department of Housing and Urban Development (HUD) to make needed improvements to properties. The program makes it easier to borrow money and use low income housing tax credits as well as other forms of financing to help preserve these important affordable housing communities. In FY 2019, renovations were made at several FCRHA-owned properties to include kitchen upgrades at Colchester apartments; water heater replacements and kitchen upgrades at Newington Station; and heating, ventilation and air conditioning equipment upgrades at Waters Edge and Audubon.

Murraygate Village

The rehabilitation of Murraygate Village, located off of the Route 1 corridor of Alexandria in the Lee District, is comprehensive in nature and will promote the long-term sustainability and energy efficiency of the 200-unit, 17-building development. The Property was originally built in 1971, and purchased by FCRHA in 1991. Multiple sources of funding are utilized to fund the renovation including, local funding, tax-exempt bonds, FHA financing and Low-Income Housing Tax Credits. The total project estimate is \$40.9 million.

Wedgewood Apartments

The Wedgewood Apartments complex, built in the 1960's, is a garden-style multifamily rental community located on Little River Turnpike and McWhorter Road in Annandale, Virginia (Mason District). It was purchased by the BOS in 2007 for a purchase price of \$107.5 million. The property sits on approximately 35 acres and consist of 672 units of affordable housing (56 multifamily buildings and 15 rental townhomes). Limited renovations (Wedgewood light) were completed in FY 2019 and came well under the original budget of \$7.4 million.

New Initiatives

North Hill are new affordable housing opportunities made available through the *Virginia Public-Private Education Facilities and Infrastructure Act of 2002 (PPEA)*, Fairfax County and the FCRHA. These housing opportunities are at little, to no cost, for the local County taxpayer. North Hill, a 35-acre vacant lot off of Richmond Highway, in Alexandria, is slated to become a mixed income, affordable and market rate housing community comprised of:

- 279 affordable apartments;
 - 63 affordable independent living units for seniors;
 - 175 market rate townhomes; and
 - 12-acre public park.
- One University property has been in the planning stage since July 2017. The County has worked with members of the community and development partners on plans to redevelop the One University property and create a multi-generational housing development comprised of affordable housing for older adults, student housing for young people attending the nearby George Mason University and multifamily homes. The land use approval process was initiated in FY 2019 and the Low-Income Housing Tax Credit application is to be filed in late FY 2020. The proposed development is expected to include:
- 120 senior housing units;
 - 120 multifamily units;

- 333 student housing units; and
 - A meeting space for the Fairfax County Redevelopment and Housing Authority.
- Senior Housing property development projects in FY 2020 will begin to have the County and the FCRHA engage with residents of the community to advance the land use process on three property development projects that will add nearly 360 units of affordable homes to older adults at Little River Glen IV (Braddock District), Autumn Willow Senior Housing (Springfield District) and Oakwood Senior Housing (Lee District). The FCRHA has been working diligently to progress these projects to this phase (e.g. acquiring land use approval, initiating partnerships, etc.). All these projects are planned to fill a critical need in providing affordable alternatives that will enable older adults the freedom and potential to age in place in the communities where many of them have already contributed so much throughout their lives.

Quality Communities

Fairfax County prides itself on its cultural and natural resources, as well as its many parks and other diverse recreational opportunities and assets.

Parks

The Fairfax County Park Authority (FCPA) sets the standard for park systems across the country. FCPA owns and/or manages 427 parks totaling 23,548 acres of park land, or approximately 9.4% of the land in Fairfax County. FCPA maintains 670 fields Countywide, including 262 park fields and an additional 408 school or non-park fields including dozens of synthetic turf fields. Responsibilities include maintenance and/or operation of 210 playgrounds and 198 open parks, approximately 350 miles of trails, nine indoor recreation centers, eight golf courses (two at Twin Lakes), three lakefront parks, and seven distinctive historic sites available for rent. FCPA facilities offer convenient, healthful and diverse recreational options. Parks are an essential element of life in Fairfax County with nearly 18 million visits each year to enjoy nature, historic sites, trails, sports, fitness, aquatics, programs, classes, events and so much more. Approximately 73% of FCPA landholdings remain in their natural state.

The Park Authority Board adopted the One Fairfax vision, ensuring a new social equity lens through which all projects and programs are now measured. Accessibility is key with 90% of residents living within a half mile proximity to parkland. Community partnerships and collaboration with the Park Foundation resulted in \$811,803 in donations which support camp scholarships, stewardship education, free community performances and outreach programs.

FCPA has adopted several different plans, completed studies and put in place a host of initiatives to prepare for the future. At the core of this effort was the Park Authority Board's adoption of the agency's first Parks and Recreation system master plan. With a ten-year horizon, *The Great Parks, Great Communities Parks and Recreation System Master Plan* is guiding the agency toward meeting expanding and changing community needs, as well as ensuring this agency meets national accreditation standards. FCPA has approved a new Strategic Plan for FY 2019 – FY 2023. This five-year plan provides a roadmap to further community priorities. It also provides a platform for revision of the agency's mission which emphasizes health, equity and inclusion while also reinforcing the Park Authority's longstanding focus on stewardship and recreation.

With its dual mission firmly in place, the FCPA continued to implement its Natural Resource Management Plan (NRMP) and Cultural Resource Management Plan (CRMP). NRMP highlights in FY 2019 included populating a geodatabase model, finalizing a new invasive vegetation management contract, starting ecological restoration projects at five parks, and completing the NRMP update for Huntley Meadows Park.

Under the CRMP, more than 160 development plan reviews were completed, staff conducted countywide archaeological studies in support of other agencies, and strides were made in stewardship education. The

CRMP also includes the growing Resident Curator Program which helps preserve the County's historic buildings by offering long-term leases, without charge, to private citizens or organizations in exchange for their financial commitment to rehabilitate and maintain the property in accordance with established preservation standards.

From a customer service perspective, a new and long-awaited class registration system went live, and several social media platforms and web-based resources and content were updated and expanded to increase communication and public engagement.

Library

More than 400,000 people hold Fairfax County Public Library (FCPL) cards to borrow and download books, conduct in-person and online research, use free library Wi-Fi and computers, and attend events. Unique events and programs in FY 2019 included a Trade School Career Fair, Fix-It Clinics, Food for Fines, Read Away Your Fines, My Perfect Read, Grow with Google Training, Maker Day and many other technology, entertainment, literary and learning opportunities.

In FY 2019 the library introduced children's read-along books, all-in-one items which allow children to listen to and read along with books independently. The library also added 28,000 new, always-available audiobooks to its collection and added four more 3D printers for use by Fairfax County residents. The picture on the right, displays a 3D printer build that occurred in January 2019, at the Tysons-Pimmit Regional Library with funding from a Friends group.



Partnerships with other agencies and FCPS led to the following achievements: thousands of free, energy-saving LED lightbulbs distributed at library branches; the distribution of early literacy backpacks with books and other materials to school age children in County homeless shelters; and the opening of eight "little libraries" in County community centers. The library received grants in FY 2019 from the American Library Association and Google for STEAM programming and coding classes, and it qualified for funding for a mobile STEAM wagon. Library staff won national awards in FY 2019 from the Public Library Association for their positive impact in our community.

In FY 2019, FCPL reviewed all fines and fees assessed on user accounts to remove barriers to library services. As a result of this review, the library has stopped charging processing fees for lost or damaged items, blocking customer accounts for unpaid fees over a year old and charging for guest internet use. Also, during FY 2019, more than 10 million items were borrowed from the library's collection of more than 2 million traditional and digital books, CDs, DVDs, magazines and other items, including thermal cameras and nature backpacks. There were 4.6 million visits to the library's 23 branches and 3 million visits to the library's website. With funding from the Fairfax Library Foundation, the library's early literacy program gave away more than 32,000 books to children and enrolled the 10,000th participant in its 1,000 Books Before Kindergarten program. Also, in FY 2019, the renovated John Marshall Library reopened in October 2018.

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 BOS, which sets policy for the administration of the County. The BOS consists of 10 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 BOS 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 BOS, directs business and administrative procedures, and recommends officers and personnel to be appointed by the BOS.

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 the 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 apply, with certain limitations prescribed by State law. 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

There are 36,271 payroll businesses, including corporate and regional headquarters, information technology firms, sales and marketing offices, and business services located in the 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 are as follows.

- 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 the County’s vibrant business community. The 2018 Inc. 5000 list of the nation’s fastest-growing firms, most of which were in technology and professional services fields, included 122 Fairfax County companies.
- Nine Fairfax County based companies made the 2018 Fortune 500 list including Freddie Mac, General Dynamics, Capital One Financial, Northrop Grumman, Leidos Holdings, Hilton Worldwide, DXC Technology, NVR, and Booz Allen Hamilton.
- Thirty-three Fairfax County firms made the Washington Business Journal’s 2018 list of the 75 fastest-growing companies in the Washington area.
- Six Fairfax County companies were on the 2018 Fortune list of the “100 Best Companies to Work for in the United States.”

Online Resource: <https://www.fairfaxcountyped.org/wp-content/uploads/AR18.pdf>

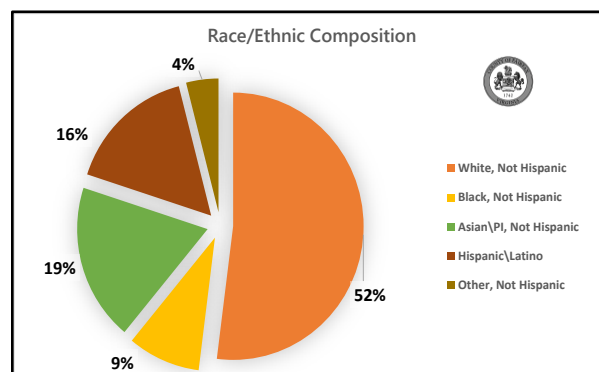
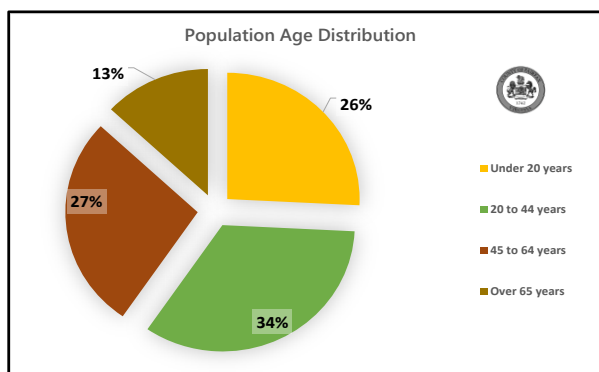
Demographic Information

Based on the latest information from the County’s Department of Management and Budget’s Economic, Demographic and Statistical Research (EDSR) data for 2018, the County’s estimated population was 1.15 million. Approximately 40 percent of all County residents, five years or older spoke a language other than English at home. Fairfax County had approximately 26 percent of its population under the age of 20 years, about 34 percent were between age of 20 – 44 years, approximately 27 percent were between the age of

45 – 64 years and 13 were age 65 years and over. More than 48 percent of the County’s population consisted of racial/ethnic minorities. Additionally, EDSR projects that the population of Fairfax will grow to 1.20 million by the year 2025.

As reported in the 2018 American Community Survey, Fairfax County had an estimated annual median household income of \$122,227, compared to \$72,577 in the Commonwealth of Virginia, and \$61,937 in the United States.

The following charts illustrates the County’s population age distribution and its racial/ethnic composition based on data for 2018.



Online Resources: <https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>
<https://www.fairfaxcounty.gov/demographics/fairfax-county-general-overview>

Public Schools

Fairfax County Public Schools (FCPS) is the 10th largest school division in the U.S. with 198 schools and centers. FCPS serves a diverse student population of more than 188,000 students in grades prekindergarten through 12, speaking over 200 languages. Demographically, 38.5 percent of FCPS students are White, 25.9 percent are Hispanic, 19.6 percent are Asian, 10.0 percent are Black, 5.5 percent are two or more races, 0.2 percent are American Indian, and 0.1 percent are Native Hawaiian, (Source: 2018 Fall Membership by Subgroup as reported in the Virginia Department of Education School Quality Profile).

Nearly 92 percent of FCPS students graduate on time (in four years of high school), and more than 92 percent plan to pursue post-secondary education. FCPS students can take Advanced Placement (AP) or International Baccalaureate (IB) classes in high school; the school system offers the IB middle years program and the IB primary years program in select schools. The Class of 2019 had 254 National Merit Semifinalists.



Thomas Jefferson High School for Science and Technology is a regional magnet Governor’s School for Science and Technology in Northern Virginia. It is ranked number 4 on a national level and ranked number 1 in the Commonwealth of Virginia. The rankings are based on a school’s performance on state-required tests, graduation, and how well they prepare students for college, per *U.S. News and World Report*.

Online Resource: <https://www.fcps.edu/about-fcps>
<https://www.usnews.com/education/best-high-schools/articles/rankings-methodologies>

Colleges and Universities

Higher education plays a critical role in developing a highly skilled and competitive workforce. There are 10 colleges and universities either based or operating in the County. Among the larger institutions are George Mason University (GMU) which is Virginia’s largest public university, and Northern Virginia Community College (NVCC) which is one of the nation’s largest community colleges. GMU is ranked among the top 94

universities in the United States for the 2019 rankings and top 300 in the world. Per Shanghai Ranking consultancy, GMU was one of only four schools in Virginia and four in the Washington region to be included among the 2019 “Academic Rankings of World Universities.” Combined, GMU and NVCC serve over 88,000 students. Additionally, the County is home to satellite campuses for the University of Virginia, and Virginia Polytechnic Institute and State University (Virginia Tech).

Online Resource: <https://www.fairfaxcountyeda.org/publications/colleges-and-universities/>

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. FCPS, FCRHA, FCPA, and FCEDA are reported as discretely presented component units. For additional information regarding the basic financial statements and the County’s financial position, refer to the Management’s Discussion and Analysis section of this report.

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 Cherry Bekaert LLP. In addition to meeting the requirements of the state statutes, the audit was designed to meet the requirements in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 of the Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. 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 auditor’s 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 approval and continuing commitment of the BOS to the *Ten Principles of Sound Financial Management*. These principles, the policy context in which financial decisions are considered and taken, relate primarily to the integration of capital planning, debt planning, cash management, and productivity as a means of ensuring prudent and responsible allocation of the County’s resources. In FY 2016, the principles were reviewed by the Board and have been revised to place additional emphasis on building and maintaining reserves to increase flexibility to deal with both expected and unanticipated events.

The County maintains a self-managed investment program under the direction and oversight of an Investment Committee. The committee is comprised 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 monthly. The County's investment policy is subjected to annual peer review by the Association of Public Treasurers of the United States and Canada.

A summary listing of the Fairfax County *Ten Principles of Sound Financial Management* is as follows:

1. Planning Policy
2. Annual Budget Plans and Reserves
3. Cash Balances
4. Debt Ratios
5. Cash Management
6. Internal Controls
7. Performance Measurement
8. Reducing Duplication
9. Underlying Debt and Moral Obligations
10. Diversified Economy

For the full text of the Fairfax County *Ten Principles of Sound Financial Management*, refer to the link.

Online Resource: <http://www.fairfaxcounty.gov/dmb/ten-principles-of-sound-financial-management.pdf>

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, superior commitment item grouping or project level. Any revisions that alter the total expenditures of any agency or fund must be approved by the Board. The County's budget is adopted by May 15 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 is separate and distinct from the County's Managed Reserve, which was established initially in FY 1983. As part of the adoption of the FY 2016 Adopted Budget Plan, the BOS updated the County's *Ten Principles of Sound Financial Management* to increase the reserve targets for both the Revenue Stabilization Reserve and the Managed Reserve. The target level of the Revenue Stabilization Reserve is five percent of General Fund disbursements, and the target level of the Managed Reserve is four percent of General Fund disbursements. In addition, the Board established a new economic opportunity reserve with a target balance equal to one percent of General Fund disbursements, which will be funded after the Revenue Stabilization Reserve and Managed Reserve are increased to their target levels. This fund will act as a revolving reserve to address opportunities that are identified as priorities of the Board. The total target balance for these three reserves is ten percent of General Fund disbursements. As of June 30, 2019, the Revenue Stabilization Fund and Managed Reserve balances were \$220,603,703 and \$184,890,694 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 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 Office staff.

Debt Administration

The County borrows money primarily 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 the County an AAA rating in October 1978, and the 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 the County's high credit rating include recognized excellence in financial management, superior tax collection rates, low debt ratios, and high income levels. As of January 2019, only 13 of 50 states, 47 of 3,143 counties, and 33 of 19,429 cities in the U.S. had such high bond ratings from all three rating agencies. These high credit ratings enable the 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 J of 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 the County with the Certificate of Achievement for Excellence in Financial Reporting for its CAFR for FY 2018. 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. Since 1977, the County has received a Certificate of Achievement. 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.

Award for Outstanding Achievement in Popular Annual Financial Reporting

GFOA also awarded the County with the Award for Outstanding Achievement in Popular Annual Financial Reporting for the FY 2018 Popular Annual Financial Report (PAFR). The PAFR is designed to offer those with a general interest in the County's financial activities a broad, high-level view of select data from the CAFR, presented in an easily readable format. The GFOA PAFR award program annually recognizes high quality reports that meet the GFOA's criteria for reader appeal, understandability, dissemination and other related requirements.

Park Authority Honored for Excellence in Financial Reporting

FPCA received a Certificate of Achievement for Excellence in Financial Reporting by GFOA for its FY 2018 Comprehensive Annual Financial Report. In recognizing the Park Authority, GFOA noted that they had "satisfied the high standards of the program."

Distinguished Budget Presentation Award

The GFOA has presented the Award for Distinguished Budget Presentation to the County for its annual budget for each year since FY 1985. 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.

International City/County Management Association (ICMA) Award for Performance Measurement

Since 2002, the County has received ICMA's highest award for performance management. In 2018, the County was one of only 29 jurisdictions nationwide to earn this level of recognition for measuring performance and using that data to improve programs and services.

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 1998.

National Association of Counties (NACo) 2019 Achievement Awards

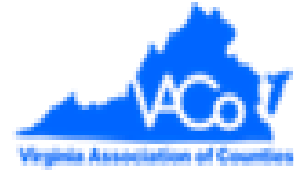
Fairfax County received two National Association of Counties 2019 Achievement Awards, recognizing effective and innovative programs that have a positive impact on local communities.



- **Stream Critter Cube Lab** - The Stream Critter Cube Lab connects students with freshwater ecologists to learn how local scientists determine stream ecosystem health through monitoring the diversity of life found in each stream. It is an easily transportable, low-cost option that teaches real world scientific monitoring techniques. Using an interactive dice game, the students become the citizen scientists to help determine the water quality of an example stream. The goal of the program is to bring a stream to the classroom and teach student scientists about the importance of keeping our water clean for the benthics and for us. The response has been overwhelmingly positive from both teachers and students.
- **Service Gap Analysis Interactive Map: Older Adults** - The Services Gap Analysis Interactive Map of Older Adults and Person with Disabilities assists the County's Long-Term Care Coordinating Council (LTCCC) to identify the needs and promote solutions, to enhance the lives of older adults, adults with disabilities, and caregivers. The application is used as a planning tool, as it allows stakeholders to assess the location and accessibility of current services available to this population relative to where they live in the County, and where they project to live in five years. Within the interactive map, the population data can be visualized by supervisor district, zip code, or elementary,

middle or high school boundaries. There is also the capability to identify services relative to public transportation options. This mapping application can be viewed at the following website.
<http://fairfaxcountygis.maps.arcgis.com/apps/webappviewer/index.html?id=76dfda1d5c0c41da8eae3d3923684146>.

2019 Virginia Association of Counties (VACo) Achievement Award, a competitive program open to local government members of the association, awarded the County three awards. The County has been the recipient of 20 VACo Achievement Awards in the 17-year history of the program.



- **The Next Generation Security Program** – The County’s IT Security program protects businesses and residents' data with regards to taxes, sensitive personal information, business permits, land, critical infrastructure, health and human services and public safety. The Next Generation Security Program is part of the main Cyber Security program.
- **Financial Exploitation Prevention Taskforce** – A collaborative approach has been taken by the Department of Family Services and the Police Department to address financial exploitation and fraud cases of the growing older adult population in the County.
- **Stream Critter Cube Lab** – The description is provided in the NACo award section.

Digital Counties Survey & Technology Awards

The County was ranked in the Top 3 in the Center for Digital Government’s 2018 Digital Counties Survey, as a technological innovator, in the category of jurisdictions with populations greater than 1 million. The County has been in the top ten as a technology innovator for the past 15 years.



Public Technologies, Institute - 2019 Solutions Awards

Fairfax Next Generation Email Security Program - Fairfax County received a 2019 Significant Achievement Award from the Public Technologies Institute for the implementation of a successful email security program utilizing automated email security solutions and practices.



Governor’s Technology Awards

Fairfax County received two Governor's Technology Awards, presented during a ceremony at the Commonwealth of Virginia Innovative Technology Symposium (COVITS) in September 2018. The awards recognize the use of information technology to drive innovation and protect information, specifically for the County's new Freedom of Information Act (FOIA) office and Next Generation Cyber Security Program.

National Association of Government Communicators Recognizes Park Authority

FCPA earned four Blue Pencil and Gold Screen Awards for communications work.

Commission for Accreditation of Park and Recreation Agencies

FCPA earned accreditation for the third time from the Commission for Accreditation of Park and Recreation Agencies, meeting all 151 national standards. It was named a Gold Medal Park Finalist by the National Recreation and Park Association.

Online Resource: <https://www.fairfaxcounty.gov/publicaffairs/awards>

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.

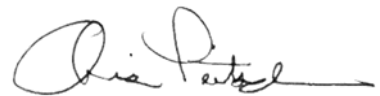
Respectfully,



Bryan J. Hill
County Executive



Joseph M. Mondoro
Chief Financial Officer



Christopher J. Pietsch
Director of Finance



COUNTY OF FAIRFAX, VIRGINIA

Urban County Executive Form of Government
As of June 30, 2019

BOARD OF SUPERVISORS

Sharon S. Bulova, Chairman	At-Large
Penelope A. Gross, Vice Chairman	Mason District
Daniel G. Storck	Mount Vernon District
Linda Q. Smyth	Providence District
Catherine M. Hudgins	Hunter Mill District
Kathy L. Smith	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

Bryan J. Hill

DEPUTY COUNTY EXECUTIVES

Tisha Deeghan

David M. Rohrer

Rachel O'Dwyer Flynn

DEPARTMENT OF MANAGEMENT AND BUDGET

Joseph M. Mondoro, Chief Financial Officer

DEPARTMENT OF FINANCE

Christopher J. Pietsch, Director

DEPARTMENT OF TAX ADMINISTRATION

Jaydeep Doshi, Director

PROCUREMENT AND MATERIAL MANAGEMENT

Cathy A. Muse, Director

OFFICE OF THE COUNTY ATTORNEY

Elizabeth D. Teare, County Attorney

OFFICE OF PUBLIC AFFAIRS

Tony Castrilli, Director

OFFICE OF THE INTERNAL AUDITOR

Sharon A. Pribadi, Director

INDEPENDENT AUDITOR

Cherry Bekaert LLP



INTRODUCTORY SECTION (UNAUDITED)

This report was prepared by:

COUNTY OF FAIRFAX, VIRGINIA
DEPARTMENT OF FINANCE

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Fairfax, Virginia 22035
(703) 324-3120, TTY 711
www.fairfaxcounty.gov

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Christopher J. Pietsch, CPFO, CIA, CBA

DEPUTY DIRECTOR

Deirdre M. Finneran, CPFO

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Amy Wang

With the support and assistance of many others.

Special Thanks to Carl Pagani, Department of Finance.

**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, 2018. 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 41 times 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, 2018

Christopher P. Morill

Executive Director/CEO



Financial Section

The Financial Section includes the independent auditors' report, management's discussion and analysis, basic financial statements, including the accompanying notes, required supplementary information, and other supplementary information.

Report of Independent Auditor

To 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, 2019, 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 accounting principles generally accepted in the United States of America; 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter***Correction of an Error – Fairfax County Park Authority***

As discussed in Note N to the financial statements, the net position and fund balance of the Fairfax County Park Authority, a discretely presented component unit, as of June 30, 2018 has been restated from the previously issued financial statements to reflect the correction of an error. Our opinions are not modified with respect to this matter.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 to 19 and the required supplementary information and notes to the required supplementary information on pages 151 to 167 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.

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 section, and statistical section, as listed in the 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 section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 section is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal controls 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.

A handwritten signature in black ink that reads "Cherry Bekant LLP". The signature is written in a cursive, flowing style.

Tysons Corner, Virginia
November 20, 2019



Management's Discussion and Analysis

The Management's Discussion and Analysis subsection provides a narrative introduction to and overview and analysis of the basic financial statements. It includes a description of the government-wide and fund financial statements, as well as an analysis of the County of Fairfax's overall financial position and results of operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS (*UNAUDITED*)

This section of the County of Fairfax, Virginia's (the County) Comprehensive Annual Financial Report (CAFR) presents our discussion and analysis of the County's financial performance during the fiscal year that ended on June 30, 2019. 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.

- The County's assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$854.7 million on a government-wide basis at June 30, 2019.
- For the fiscal year, taxes and other revenues of the County's governmental activities amounted to \$5,068.8 million. Expenses amounted to \$4,900.5 million.
- For the fiscal year, revenues of the County's business-type activities were \$237.0 million, and expenses were \$188.7 million.

Highlights for Fund Financial Statements

The fund financial statements provide detailed information about the County's most significant funds using the current financial resources measurement focus and modified accrual basis of accounting.

- The County's governmental funds reported an increase in fund balance of \$84.1 million for fiscal year 2019, compared to an increase of \$71.4 million for fiscal year 2018.
- The County's General Fund reported a fund balance of \$534.8 million, an increase of \$56.0 million, or 11.7 percent, as of June 30, 2018.

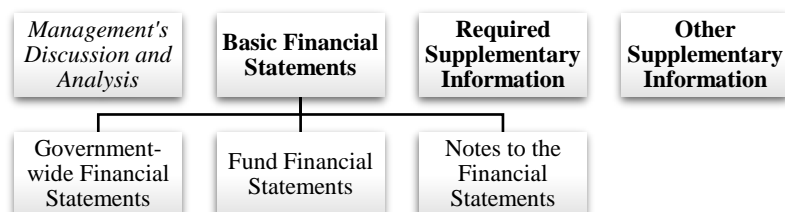
General Financial Highlights

- In February 2019, the County issued \$224.8 million of Series 2019A General Obligation Public Improvement Bonds and Refunding Bonds. Of this total, \$214.7 million are being used to finance school, park, road, and other County improvements, and \$10.1 million were used to refund a certain outstanding maturity of Series 2009A Bonds in order to save \$0.3 million in future debt service payments, with \$0.2 million net present value.
- In February 2019, the County issued \$44.9 million of Series 2019B Taxable General Obligation Public Improvement Refunding Bonds to advance refund certain outstanding maturities of Series 2013A in order to save \$4.0 million of future debt service payments, with a \$3.3 million net present value.
- In April 2019, the Economic Development Authority issued \$18.1 million of Revenue Refunding Bonds (Six Public Facilities Projects) Series 2019A to current refund the outstanding maturities of the 2010 Economic Development Authority Revenue Bonds in order to save \$2.5 million of future debt service payments, with a \$2.2 million net present value.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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



The statements and notes are followed by required supplementary information that contains the budgetary comparison schedule for the General Fund and trend data pertaining to the retirement systems. In addition to these required elements, the County includes other supplementary information with combining and individual fund statements to provide details about the governmental, internal service, fiduciary funds, 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 it has 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, 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 tables below and on the following page present a Summary of Net Position for the reporting entity as of June 30, 2019 and 2018:

Summary of Net Position As of June 30 (\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and other assets	\$ 5,900.9	\$ 5,666.5	\$ 262.2	\$ 271.4	\$ 6,163.1	\$ 5,937.9
Capital assets (net)	2,977.9	2,866.9	1,601.4	1,569.6	4,579.3	4,436.5
Total assets	8,878.8	8,533.4	1,863.6	1,841.0	10,742.4	10,374.4
Deferred outflow of resources:	673.6	667.3	34.5	35.9	708.1	703.2
Liabilities:						
Current liabilities	368.6	351.5	28.4	26.5	397.0	378.0
Long-term liabilities	5,841.2	5,756.2	660.1	688.0	6,501.3	6,444.3
Total liabilities	6,209.8	6,107.7	688.5	714.5	6,898.3	6,822.3
Deferred inflow of resources:	3,692.1	3,610.8	5.40	6.4	3,697.5	3,617.2
Net position:						
Net investment in capital assets	2,213.7	2,070.9	1,065.1	1,038.4	3,278.8	3,109.2
Restricted	475.4	456.3	19.4	18.2	494.8	474.5
Unrestricted (deficit)	(3,038.6)	(3,045.0)	119.7	99.4	(2,918.9)	(2,945.6)
Net position	\$ (349.5)	\$ (517.8)	\$ 1,204.2	\$ 1,156.0	\$ 854.7	\$ 638.1

Summary of Net Position- continued As of June 30 (\$ in millions)								
	Total Primary Government		Component Units		Reclassifications*		Total Reporting Entity	
	2019	2018	2019	2018**	2019	2018	2019	2018**
Assets:								
Current and other assets	\$ 6,163.1	5,937.9	\$ 772.4	\$ 657.7	\$ -	\$ -	\$ 6,935.5	\$ 6,595.6
Capital assets (net)	4,579.3	4,436.5	3,374.5	3,277.8	-	-	7,953.8	7,714.3
Total assets	10,742.4	10,374.4	4,146.9	3,935.5	-	-	14,889.3	14,309.9
Deferred outflow of resources:	708.1	703.2	790.3	870.3	-	-	1,498.4	1,573.5
Liabilities:								
Current liabilities	397.0	378.0	221.0	166.5	-	-	618.0	544.5
Long-term liabilities	6,501.3	6,444.3	4,188.8	4,306.7	-	-	10,690.1	10,751.0
Total liabilities	6,898.3	6,822.3	4,409.8	4,473.2	-	-	11,308.1	11,295.5
Deferred inflow of resources:	3,697.5	3,617.2	525.0	596.5	-	-	4,222.5	4,213.7
Net position:								
Net investment in capital assets	3,278.8	3,109.2	3,222.6	3,121.3	(1,667.4)	(1,635.7)	4,834.0	4,594.8
Restricted	494.8	474.5	117.9	127.6	(47.7)	(90.6)	565.0	511.5
Unrestricted (deficit)	(2,918.9)	(2,945.6)	(3,338.1)	(3,512.8)	1,715.1	1,726.3	(4,541.9)	(4,732.1)
Net position	\$ 854.7	638.1	\$ 2.4	\$ (263.9)	\$ -	\$ -	\$ 857.1	\$ 374.2

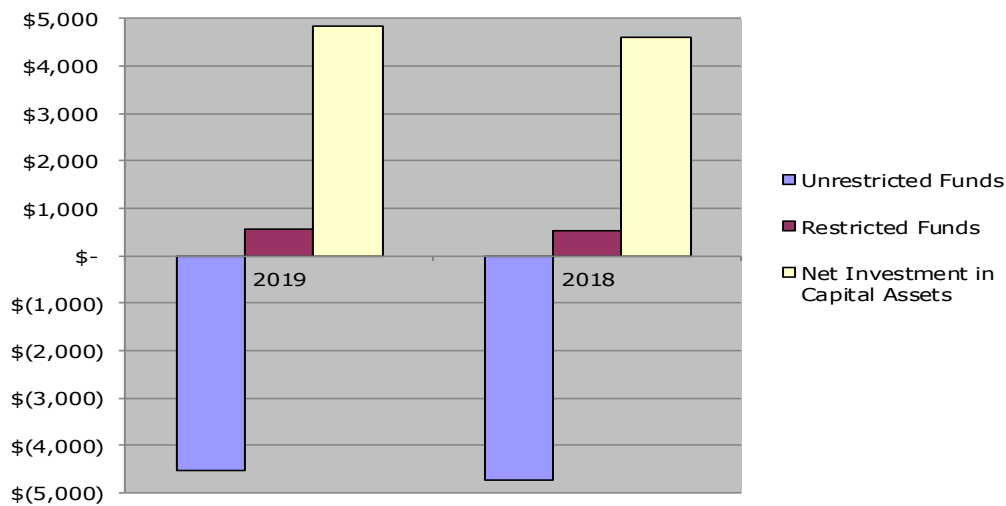
*Reclassification represents County issued debt for Schools and Parks facilities. See Note A - 13 for more information.

**Fiscal Year 2018 amounts restated due to recognition of unearned revenue related to classes paid in FY2018, but rendered FY2019. See Note N 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. The Governmental Accounting Standards Board (GASB) Statement 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 result is that debt financed assets are presented on the books for the component units while the associated debt resides on the books of the primary government. 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. Consequently, the net position of the total financial reporting entity best represents the financial position.

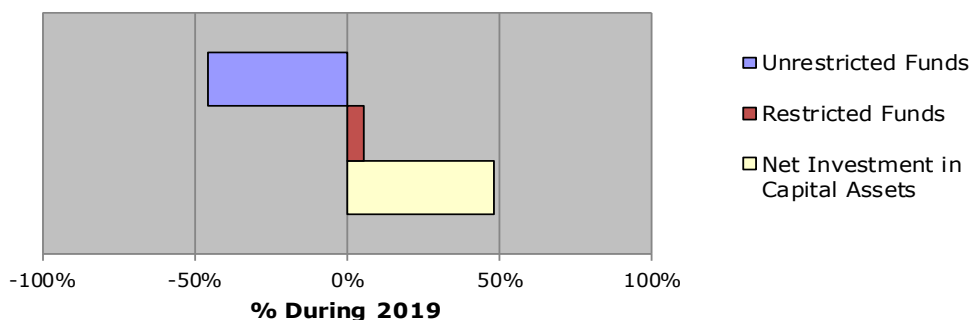
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the reporting entity, assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$857.1 million at the end of fiscal year 2019, representing an increase of \$482.9 million from the net position at June 30, 2018, as shown above. The significant increase in fiscal year 2019 net position was due to the rise in real property tax collections and charges for services, as well as capital asset growth.

**Composition of Net Position of the Reporting Entity
As of June 30
(\$ in millions)**



As shown below, 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 followed closely by unrestricted. 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 is restricted for various uses, some of which include transportation (\$409.3 million), grant programs (\$96.4 million), housing (\$27.2 million), and community centers (\$12.1 million). The balance of net position that is 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**



Statement of Activities

The following table summarizes the changes in Net Position for the primary government for the fiscal years ended June 30, 2019 and 2018:

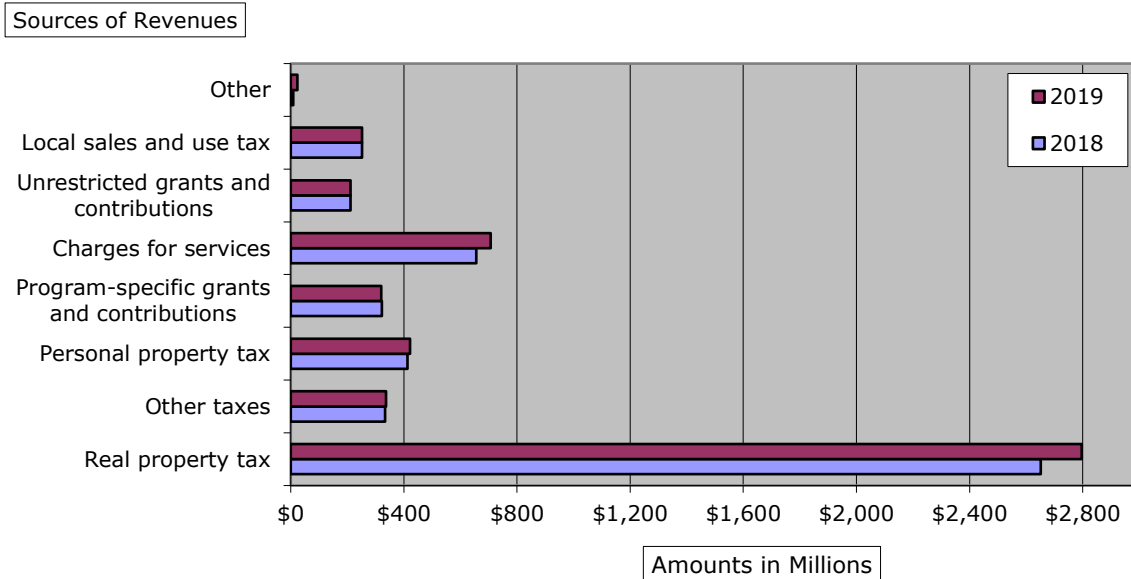
Summary of Changes in Net Position For the Fiscal Years Ended June 30 (\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 706.3	\$ 655.8	\$ 232.4	\$ 225.7	\$ 938.7	\$ 881.5
Operating grants and contributions	274.3	273.0	-	-	274.3	273.0
Capital grants and contributions	45.9	49.3	0.9	7.7	46.8	57.0
General revenues:						
Real property tax	2,796.6	2,652.3	-	-	2,796.6	2,652.3
Personal property tax	421.7	412.3	-	-	421.7	412.3
Business licenses tax	170.1	167.8	-	-	170.1	167.8
Local sales and use tax	252.3	252.0	-	-	252.3	252.0
Consumers utility tax	107.3	104.8	-	-	107.3	104.8
Other taxes	59.4	60.6	-	-	59.4	60.6
Unrestricted grants and contributions	211.4	211.4	-	-	211.4	211.4
Revenue from the use of money	23.5	9.0	3.7	2.5	27.2	11.5
Total revenues	5,068.8	4,848.3	237.0	235.9	5,305.8	5,084.2
Expenses:						
General government administration	200.3	191.0	-	-	200.3	191.0
Judicial administration	65.3	64.0	-	-	65.3	64.0
Public safety	780.4	783.3	-	-	780.4	783.3
Public works	251.7	255.8	188.7	188.2	440.4	444.1
Health and welfare	660.9	641.6	-	-	660.9	641.6
Community development	442.8	553.9	-	-	442.8	553.9
Parks, recreation, and cultural	133.5	132.4	-	-	133.5	132.4
Education	2,251.6	2,139.2	-	-	2,251.6	2,139.2
Interest on long-term debt *	114.0	113.3	-	-	114.0	113.3
Total expenses	4,900.5	4,874.5	188.7	188.2	5,089.2	5,062.8
Increase (decrease) in net position	168.3	(26.2)	48.3	47.7	216.6	21.4
Beginning net position	(517.8)	(491.6)	1,155.9	1,108.3	638.1	616.7
Ending net position	\$ (349.5)	\$ (517.8)	\$ 1,204.2	\$ 1,156.0	\$ 854.7	\$ 638.1

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

Governmental Activities

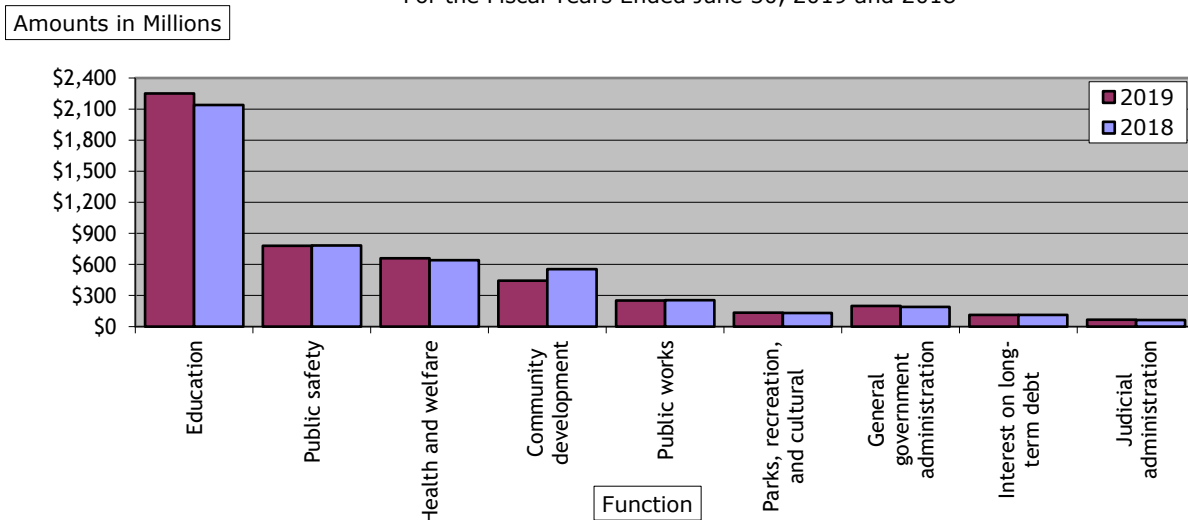
Revenue for the County's governmental activities was \$5,068.8 million for fiscal year 2019, representing an increase of \$220.5 million over fiscal year 2018. Sources of revenue for fiscal years 2019 and 2018 are shown below:

Governmental Activities - Revenues by Source
For the Fiscal Years Ended June 30, 2019 and 2018



Taxes constitute the largest source of County revenues, amounting to \$3,807.4 million for fiscal year 2019, an increase of \$157.6 million over fiscal year 2018, primarily due to real property taxes. Real property taxes (\$2,796.6 million) represent 73.5 percent of total taxes and over half of all revenues combined. The real estate base tax rate increased in fiscal year 2019, as well as the real estate assessments, resulting in the increased revenue. Unrestricted grants and contributions include \$211.4 million in revenue 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, 2019 and 2018



The total cost of all of the County's governmental activities for fiscal year 2019 was \$4,900.5 million, representing an increase of \$26.0 million over fiscal year 2018. As the chart below indicates, education continues to be the County's largest program. Education totaled \$2.3 billion in fiscal year 2019, an increase of \$112.4 million over fiscal year 2018, and support school operations and to service debt for bond-funded projects to build new schools and renew older facilities. Community development decreased by \$111.1 million in total cost of services compared to fiscal year 2018. A significant portion of this arises from the completion of major transportation projects and the TIFIA loan being fully drawn in fiscal year 2019.

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

Some of the cost of governmental activities was paid by those who directly benefited from the programs, these costs totaled \$706.3 million. Other governments and organizations subsidized certain programs with grants and contributions totaling \$320.2 million. Of the \$3,874.0 million net cost of services, the amount that taxpayers paid for these programs through County taxes was \$3,807.4 million.

Net Cost of County's Governmental Activities For the Fiscal Years Ended June 30 (\$ in millions)				
Functions/Programs	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
Education	\$ 2,251.6	2,139.2	\$ 2,251.5	2,139.1
Public safety	780.4	783.3	656.3	660.9
Health and welfare	660.9	641.6	404.0	402.8
Community development	442.8	553.9	150.1	265.6
Public works	251.7	255.8	56.1	80.3
General government administration	200.3	191.0	99.0	92.4
Other	312.8	309.8	257.0	255.1
Total	\$ 4,900.5	4,874.6	\$ 3,874.0	3,896.2

Business-type Activities

The Sewer System recovers its costs primarily through user service charges and availability fees. For fiscal year 2019, the Sewer System reported an increase in net position of \$48.3 million. Total revenues of the Sewer System increased \$1.1 million from fiscal year 2018. This increase was primarily the result of an increase in the sewer base charges.

Total expenses of the Sewer System for fiscal year 2019 were \$188.7 million, increasing by \$0.5 million from fiscal year 2018. This increase was primarily the result of increases in personnel services and materials and supplies.

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, 2019, the County's governmental funds had a combined fund balance of \$1,670.5 million, compared with \$1,586.3 million at June 30, 2018. Of the fiscal year 2019 fund balance, \$27.9 million is assigned in the General Fund, indicating that it is not available for new spending as it has been allocated for items such as existing purchase orders, construction contracts and loan repayments. Approximately 10.0 percent (\$53.4 million) of the total 2019 General Fund balance is unassigned, representing resources not associated with a specified purpose. With regards to the nonmajor fund balance, as a portion of the total governmental funds fund balance, 68.0 percent (\$1,135.3 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 0.21 percent (\$3.5 million) of the total fund balance. At June 30, 2019, \$405.5 million of the General Fund's committed fund balance of \$450.4 million is designated for the managed reserve and revenue stabilization fund based on fiscal year 2019 actuals.

For the fiscal year ended June 30, 2019, fund balances for all governmental funds increased by \$84.1 million, compared with the \$71.3 million increase for fiscal year ended June 30, 2018. Total revenues and other financing sources were \$6,110.5 million, total expenditures and other financing uses were \$6,026.4 million, resulting in the increase to the fund balances. Although total revenues were less than expenditures in fiscal year 2019, the total other financing sources and uses exceeded the deficiency of revenues over expenditures. In comparison to fiscal year 2018, total revenues increased by \$231.3 million mainly due to the rise in real estate assessments, real estate tax rate, and interest income. Expenditures increased by \$153.9 million compared to fiscal year 2018 due to a combination of increases in employee pay and the funding provided to FCPS.

The General Fund is the main operating fund of the County. At the end of the current fiscal year, the unassigned fund balance was \$53.4 million, which represents approximately 1.44 percent of the General Fund's total expenditures. Revenues of \$4,349.7 million, less expenditures of \$3,698.7 million and other financing uses of \$595.1 million, resulted in a net increase in fund balance of \$56.0 million. This increase was primarily attributed to both the rise in real estate assessments and an increase in the real estate tax rate from \$1.13 to \$1.15.

In addition to revenue stabilization, managed reserve and other reserves specifically identified in the General Fund, the County has, as a result of policy decisions, established reserves in other funds which are available to allow the County to respond to both anticipated and unforeseen events. The practice of identifying these reserves in multiple funds has been in place for many years. These reserves are identified in the County's Internal Service Funds and certain Special Revenue Funds, such as the Fairfax-Falls Church Community Services Board that receive the majority of their funding from the General Fund. These balances total approximately 16.6 percent of total General Fund receipts (including revenues and transfers from other funds) as shown in the table on the following page.

Fund Reserves	
For the Fiscal Years Ended June 30, 2019	
(\$ in millions)	
General fund committed reserves ⁽¹⁾ :	
Revenue stabilization fund reserve	\$ 220.6
Managed reserve	184.9
Information Technology and others	44.9
Total committed	450.4
General fund assigned reserves (encumbrances)	27.9
General fund unassigned reserves	53.4
General fund supported reserves ⁽²⁾ :	
Community services board	26.4
Internal service fund reserves ⁽³⁾ :	
Vehicle related reserves	54.4
Technology related reserves	16.1
Self insurance reserves	95.7
Total reserves funded by and available to the general fund	724.3
General fund revenues and transfers in ⁽⁴⁾ :	
General fund revenues	4,349.7
Transfers in	6.8
Total general fund revenues and transfers in	\$ 4,356.5
Total available reserves as % of general fund revenues	16.6%

⁽¹⁾ Exhibit A-2⁽³⁾ Exhibit G⁽²⁾ Exhibit D⁽⁴⁾ Exhibit A-3

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 \$118.0 million or 2.8 percent. This increase is due primarily to the carryover of prior-year commitments. The final amended budget revenues and transfers were more than the original budget by a net of \$42.6 million or 1.0 percent, primarily due to higher than projected Real Estate Tax receipts, Other Local Taxes, Permits, Fees, and Regulatory Licenses, Revenues from the Use of Money/Property, Charges for Services, and Intergovernmental revenue.

Actual revenues exceeded final budget amounts by \$17.6 million, while actual expenditures were \$81.3 million less than final budget amounts. Highlights of the comparison of final budget to actual figures for the fiscal year ended June 30, 2019, include the following:

- Tax revenues exceeded budgeted amounts by \$8.2 million. The increase is a combination of increases in Real Estate Taxes and Recordation/Deed of Conveyance Taxes.
- Intergovernmental revenue was \$3.2 million more than budgeted amounts primarily associated with reimbursable expenditures for various public assistance programs.

- General government administration expenditures were \$8.8 million, or 7.0 percent less, than budgeted amounts as a result of managing position vacancies and encumbrances carried forward to the next fiscal year.
- Public safety expenditures were \$18.5 million, or 3.5 percent, less than budgeted amounts mainly as a result of savings associated with managing position vacancies and encumbrances carried forward to the next fiscal year.
- Health and welfare expenditures were \$20.4 million, or 6.0 percent, less than budgeted amounts due to managing position vacancies, lower than anticipated costs in the Department of Family Services and the Health Department, and encumbrances carried forward to the next fiscal year.
- Nondepartmental expenditures were \$22.1 million, or 5.5 percent, less than budgeted amounts primarily due to savings in employer contributions to group health insurance and three County Retirement Systems.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The County's investment in capital assets as of June 30, 2019, amounted to \$4.6 billion, which represents an increase of \$142.8 million, or 3.2 percent, over last year. Capital assets as of June 30, 2019 and 2018, are summarized below:

Capital Assets As of June 30 (\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Land and easements	\$ 436.2	439.5	\$ 18.0	18.0	\$ 454.2	457.5
Buildings, improvements, and infrastructure	2,908.0	2,824.1	1,462.3	1,439.7	4,370.3	4,263.8
Software	129.0	123.9	-	-	129.0	123.9
Vehicles, equipment and library collections	612.4	588.0	14.2	14.8	626.6	602.8
Construction in progress	419.1	318.1	177.6	122.8	596.7	440.9
Equipment under construction	34.2	26.4	-	-	34.2	26.4
Software in development	30.7	16.8	-	-	30.7	16.8
Purchased capacity	-	-	1,088.8	1,070.4	1,088.8	1,070.4
Total capital assets	4,569.6	4,336.8	2,760.9	2,665.7	7,330.5	7,002.5
Less: Accumulated depreciation and amortization	(1,591.7)	(1,469.8)	(1,159.5)	(1,096.2)	(2,751.2)	(2,566.0)
Total capital assets, net	\$ 2,977.9	2,867.0	\$ 1,601.4	1,569.5	\$ 4,579.3	4,436.5

The major capital asset activities for fiscal year 2019 included the following:

- Developers' contributions of sewer lines and manholes totaled \$0.7 million; contributions of stormwater and pedestrian walkway related totaled \$11.2 million.
- The purchase of library books and audio/video materials totaled \$3.2 million, funded through general operating revenues.
- Improvements to transportation, including bus and rail service, totaled \$3.0 million.

- Expenditures related to construction of the Herndon and Innovation Metrorail Parking Facility, Huntington Flood Mitigation, Lewinsville Redevelopment and Bailey's Homeless Shelter were \$61.1 million, \$6.4 million, \$5.4 million and \$6.4 million, respectively.
- The Sewer System's share of the upgrade and operating costs of the Noman Cole Treatment Plant Renovation, totaled \$50.8 million.
- Software in development designed for improving general government administration functions increased by \$13.9 million.

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

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 \$1.5 billion of general obligation bond sales over a five-year period, for an average of \$300 million annually, with a maximum of \$325 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 3.00 percent of the total market value of taxable real and personal property in the County and that annual debt service payments not exceed 10.00 percent of annual General Fund expenditures and transfers out. For fiscal year 2019, these percentages were 1.09 percent and 8.03 percent, respectively.

In February 2019, the County issued \$224.8 million of Series 2019A General Obligation Public Improvement and Refunding Bonds with a true interest cost of 2.90 percent and a premium of \$33.5 million. Proceeds of \$214.7 million are being used to fund new facilities and improvements, as follows (in millions):

County facilities:	
Transportation Improvements.....	\$ 6.8
Public safety facilities.....	4.3
Other purposes	7.0
Park facilities	19.9
Transportation facilities	20.5
Public Schools facilities.....	<u>156.2</u>
Total bonds issued for new projects.....	<u>\$214.7</u>

In February 2019, the County issued \$44.9 million of Series 2019B Taxable General Obligation Public Improvement Refunding Bonds to advance refund certain outstanding maturities of Series 2013A in order to save \$4.0 in future debt service payments, with a \$3.3 million net present value.

In April 2019, the Economic Development Authority issued \$18.1 million of Revenue Refunding Bonds (Six Public Facilities) Series 2019 in order to save \$2.5 million in future debt service payments with a \$2.2 million net present value.

The following is a summary of the County's gross outstanding long-term debt as of June 30, 2019 and 2018:

Outstanding Long-term Debt As of June 30 (\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
General obligation bonds issued for:						
County facilities	\$ 832.9	847.1	\$ -	-	\$ 832.9	847.1
Public Schools facilities	1,435.2	1,403.8	-	-	1,435.2	1,403.8
Revenue bonds	780.8	826.0	-	-	780.8	826.0
Sewer revenue bonds	-	-	571.0	598.1	571.0	598.1
Notes payable and other	464.7	394.5	-	-	464.7	394.5
Total County outstanding debt	\$ 3,513.6	3,471.4	\$ 571.0	598.1	\$ 4,084.6	4,069.5

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following economic factors are reflected in the General Fund budget for fiscal year 2020:

- The assessed value of all real property increased by \$8.9 billion, or 3.60 percent, over the fiscal year 2019 value. This resulted from a moderate increase in existing non-residential property values.
- Equalized residential property assessments increased 2.36 percent and non-residential equalization increased 2.71 percent for fiscal year 2020. Existing residential property values have remained positive in each of the last seven years indicating the continued stabilization of the residential housing market.
- Personal property tax revenue is projected to increase 1.30 percent in fiscal year 2020 over the fiscal year 2019 revised budget. The total vehicle volume is forecasted to remain essentially level in 2020.

The fiscal year 2020 Adopted Budget includes revenues of \$4.46 billion, or a 3.07 percent increase over the fiscal year 2019 Revised Budget Plan. Real and personal property taxes represent the majority of budgeted revenues, comprising approximately 79.20 percent of the fiscal year 2020 General Fund revenues. Revenue from real property taxes alone makes up 64.80 percent of total revenues, as compared with approximately 64.60 percent in the fiscal year 2019 Adopted Budget.

Budgeted disbursements, which include expenditures and transfers out, total \$4.45 billion, a 1.15 percent increase from the fiscal year 2019 Revised Budget Plan. County funding for Public Schools is \$2.35 billion which is approximately 52.80 percent of the County's total General Fund budget. This funding supports operating costs, school construction, and debt service. Total direct expenditure funding increased by \$16.6 million, or 1.01 percent, over fiscal year 2019.

The following tax rates and fees were approved for fiscal year 2020:

- Real estate tax rate remains the same at \$1.15 per \$100 of assessed value.
- Commercial real estate tax rate for County transportation projects remains at \$0.125 per \$100 of assessed value, levied on commercial and industrial properties.
- Special tax rate for the Dulles Rail Phase I Transportation Improvement District decreases, from \$0.13 to \$0.11 per \$100 of assessed value, levied on commercial and industrial properties in the district. Dulles Rail Phase II remains at \$0.20 per \$100 of assessed value.
- Special real estate tax rate collected on all properties within Small District 1, Dranesville, for the McLean Community Center remains at \$0.023 per \$100 of assessed value, and the rate collected on all properties within Small District 5, Hunter Mill, for the Reston Community Center remains at \$0.047 per \$100 assessed value.
- The Sewer Service rate increases from \$7.00 to \$7.28 per 1,000 gallons of water consumption and the Sewer Availability Charge for new single family homes increases from \$8,100 to \$8,340 per unit. The Sewer Base Charge increases from \$27.62 to \$30.38 per quarter.
- Refuse collection rate for County collection sanitation districts increases from \$350 to \$385 per household and the refuse disposal rate increases from \$66 to \$68 per ton.
- The Stormwater Services rate remains the same at \$0.0325 per \$100 of assessed value.
- Special real estate tax rate collected on all properties within the Tysons Service District remains at \$0.05 per \$100 of assessed value.
- Special real estate tax rate collected on all properties within the Reston Service District remains at \$0.021 per \$100 of assessed value.

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 2020 Adopted Budget Plan to continue to address the County's commitment to achieving the strategic priorities of a strong investment in education; public safety and gang prevention; affordable housing; environmental protection; transportation improvements; and revenue diversification to reduce the burden on the homeowner.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County of Fairfax, Virginia, Department of Finance, 12000 Government Center Parkway, Fairfax, Virginia, 22035. This report can also be found on the County's web site at www.fairfaxcounty.gov.



Basic Financial Statements

The Basic Financial Statements subsection includes the government-wide statements, which incorporate governmental and business-type activities of the County of Fairfax and activities of component units in order to provide an overview of the financial position and results of operations for the reporting entity. This subsection also includes the fund financial statements of the County and the accompanying notes to the financial statements.



COUNTY OF FAIRFAX, VIRGINIA
Statement of Net Position
June 30, 2019

	Primary Government		Total
	Governmental	Business-type	Primary
	Activities	Activities	Government
ASSETS			
Equity in pooled cash and temporary investments	\$ 716,896,108	121,620,347	838,516,455
Cash in banks/with fiscal agents	-	-	-
Investments	1,188,931,244	-	1,188,931,244
Receivables (net of allowances):			
Accounts	29,500,871	1,947,691	31,448,562
Accrued interest	5,801,713	-	5,801,713
Property taxes:			
Delinquent	21,679,485	-	21,679,485
Not yet due	3,313,946,655	-	3,313,946,655
Business license taxes - delinquent	4,198,822	-	4,198,822
Loans	60,540,838	-	60,540,838
Notes	-	-	-
Due from intergovernmental units (net of allowances):			
Property tax relief:			
Property tax relief - not yet due	211,313,944	-	211,313,944
Other	109,093,972	52,861,390	161,955,362
Due from primary government	-	-	-
Due from component units	2,003,395	-	2,003,395
Loan to component unit	10,711,200	-	10,711,200
Lease to component unit	38,210,000	-	38,210,000
Inventories of supplies	3,822,729	403,122	4,225,851
Prepaid and other assets	3,521,417	-	3,521,417
Restricted assets:			
Equity in pooled cash and temporary investments	50,700,716	43,774,386	94,475,102
Cash and temporary investments with fiscal agents	129,488,839	19,398,343	148,887,182
Deposit held in trust	-	-	-
Investments	-	22,224,762	22,224,762
Property held for sale	548,216	-	548,216
Capital assets:			
Non-depreciable/non-amortizable:			
Land and easements	436,205,434	18,016,126	454,221,560
Construction in progress	419,132,863	177,614,495	596,747,358
Equipment under construction	34,239,201	-	34,239,201
Software in development	30,651,657	-	30,651,657
Depreciable/amortizable:			
Vehicles and equipment	502,228,950	14,184,399	516,413,349
Software	129,000,509	-	129,000,509
Library collections	110,121,547	-	110,121,547
Purchased capacity	-	1,088,811,491	1,088,811,491
Buildings and improvements	1,883,614,739	88,468,229	1,972,082,968
Infrastructure	1,024,381,572	1,373,812,499	2,398,194,071
Accumulated depreciation	(1,538,844,876)	(724,088,878)	(2,262,933,754)
Accumulated amortization	(52,813,134)	(435,451,138)	(488,264,272)
Total assets	8,878,828,626	1,863,597,264	10,742,425,890
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow for pension contributions subsequent to the measurement date	254,836,675	4,593,816	259,430,491
Deferred outflow for change in proportion (pensions)	9,448,801	760,806	10,209,607
Deferred outflow for differences between expected and actual experience (pensions)	68,871,462	1,674,192	70,545,654
Deferred outflow of recognition of pension investments	169,724,434	3,712,400	173,436,834
Deferred outflow for changes in assumptions (pensions)	39,746,993	735,374	40,482,367
Deferred outflow for OPEB contributions subsequent to the measurement date	23,439,114	610,674	24,049,788
Deferred outflow for change in proportion (OPEB)	-	-	-
Deferred outflow for differences between expected and actual experience (OPEB)	2,278,715	60,209	2,338,924
Deferred outflow for recognition of investments (OPEB)	-	-	-
Deferred outflow for changes in assumptions (OPEB)	62,053,883	1,639,621	63,693,504
Deferred amounts from the refunding of debt	43,239,804	20,674,638	63,914,442
Total deferred outflows of resources	\$ 673,639,881	34,461,730	708,101,611
See accompanying notes to the financial statements.			

EXHIBIT A

Total Component Units	Reclassifications (See Note A-13)	Total Reporting Entity	
			ASSETS
458,923,855	-	1,297,440,310	Equity in pooled cash and temporary investments
35,187,471	-	35,187,471	Cash in banks/with fiscal agents
4,900,000	-	1,193,831,244	Investments
			Receivables (net of allowances):
8,015,856	-	39,464,418	Accounts
987,507	-	6,789,220	Accrued interest
			Property taxes:
-	-	21,679,485	Delinquent
-	-	3,313,946,655	Not yet due
-	-	4,198,822	Business license taxes - delinquent
-	-	60,540,838	Loans
50,063,657	-	50,063,657	Notes
			Due from intergovernmental units (net of allowances):
			Property tax relief:
-	-	211,313,944	Property tax relief - not yet due
44,884,697	-	206,840,059	Other
3,442,784	-	3,442,784	Due from primary government
-	-	2,003,395	Due from component units
-	-	10,711,200	Loan to component unit
-	-	38,210,000	Lease to component unit
1,124,772	-	5,350,623	Inventories of supplies
2,569,387	-	6,090,804	Prepaid and other assets
			Restricted assets:
95,057,707	-	189,532,809	Equity in pooled cash and temporary investments
59,405,028	-	208,292,210	Cash and temporary investments with fiscal agents
4,239,371	-	4,239,371	Deposit held in trust
3,119,466	-	25,344,228	Investments
514,851	-	1,063,067	Property held for sale
			Capital assets:
			Non-depreciable/non-amortizable:
484,165,217	-	938,386,777	Land and easements
325,408,231	-	922,155,589	Construction in progress
-	-	34,239,201	Equipment under construction
-	-	30,651,657	Software in development
			Depreciable/amortizable:
355,939,405	-	872,352,754	Vehicles and equipment
13,260,834	-	142,261,343	Software
19,604,782	-	129,726,329	Library collections
-	-	1,088,811,491	Purchased capacity
4,757,191,036	-	6,729,274,004	Buildings and improvements
-	-	2,398,194,071	Infrastructure
(2,572,729,938)	-	(4,835,663,692)	Accumulated depreciation
(8,364,578)	-	(496,628,850)	Accumulated amortization
4,146,911,398	-	14,889,337,288	Total assets
			DEFERRED OUTFLOWS OF RESOURCES
407,858,041	-	667,288,532	Deferred outflow for pension contributions subsequent to the measurement date
31,872,495	-	42,082,102	Deferred outflow for change in proportion (pensions)
49,568,507	-	120,114,161	Deferred outflow for differences between expected and actual experience (pensions)
153,426,479	-	326,863,313	Deferred outflow of recognition of pension investments
77,951,326	-	118,433,693	Deferred outflow for changes in assumptions (pensions)
			Deferred outflow for OPEB contributions subsequent to the measurement date
28,315,947	-	52,365,735	Deferred outflow for change in proportion (OPEB)
4,389,895	-	4,389,895	Deferred outflow for differences between expected and actual experience (OPEB)
29,970,751	-	32,309,675	Deferred outflow for recognition of investments (OPEB)
2,566,978	-	2,566,978	Deferred outflow for changes in assumptions (OPEB)
4,340,574	-	68,034,078	Deferred outflow for changes in assumptions (OPEB)
77,984	-	63,992,426	Deferred amounts from the refunding of debt
790,338,977	-	1,498,440,588	Total deferred outflows of resources

continued

COUNTY OF FAIRFAX, VIRGINIA
Statement of Net Position
June 30, 2019

	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
LIABILITIES			
Accounts payable and accrued liabilities	\$ 96,919,834	975,039	97,894,873
Accrued salaries and benefits	79,600,783	1,838,277	81,439,060
Contract retainages	10,283,278	18,767,670	29,050,948
Accrued interest payable	39,626,759	6,772,422	46,399,181
Due to intergovernmental units	6,581,186	-	6,581,186
Due to primary government	-	-	-
Due to component units	3,442,784	-	3,442,784
Unearned revenue	-	-	-
Other	31,358,986	-	31,358,986
Performance and other deposits	100,746,030	-	100,746,030
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds payable, net	237,435,692	-	237,435,692
Revenue bonds payable, net	41,025,165	30,466,833	71,491,998
Notes payable, net	2,645,000	-	2,645,000
Compensated absences payable	72,401,900	1,485,070	73,886,970
Obligations under capital leases and installment purchases	5,608,100	-	5,608,100
Insurance and benefit claims payable	24,076,000	-	24,076,000
Loan from primary government	-	-	-
Unearned Rent	-	-	-
Other	1,569,236	-	1,569,236
Portion due or payable after one year:			
General obligation bonds payable, net	2,243,390,843	-	2,243,390,843
Revenue bonds payable, net	797,844,153	589,644,288	1,387,488,441
Notes payable, net	427,425,934	-	427,425,934
Compensated absences payable	57,402,015	862,599	58,264,614
Landfill closure and postclosure obligation	48,016,737	-	48,016,737
Obligations under capital leases and installment purchases	7,525,762	-	7,525,762
Insurance and benefit claims payable	49,833,000	-	49,833,000
Net pension liability	1,720,999,242	35,395,232	1,756,394,474
Net OPEB liability	84,159,768	2,223,715	86,383,483
Loan from primary government	-	-	-
Unearned Rent	-	-	-
Other	19,954,840	-	19,954,840
Total liabilities	6,209,873,027	688,431,145	6,898,304,172
DEFERRED INFLOWS OF RESOURCES			
Deferred tax revenue	3,555,817,826	-	3,555,817,826
Deferred revenue - other	5,778,448	-	5,778,448
Deferred gain on refunding	4,012,193	2,843,834	6,856,027
Deferred inflow related to differences between actual and expected experience (pensions)	89,569,029	1,155,039	90,724,068
Deferred inflow of recognition of pension investments	-	-	-
Deferred inflow for change in proportion (pensions)	1,177,564	496,943	1,674,507
Deferred inflow related to differences between actual and expected experience (OPEB)	8,264,697	218,374	8,483,071
Deferred recognition of OPEB investments	12,165,641	321,447	12,487,088
Deferred inflow for change in proportion (OPEB)	56,483	14,409	70,892
Deferred inflow for change in assumptions (OPEB)	15,243,542	402,773	15,646,315
Reduction of capital lease	-	-	-
Total deferred inflows of resources	3,692,085,423	5,452,819	3,697,538,242
NET POSITION			
Net investment in capital assets	2,213,668,557	1,065,086,054	3,278,754,611
Restricted for:			
Grant programs	54,020,565	-	54,020,565
Repair and replacement	-	-	-
Community centers	12,116,139	-	12,116,139
Housing	-	-	-
Transportation	409,287,825	-	409,287,825
Capital projects	-	-	-
Debt service	-	19,398,343	19,398,343
Unrestricted (deficit)	(3,038,583,029)	119,690,633	(2,918,892,396)
Net position	\$ (349,489,943)	1,204,175,030	854,685,087

See accompanying notes to the financial statements.

EXHIBIT A
concluded

Total Component Units	Reclassifications (See Note A-13)	Total Reporting Entity	
			LIABILITIES
58,569,420	-	156,464,293	Accounts payable and accrued liabilities
90,510,974	-	171,950,034	Accrued salaries and benefits
12,909,200	-	41,960,148	Contract retainages
13,207,507	-	59,606,688	Accrued interest payable
14,400	-	6,595,586	Due to intergovernmental units
2,003,395	-	2,003,395	Due to primary government
-	-	3,442,784	Due to component units
36,818,609	-	36,818,609	Unearned revenue
-	-	31,358,986	Other
7,037,717	-	107,783,747	Performance and other deposits
			Long-term liabilities:
			Portion due or payable within one year:
-	-	237,435,692	General obligation bonds payable, net
1,452,597	-	72,944,595	Revenue bonds payable, net
1,093,653	-	3,738,653	Notes payable, net
27,700,680	-	101,587,650	Compensated absences payable
22,623,814	-	28,231,914	Obligations under capital leases and installment purchases
27,799,900	-	51,875,900	Insurance and benefit claims payable
526,100	-	526,100	Loan from primary government
189,229	-	189,229	Unearned Rent
-	-	1,569,236	Other
			Portion due or payable after one year:
-	-	2,243,390,843	General obligation bonds payable, net
41,556,884	-	1,429,045,325	Revenue bonds payable, net
79,091,569	-	506,517,503	Notes payable, net
14,032,021	-	72,296,635	Compensated absences payable
-	-	48,016,737	Landfill closure and postclosure obligation
60,659,467	-	68,185,229	Obligations under capital leases and installment purchases
36,765,850	-	86,598,850	Insurance and benefit claims payable
3,468,404,817	-	5,224,799,291	Net pension liability
392,053,887	-	478,437,370	Net OPEB liability
10,185,100	-	10,185,100	Loan from primary government
4,617,847	-	4,617,847	Unearned Rent
-	-	19,954,840	Other
4,409,824,637	-	11,308,128,809	Total liabilities
			DEFERRED INFLOWS OF RESOURCES
-	-	3,555,817,826	Deferred tax revenue
-	-	5,778,448	Deferred revenue - other
-	-	6,856,027	Deferred gain on refunding
			Deferred inflow related to differences between actual and expected experience (pensions)
217,346,848	-	308,070,916	Deferred inflow of recognition of pension investments
123,658,088	-	123,658,088	Deferred inflow for change in proportion (pensions)
20,074,594	-	21,749,101	Deferred inflow related to differences between actual and expected experience (OPEB)
24,930,357	-	33,413,428	Deferred recognition of OPEB investments
6,366,792	-	18,853,880	Deferred inflow for change in proportion (OPEB)
537,003	-	607,895	Deferred inflow for change in assumptions (OPEB)
128,567,922	-	144,214,237	Reduction of capital lease
3,503,688	-	3,503,688	
524,985,292	-	4,222,523,534	Total deferred inflow of resources
			NET POSITION
3,222,607,313	(1,667,384,139)	4,833,977,785	Net investment in capital assets
			Restricted for:
42,382,351	-	96,402,916	Grant programs
700,000	-	700,000	Repair and replacement
-	-	12,116,139	Community centers
27,198,727	-	27,198,727	Housing
-	-	409,287,825	Transportation
47,684,915	(47,684,915)	-	Capital projects
-	-	19,398,343	Debt service
(3,338,132,860)	1,715,069,054	(4,541,956,202)	Unrestricted (deficit)
2,440,446	-	857,125,533	Net position

COUNTY OF FAIRFAX, VIRGINIA
Statement of Activities
For the fiscal year ended June 30, 2019

		Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs	Expenses			
Primary government:				
Governmental activities:				
General government administration	\$ 200,274,042	91,286,985	2,578,290	7,438,056
Judicial administration	65,346,777	12,387,329	25,563,695	8,939
Public safety	780,408,993	73,816,732	48,638,903	1,659,007
Public works	251,705,576	170,109,205	3,209,371	22,263,799
Health and welfare	660,919,624	86,877,525	169,985,765	-
Community development	442,747,859	254,978,790	23,198,240	14,519,489
Parks, recreation, and cultural	133,504,969	16,832,851	1,097,909	-
Education - for Public Schools	2,251,573,120	-	-	-
Interest on long-term debt	114,012,753	-	-	-
Total governmental activities	4,900,493,713	706,289,417	274,272,173	45,889,290
Business-type activities:				
Public works - Sewer	188,706,778	232,435,065	-	859,618
Total business-type activities	188,706,778	232,435,065	-	859,618
Total primary government	5,089,200,491	938,724,482	274,272,173	46,748,908
Component units:				
Public Schools	2,978,203,414	111,821,870	329,314,085	200,894,385
Redevelopment and Housing Authority	122,031,757	51,216,534	86,043,385	-
Park Authority	108,028,594	46,698,699	-	23,444,103
Economic Development Authority	10,137,971	-	-	200,000
Total component units	\$ 3,218,401,736	209,737,103	415,357,470	224,538,488

General revenues:

Taxes:

Real property
 Personal property
 Business licenses
 Local sales and use
 Consumers utility
 Recordation
 Occupancy, tobacco, and other
 Grants and contributions not restricted
 to specific programs
 Revenue from the use of money
 Revenue from primary government
 Other

Total general revenues

Change in net position

Net position, July 1, 2018, as restated

Net position, June 30, 2019

See accompanying notes to the financial statements.

EXHIBIT A-1

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Total		
Governmental	Business-type	Total Primary	Component		Functions/Programs
Activities	Activities	Government	Units		
					Primary government:
					Governmental activities:
(98,970,711)	-	(98,970,711)	-	-	General government administration
(27,386,814)	-	(27,386,814)	-	-	Judicial administration
(656,294,351)	-	(656,294,351)	-	-	Public safety
(56,123,201)	-	(56,123,201)	-	-	Public works
(404,056,334)	-	(404,056,334)	-	-	Health and welfare
(150,051,340)	-	(150,051,340)	-	-	Community development
(115,574,209)	-	(115,574,209)	-	-	Parks, recreation, and cultural
(2,251,573,120)	-	(2,251,573,120)	-	-	Education - for Public Schools
(114,012,753)	-	(114,012,753)	-	-	Interest on long-term debt
(3,874,042,833)	-	(3,874,042,833)	-	-	Total governmental activities
					Business-type activities:
-	44,587,905	44,587,905	-	-	Public works - Sewer
-	44,587,905	44,587,905	-	-	Total business-type activities
(3,874,042,833)	44,587,905	(3,829,454,928)	-	-	Total primary government
					Component units:
-	-	-	(2,336,173,074)	-	Public Schools
-	-	-	15,228,162	-	Redevelopment and Housing Authority
-	-	-	(37,885,792)	-	Park Authority
-	-	-	(9,937,971)	-	Economic Development Authority
-	-	-	(2,368,768,675)	-	Total component units
					General revenues:
					Taxes:
\$ 2,796,625,634	-	2,796,625,634	-	-	Real property
421,706,327	-	421,706,327	-	-	Personal property
170,065,024	-	170,065,024	-	-	Business licenses
252,284,959	-	252,284,959	-	-	Local sales and use
107,307,687	-	107,307,687	-	-	Consumers utility
23,536,391	-	23,536,391	-	-	Recordation
35,898,475	-	35,898,475	-	-	Occupancy, tobacco, and other
211,431,885	-	211,431,885	512,300,628	-	Grants and contributions not restricted to specific programs
23,541,351	3,675,949	27,217,300	2,357,011	-	Revenue from the use of money
-	-	-	2,118,404,038	-	Revenue from primary government
-	-	-	2,038,634	-	Other
4,042,397,733	3,675,949	4,046,073,682	2,635,100,311	-	Total general revenues
168,354,900	48,263,854	216,618,754	266,331,636	-	Change in net position
(517,844,843)	1,155,911,176	638,066,333	(263,891,190)	-	Net position, July 1, 2018, as restated
\$ (349,489,943)	1,204,175,030	854,685,087	2,440,446	-	Net position, June 30, 2019

COUNTY OF FAIRFAX, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2019

EXHIBIT A-2

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Equity in pooled cash and temporary investments	\$ 190,929,765	261,521,840	452,451,605
Investments	501,716,340	687,214,904	1,188,931,244
Receivables (net of allowances):			
Accounts	15,892,233	13,538,183	29,430,416
Accrued interest	-	5,801,713	5,801,713
Property taxes:			
Delinquent	21,679,485	-	21,679,485
Not yet due	3,313,946,655	-	3,313,946,655
Business license taxes - delinquent	4,198,822	-	4,198,822
Loans	-	60,540,838	60,540,838
Due from intergovernmental units (net of allowances):			
Property tax relief - not yet due	211,313,944	-	211,313,944
Other	49,296,870	59,211,354	108,508,224
Due from component units	95	2,003,300	2,003,395
Loan to component unit	-	10,711,200	10,711,200
Lease to component unit	-	38,210,000	38,210,000
Interfund receivables	244,601	-	244,601
Prepaid and other assets	3,204,829	316,588	3,521,417
Restricted assets:			
Equity in pooled cash and temporary investments	-	50,700,716	50,700,716
Cash with fiscal agents	661,149	128,827,690	129,488,839
Property held for sale	-	548,216	548,216
Total assets	4,313,084,788	1,319,146,542	5,632,231,330
DEFERRED OUTFLOWS OF RESOURCES			
Total deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	\$ 4,313,084,788	1,319,146,542	5,632,231,330
LIABILITIES			
Accounts payable and accrued liabilities	\$ 30,006,785	51,611,735	81,618,520
Accrued salaries and benefits	63,451,586	14,120,045	77,571,631
Contract retainages	2,348	10,280,930	10,283,278
Due to intergovernmental units	106,142	6,475,044	6,581,186
Due to component units	2,572,671	863,419	3,436,090
Interfund payables	1,496,650	244,601	1,741,251
Unearned revenue	28,456,819	65,338,462	93,795,281
Performance and other deposits	76,816,959	23,929,071	100,746,030
Total liabilities	202,909,960	172,863,307	375,773,267
DEFERRED INFLOWS OF RESOURCES			
Deferred tax revenue	3,555,817,826	-	3,555,817,826
Unavailable revenue	19,547,159	10,639,176	30,186,335
Total deferred inflows of resources	3,575,364,985	10,639,176	3,586,004,161
Total liabilities and deferred inflows of resources	\$ 3,778,274,945	183,502,483	3,961,777,428

continued

EXHIBIT A-2

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
FUND BALANCES			
Nonspendable:			
Prepaid amounts	\$ 3,204,829	316,588	3,521,417
Total Nonspendable	3,204,829	316,588	3,521,417
Restricted for:			
Public safety, courts, and judicial	-	31,712,797	31,712,797
General public works	-	123,694,486	123,694,486
Stormwater management	-	80,452,091	80,452,091
Transportation	-	450,189,900	450,189,900
Social services, health and welfare	-	20,538,836	20,538,836
Housing and community development	-	42,476,331	42,476,331
Parks, recreation, and cultural	-	12,710,436	12,710,436
Debt service	-	7,441,791	7,441,791
Capital projects	-	110,657,697	110,657,697
Other purposes	-	7,692,211	7,692,211
Total Restricted	-	887,566,576	887,566,576
Committed to:			
Revenue stabilization	220,603,703	-	220,603,703
Managed reserves	184,890,694	-	184,890,694
Public safety, courts, and judicial	679,535	2,334,021	3,013,556
Transportation	-	14,089,170	14,089,170
Social services, health and welfare	2,349,983	29,365,562	31,715,545
Housing and community development	31,304	10,134,976	10,166,280
Parks, recreation, and cultural	1,078,192	-	1,078,192
Debt service	-	19,758,998	19,758,998
Capital projects	-	172,078,168	172,078,168
Other purposes	40,757,525	-	40,757,525
Total Committed	450,390,936	247,760,895	698,151,831
Assigned to:			
Public safety, courts, and judicial	11,938,362	-	11,938,362
General public works	3,099,958	-	3,099,958
Social services, health and welfare	4,199,999	-	4,199,999
Housing and community development	2,418,532	-	2,418,532
Parks, recreation, and cultural	1,229,138	-	1,229,138
Other purposes	4,966,931	-	4,966,931
Total Assigned	27,852,920	-	27,852,920
Unassigned:	53,361,158	-	53,361,158
Total fund balances	534,809,843	1,135,644,059	1,670,453,902
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,313,084,788	1,319,146,542	5,632,231,330

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, 2019

EXHIBIT A-2
concluded

Fund balances - Total governmental funds \$ 1,670,453,902

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 and Easements	\$ 434,266,746	
Construction in progress	406,644,489	
Equipment under construction	25,814,707	
Software in development	30,651,657	
Depreciable/amortizable assets:		
Vehicles and equipment	316,285,413	
Software	126,799,922	
Library collections	110,121,547	
Buildings and improvements	1,861,407,697	
Infrastructure	<u>1,019,816,966</u>	
Total capital assets	4,331,809,144	
Less accumulated depreciation/amortization	<u>(1,455,401,918)</u>	2,876,407,226

Some of the County's receivables will not be collected soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflow in the funds:

Delinquent taxes (net of allowances):		
Property	\$ 19,277,737	
Business license	4,198,822	
Sales and use and other taxes	749,736	
Lease to component unit	<u>38,210,000</u>	62,436,295

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	\$ 20,876,263	
EMS transport and other charges for services	<u>3,531,624</u>	24,407,887

Investment fair market value adjustment is recorded in the government-wide statements but not in the fund financial statements 6,509,397

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	\$ 43,239,804	
Deferred gain on refunding of debt	<u>(4,012,193)</u>	39,227,611

Certain results experienced by pension plans and OPEB are required to be reported as a deferred outflow or inflow of resources:

Deferred outflow for pension contributions subsequent to the measurement date	\$ 254,836,675	
Deferred outflow for change in proportion (pensions)	9,448,801	
Deferred outflow for differences between expected and actual experience (pensions)	68,871,462	
Deferred outflow of recognition of pension investments	169,724,434	
Deferred outflow for changes in assumptions (pensions)	39,746,993	
Deferred inflow for differences between expected and actual experience (pensions)	(89,569,029)	
Deferred inflow for change in proportion (pensions)	(1,177,564)	
Deferred outflow for OPEB contributions subsequent to the measurement date	23,439,114	
Deferred outflow for differences between expected and actual experience (OPEB)	2,278,715	
Deferred outflow for changes in assumptions (OPEB)	62,053,883	
Deferred inflow related to differences between actual and expected experience (OPEB)	(8,264,697)	
Deferred recognition of OPEB investments	(12,165,641)	
Deferred inflow for change in proportion (OPEB)	(56,483)	
Deferred inflow for change in assumptions (OPEB)	<u>(15,243,542)</u>	503,923,121

Certain other receivables are accrued only in the government-wide statements 581,951

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	\$ 263,328,737	
Capital assets	237,767,328	
Less accumulated depreciation/amortization	(136,256,092)	
Liabilities	<u>(97,073,234)</u>	267,766,739

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	\$ (2,480,826,535)	
Revenue bonds payable, net	(838,869,318)	
Notes payable	(430,070,934)	
Compensated absences payable	(126,270,925)	
Landfill closure and postclosure obligation	(48,016,737)	
Obligations under capital leases and installment purchases	(10,839,778)	
Net pension liability	(1,720,999,242)	
Net OPEB liability	(84,159,768)	
Other long-term liabilities	(21,524,076)	
Accrued interest on long-term debt	<u>(39,626,759)</u>	(5,801,204,072)

Net position of governmental activities \$ (349,489,943)



COUNTY OF FAIRFAX, VIRGINIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2019

EXHIBIT A-3

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 3,747,031,873	62,156,704	3,809,188,577
Permits, privilege fees, and regulatory licenses	55,876,219	23,132,952	79,009,171
Intergovernmental	358,732,841	231,145,569	589,878,410
Charges for services	85,564,413	323,964,455	409,528,868
Fines and forfeitures	15,223,620	77,659	15,301,279
Developers' contributions	-	16,378,854	16,378,854
Revenue from the use of money and property	75,360,724	25,241,594	100,602,318
Recovered costs	10,573,978	5,197,195	15,771,173
Gifts, donations, and contributions	1,352,426	766,903	2,119,329
Total revenues	4,349,716,094	688,061,885	5,037,777,979
EXPENDITURES			
Current:			
General government administration	165,860,066	3,626,331	169,486,397
Judicial administration	60,449,751	1,141,172	61,590,923
Public safety	712,268,123	63,086,815	775,354,938
Public works	95,769,815	101,809,950	197,579,765
Health and welfare	412,322,298	246,872,493	659,194,791
Community development	67,543,752	226,047,514	293,591,266
Parks, recreation, and cultural	40,003,747	17,195,282	57,199,029
Intergovernmental:			
Community development	11,424,718	158,679,619	170,104,337
Parks, recreation, and cultural	35,656,948	33,980,404	69,637,352
Education - for Public Schools	2,067,345,801	184,227,319	2,251,573,120
Capital outlay:			
General government administration	21,822,724	14,948,487	36,771,211
Judicial administration	88,925	-	88,925
Public safety	2,385,861	20,949,557	23,335,418
Public works	216,212	45,634,752	45,850,964
Health and welfare	404,267	14,722,721	15,126,988
Community development	75,194	33,964,817	34,040,011
Parks, recreation, and cultural	4,091,628	6,756,041	10,847,669
Debt service:			
Principal retirement	876,157	286,317,611	287,193,768
Interest and other charges	49,366	137,873,275	137,922,641
Total expenditures	3,698,655,353	1,597,834,160	5,296,489,513
Excess (deficiency) of revenues over (under) expenditures	651,060,741	(909,772,275)	(258,711,534)
OTHER FINANCING SOURCES (USES)			
Transfers in	6,753,319	666,894,413	673,647,732
Transfers out	(601,828,488)	(83,512,677)	(685,341,165)
General obligation bonds issued	-	214,660,000	214,660,000
Premium on general obligation bonds issued	-	33,424,893	33,424,893
General obligation refunding bonds issued	-	54,945,000	54,945,000
Premium on general obligation refunding bonds issued	-	183,803	183,803
Lease revenue refunding bonds issued	-	18,125,000	18,125,000
Premium on lease revenue refunding bonds issued	-	2,710,889	2,710,889
Payments to refunded bonds escrow agent	-	(44,553,144)	(44,553,144)
Notes issued	-	75,016,193	75,016,193
Total other financing sources (uses)	(595,075,169)	937,894,370	342,819,201
Net change in fund balances	55,985,572	28,122,095	84,107,667
Fund balances, July 1, 2018	478,824,271	1,107,521,964	1,586,346,235
Fund balances, June 30, 2019	\$ 534,809,843	1,135,644,059	1,670,453,902

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, 2019

EXHIBIT A-3

concluded

Net change in fund balances - Total governmental funds		\$	84,107,667
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	\$	166,061,186	
Less depreciation/amortization expense		<u>(118,750,413)</u>	47,310,773
In the statement of activities, the gain or loss on the disposition of capital assets is reported. However, in the governmental funds, only the proceeds from sales are reported, which increase fund balance. Thus, the difference is the net book value (i.e., depreciated cost) of the capital asset dispositions.			29,674,931
Certain transactions such as 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.			26,317,013
Build America Bonds interest subsidy accrual is not recognized as revenue in the fund statements			(43,237)
Some of the County's receivables will not be collected soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflow in the funds:			
Delinquent property taxes	\$	(454,129)	
Delinquent business license taxes		(365,785)	
Other charges for services		<u>(137,630)</u>	(957,544)
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	\$	(944,166)	
EMS transport and other charges for services		<u>(1,625,910)</u>	(2,570,076)
Investment fair market value adjustment is recorded in the government-wide statements but not in the fund financial statements			6,509,397
The receipt of principal payments for the lease to the component unit does not result in a revenue in the statement of activities.			(1,530,000)
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 2019A NM General Obligation Bond	\$	(248,084,893)	
EDA 2019R Six Public Facilities Project Refunding Bonds		(20,835,889)	
Series 2019B Public Improvement and Series 2019AR Refunding Bonds		(55,128,803)	
TIFIA Note		<u>(75,016,193)</u>	(399,065,778)
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.			30,308,899
Certain other long-term liabilities are recognized only in the government-wide statements, resulting in a net difference.			854,916
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	\$	282,778,000	
Payment to escrow agent to refund bonds		44,553,144	
Principal payments of capital leases and installment purchases		<u>4,415,768</u>	331,746,912
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	\$	(9,661,327)	
Amortization of bond premiums and discounts		44,460,074	
Amortization of deferred gains on bond refundings		501,003	
Amortization of deferred losses on bond refundings		<u>(11,130,393)</u>	24,169,357
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	\$	(1,079,555)	
Compensated absences		(8,773,962)	
Net pension liability		<u>(24,597,944)</u>	(34,451,461)
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>25,973,131</u>
Change in net position of governmental activities		\$	<u>168,354,900</u>

COUNTY OF FAIRFAX, VIRGINIA
Statement of Net Position
Proprietary Funds
June 30, 2019

EXHIBIT A-4

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
ASSETS		
Current assets:		
Equity in pooled cash and temporary investments	\$ 121,620,347	257,935,106
Accounts receivable	489,598	70,455
Due from intergovernmental units (net of allowance)	52,861,390	3,797
Interfund receivables	-	1,496,650
Inventories of supplies	403,122	3,822,729
Total unrestricted current assets	175,374,457	263,328,737
Restricted assets:		
Equity in pooled cash and temporary investments	43,774,386	-
Temporary investments with fiscal agents	19,398,343	-
Investments with fiscal agents	22,224,762	-
Total restricted current assets	85,397,491	-
Total current assets	260,771,948	263,328,737
Long-term assets:		
Capital assets:		
Non-depreciable/non-amortizable:		
Land	17,407,323	1,938,688
Easements	608,803	-
Construction in progress	177,614,495	12,488,374
Equipment under construction	-	8,424,494
Depreciable/amortizable:		
Vehicles and equipment	14,184,399	185,943,537
Software	-	2,200,587
Purchased capacity	1,088,811,491	-
Buildings and improvements	88,468,229	22,207,042
Infrastructure	1,373,812,499	4,564,606
Accumulated depreciation	(724,088,878)	(134,754,489)
Accumulated amortization	(435,451,138)	(1,501,603)
Total capital assets, net	1,601,367,223	101,511,236
Other long-term asset		
Accounts receivable	1,458,093	-
Total other long-term asset	1,458,093	-
Total long-term assets	1,602,825,316	101,511,236
Total assets	1,863,597,264	364,839,973
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow for pension contributions subsequent to the measurement date	4,593,816	-
Deferred outflow for change in proportion (pensions)	760,806	-
Deferred outflow for differences between expected and actual experience (pensions)	1,674,192	-
Deferred outflow for changes in assumptions (pensions)	735,374	-
Deferred outflow for OPEB contributions subsequent to the measurement date	610,674	-
Deferred outflow for differences between expected and actual experience (OPEB)	60,209	-
Deferred outflow for changes in assumptions (OPEB)	1,639,621	-
Deferred amounts from the refunding of debt	20,674,638	-
Deferred outflow of recognition of pension investments	3,712,400	-
Total deferred outflows of resources	\$ 34,461,730	-
See accompanying notes to the financial statements.		continued

EXHIBIT A-4

concluded

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 975,039	15,301,314
Accrued salaries and benefits	1,838,277	2,029,152
Contract retainages	18,767,670	-
Accrued interest payable	6,772,422	-
Due to component units	-	6,694
Revenue bonds payable, net	30,466,833	-
Compensated absences payable	1,485,070	1,657,876
Obligations under capital leases	-	1,094,743
Insurance and benefit claims payable	-	24,076,000
Total current liabilities	60,305,311	44,165,779
Long-term liabilities:		
Revenue bonds payable, net	589,644,288	-
Compensated absences payable	862,599	1,875,114
Obligations under capital leases	-	1,199,341
Insurance and benefit claims payable	-	49,833,000
Net pension liability	35,395,232	-
Net other postemployment benefit liability	2,223,715	-
Total long-term liabilities	628,125,834	52,907,455
Total liabilities	688,431,145	97,073,234
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to differences between actual and expected experience (pensions)	1,155,039	-
Deferred gain on refunding	2,843,834	-
Deferred inflow for change in proportion (pensions)	496,943	-
Deferred inflow related to differences between actual and expected experience (OPEB)	218,374	-
Deferred recognition of OPEB investments	321,447	-
Deferred inflow for change in proportion (OPEB)	14,409	-
Deferred inflow for change in assumptions (OPEB)	402,773	-
Total deferred inflow of resources	5,452,819	-
NET POSITION		
Net investment in capital assets	1,065,086,054	99,217,152
Restricted for:		
Debt service	19,398,343	-
Unrestricted	119,690,633	168,549,587
Net position	\$ 1,204,175,030	267,766,739

COUNTY OF FAIRFAX, VIRGINIA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the fiscal year ended June 30, 2019

EXHIBIT A-5

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
OPERATING REVENUES:		
Charges for services	\$ 210,961,807	345,938,136
Recovered costs	-	110,085
Total operating revenues	210,961,807	346,048,221
OPERATING EXPENSES:		
Personnel services	33,607,870	35,005,955
Materials and supplies	17,903,555	5,432,622
Equipment operation and maintenance	-	42,326,527
Risk financing and benefit payments	-	186,389,650
Depreciation and amortization	64,666,137	18,160,555
Professional consultant and contractual services	49,847,702	34,480,228
Other	-	12,968,952
Total operating expenses	166,025,264	334,764,489
Operating gain	44,936,543	11,283,732
NONOPERATING REVENUES (EXPENSES):		
Availability fees	21,473,258	-
Interest revenue	3,675,949	2,672,054
Interest expense	(22,702,763)	(259,469)
Gain (loss) on disposal of capital assets	21,249	(246,217)
Total nonoperating revenues (expenses)	2,467,693	2,166,368
Gain (loss) before contributions and transfers	47,404,236	13,450,100
Capital contributions	859,618	829,598
Transfers in	-	11,693,433
Change in net position	48,263,854	25,973,131
Net position, July 1, 2018	1,155,911,176	241,793,608
Net position, June 30, 2019	\$ 1,204,175,030	267,766,739

See accompanying notes to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended June 30, 2019

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	\$ 208,218,450	-
Receipts from interfund services provided	-	346,038,583
Payments to suppliers and contractors	(66,899,395)	(82,046,355)
Payments to employees	(33,153,900)	(34,746,438)
Claims and benefits paid	-	(194,045,695)
Payments for interfund services used	-	(3,267,596)
Net cash provided by operating activities	108,165,155	31,932,499
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	-	11,693,433
Net cash provided by noncapital financing activities	-	11,693,433
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Availability fees received	21,473,258	-
Capital grants received	197,696	-
Increase in contracts payable	1,724,002	-
Principal payments on sewer revenue bonds	(26,898,411)	-
Interest payments on sewer revenue bonds	(23,130,595)	-
Proceeds from sale of capital assets	42,425	422,737
Purchase of capital assets, other than purchased capacity	(77,433,652)	(25,712,982)
Acquisition of purchased capacity	(18,555,722)	-
Principal payments on obligations under capital leases	-	(996,200)
Interest payments on obligations under capital leases	-	(259,469)
Net cash used in capital and related financing activities	(122,580,999)	(26,545,914)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of restricted investments	43,826,131	-
Purchases of restricted investments	(44,781,513)	-
Interest received	3,212,961	2,672,923
Net cash provided by (used in) investing activities	2,257,579	2,672,923
Net increase (decrease) in cash and cash equivalents	(12,158,265)	19,752,941
Cash and cash equivalents, July 1, 2018	177,552,998	238,182,165
Cash and cash equivalents, June 30, 2019	\$ 165,394,733	257,935,106
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 44,936,543	11,283,732
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	64,666,137	18,160,555
Change in assets and liabilities:		
(Increase) in accounts receivable	-	(35,866)
(Increase)/Decrease in intergovernmental receivables	(2,743,357)	3,803
Decrease in interfund receivables	-	22,425
(Increase)/Decrease in inventories of supplies	2,725	(679,404)
Decrease in other assets	705,081	-
Increase in accounts payable and accrued liabilities	144,056	2,914,909
(Decrease) in pension and OPEB related deferred outflows and deferred inflows	(39,235)	-
Increase in accrued salaries and benefits	493,205	255,651
Increase in due to component units	-	6,694
Total adjustments to operating income	63,228,612	20,648,767
Net cash provided by operating activities	\$ 108,165,155	31,932,499
Noncash investing, capital, and financing activities:		
Capital contributions - sewer lines, manholes, and equipment	\$ 661,922	829,598
Loss on disposal of capital assets	(21,176)	(246,217)
Initiation of an obligation under capital lease	-	10,569
Amortization of bond premium	2,398,520	-
Increase in fair value of investments not classified as cash and cash equivalents	47,978	-
Removal of purchased capacity through credit of UOSA debt	147,254	-
UOSA adjustment to bond payments	(16,798)	-

See accompanying notes to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA
Statement of Fiduciary Net Position
Trust and Agency Funds
June 30, 2019

EXHIBIT A-7

	Pension/OPEB Trust Funds	Agency Funds
ASSETS		
Equity in pooled cash and temporary investments	\$ 21,817,720	2,699,065
Cash collateral for securities lending	117,660,126	-
Accounts receivable	-	125,309
Contributions receivable	18,264,582	-
Accrued interest and dividends receivable	16,541,299	-
Receivable from sale of pension investments	115,439,944	-
Buildings and improvements	29,529	-
Vehicles and equipment	40,552	-
Investments:		
U.S. Government and agency securities	382,200,661	-
Asset-backed securities	260,953,484	-
Corporate and other bonds	404,583,048	-
Common and preferred stock	1,303,134,761	-
Short-term investments	533,125,526	-
Investment in pooled funds	4,834,105,278	-
Total assets	<u>8,007,896,510</u>	<u>2,824,374</u>
DEFERRED OUTFLOWS OF RESOURCES		
Total deferred outflows of resources	-	-
LIABILITIES		
Accounts payable and accrued liabilities	17,123,005	-
Payable for purchase of pension investments	148,850,334	-
Liabilities for collateral received under securities lending agreements	117,660,126	-
Liabilities under reimbursement agreements	-	2,824,374
Compensated absences	378,968	-
Total liabilities	<u>284,012,433</u>	<u>2,824,374</u>
DEFERRED INFLOWS OF RESOURCES		
Total deferred inflows of resources	-	-
NET POSITION		
Net position restricted for pension/OPEB benefits	\$ <u>7,723,884,077</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, 2019

EXHIBIT A-8

	Pension/OPEB Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 352,709,436
Plan members	60,698,263
Other	342,491
Total contributions	<u>413,750,190</u>
Investment income:	
From investment activities:	
Net appreciation in fair value of investments	380,431,086
Interest	57,040,457
Dividends	36,812,331
Total income from investment activities	<u>474,283,874</u>
Less investment activities expenses:	
Management fees	65,114,977
Other	3,259,106
Total investment activities expenses	<u>68,374,083</u>
Net income from investment activities	<u>405,909,791</u>
From securities lending activities:	
Securities lending income	<u>5,504,144</u>
Less securities lending expenses:	
Management fees	4,310,999
Total securities lending activities expenses	<u>4,310,999</u>
Net income from securities lending activities	<u>1,193,145</u>
Net investment income	<u>407,102,936</u>
Total additions	<u>820,853,126</u>
DEDUCTIONS	
Benefits	532,743,233
Refunds of contributions	5,720,313
Administrative expenses	3,555,999
Total deductions	<u>542,019,545</u>
Change in net position	278,833,581
Net position, July 1, 2018	7,445,050,496
Net position, June 30, 2019	<u>\$ 7,723,884,077</u>

See accompanying notes to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Net Position
Component Units
June 30, 2019

	Public Schools	Redevelopment and Housing Authority	Park Authority
ASSETS			
Equity in pooled cash and temporary investments	\$ 387,032,447	33,285,826	38,605,582
Cash in banks/with fiscal agents	90,676	35,096,795	-
Investments	-	4,900,000	-
Receivables (net of allowances):			
Accounts	6,530,594	1,436,923	48,339
Accrued interest	211,628	699,624	76,255
Notes	-	50,063,657	-
Due from intergovernmental units	44,439,404	-	445,293
Due from primary government	351,056	-	2,752,097
Inventories of supplies	928,689	-	196,083
Prepaid and other assets	723,229	1,704,593	141,565
Restricted assets:			
Equity in pooled cash and temporary investments	76,710,356	-	12,597,351
Cash with fiscal agents	-	58,826,509	578,519
Deposit held in trust	-	4,239,371	-
Investments	-	3,119,466	-
Property held for sale	-	514,851	-
Capital assets:			
Non-depreciable/non-amortizable:			
Land and easements	46,837,095	46,895,591	390,432,531
Construction in progress	313,203,452	4,388,016	7,816,763
Depreciable/amortizable:			
Vehicles and equipment	340,502,060	1,869,808	13,537,478
Software	13,260,834	-	-
Library collections	19,604,782	-	-
Buildings and improvements	4,029,266,881	224,841,495	501,905,849
Accumulated depreciation	(2,166,472,135)	(146,713,521)	(259,518,046)
Accumulated amortization	(7,551,678)	-	-
Total assets	3,105,669,370	325,169,004	709,615,659
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow for pension contributions subsequent to the measurement date	396,576,962	3,319,022	7,131,613
Deferred outflow for change in proportion (pensions)	30,044,000	896,260	700,090
Deferred outflow for differences between expected and actual experience (pensions)	45,178,526	1,336,034	2,675,754
Deferred outflow for recognition of pension investments	143,692,014	2,962,559	5,933,290
Deferred outflow for changes in assumptions (pensions)	76,023,067	586,841	1,175,300
Deferred outflow for OPEB contributions subsequent to the measurement date	26,707,154	433,630	1,105,885
Deferred outflow for change in proportion (OPEB)	4,038,000	-	351,895
Deferred outflow for differences between expected and actual experience (OPEB)	29,811,359	42,721	109,926
Deferred outflow for recognition of investments (OPEB)	2,566,978	-	-
Deferred outflow for changes in assumptions (OPEB)	-	1,163,383	2,993,499
Deferred amounts from the refunding of debt	-	-	77,984
Total deferred outflows of resources	\$ 754,638,060	10,740,450	22,255,236

See accompanying notes to the financial statements.

EXHIBIT A-9

Economic Development Authority	Total Component Units	
		ASSETS
-	458,923,855	Equity in pooled cash and temporary investments
-	35,187,471	Cash in banks/with fiscal agents
-	4,900,000	Investments
		Receivables (net of allowances):
-	8,015,856	Accounts
-	987,507	Accrued interest
-	50,063,657	Notes
-	44,884,697	Due from intergovernmental units
339,631	3,442,784	Due from primary government
-	1,124,772	Inventories of supplies
-	2,569,387	Prepaid and other assets
		Restricted assets:
5,750,000	95,057,707	Equity in pooled cash and temporary investments
-	59,405,028	Cash with fiscal agents
-	4,239,371	Certificates of deposit - performance bonds
-	3,119,466	Investments
-	514,851	Property held for sale
		Capital assets:
		Non-depreciable/non-amortizable:
-	484,165,217	Land and easements
-	325,408,231	Construction in progress
		Depreciable/amortizable:
30,059	355,939,405	Equipment
-	13,260,834	Software
-	19,604,782	Library collections
1,176,811	4,757,191,036	Buildings and improvements
(26,236)	(2,572,729,938)	Accumulated depreciation
(812,900)	(8,364,578)	Accumulated amortization
6,457,365	4,146,911,398	Total assets
		DEFERRED OUTFLOWS OF RESOURCES
830,444	407,858,041	Deferred outflow for pension contributions subsequent to the measurement date
232,145	31,872,495	Deferred outflow for change in proportion (pensions)
		Deferred outflow for differences between expected and actual experience (pensions)
378,193	49,568,507	Deferred outflow for recognition of pension investments
838,616	153,426,479	Deferred outflow for changes in assumptions (pensions)
166,118	77,951,326	Deferred outflow for OPEB contributions subsequent to the measurement date
69,278	28,315,947	Deferred outflow for change in proportion (OPEB)
-	4,389,895	Deferred outflow for differences between expected and actual experience (OPEB)
6,745	29,970,751	Deferred outflow for recognition of investments (OPEB)
-	2,566,978	Deferred outflow for changes in assumptions (OPEB)
183,692	4,340,574	Deferred amounts from the refunding of debt
-	77,984	
2,705,231	790,338,977	Total deferred outflows of resources

continued

COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Net Position
Component Units
June 30, 2019

	Public Schools	Redevelopment and Housing Authority	Park Authority
LIABILITIES			
Accounts payable and accrued liabilities	\$ 49,146,245	5,639,668	3,692,307
Accrued salaries and benefits	85,480,859	964,090	3,817,594
Contract retainages	12,854,649	-	54,551
Accrued interest payable	631,397	12,557,949	18,161
Due to intergovernmental units	14,400	-	-
Due to primary government	-	-	2,003,395
Unearned revenue	17,923,532	1,135,347	12,009,730
Performance and other deposits	4,124,886	1,971,834	940,997
Long-term liabilities:			
Portion due or payable within one year:			
Revenue bonds payable, net	-	672,693	779,904
Notes payable	-	1,093,653	-
Compensated absences payable	24,513,185	562,706	2,367,275
Obligations under capital leases and installment purchases	22,623,814	-	-
Insurance and benefit claims payable	27,799,900	-	-
Loan from primary government	-	-	526,100
Unearned rent	30,097	-	-
Portion due or payable after one year:			
Revenue bonds payable, net	-	40,768,382	788,502
Notes payable	-	79,091,569	-
Compensated absences payable	10,505,651	671,034	2,774,769
Obligations under capital leases and installment purchases	60,659,467	-	-
Insurance and benefit claims payable	36,765,850	-	-
Net OPEB liability	386,167,039	1,577,823	4,059,895
Loan from primary government	-	-	10,185,100
Unearned rent	4,162,118	-	-
Net pension liability	3,375,593,256	28,246,002	56,569,917
Total liabilities	4,118,996,345	174,952,750	100,588,197
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow related to differences between actual and expected experience (pensions)	214,318,163	921,741	1,846,025
Deferred recognition of pension investments	123,658,088	-	-
Deferred inflow for change in proportion and assumptions (pensions)	18,000,460	186,628	1,873,870
Deferred inflow related to differences between actual and expected experience (OPEB)	24,352,254	154,946	398,692
Deferred recognition of OPEB investments	5,515,823	228,081	586,875
Deferred inflow for change in proportion (OPEB)	256,000	98,835	-
Deferred inflow for change in assumptions (OPEB)	127,501,660	285,785	735,353
Reduction of capital lease	3,503,688	-	-
Total deferred inflow of resources	517,106,136	1,876,016	5,440,815
NET POSITION			
Net investment in capital assets	2,505,368,010	74,898,616	641,972,953
Restricted for:			
Grant and education programs	40,874,425	-	-
Repair and replacement	-	-	700,000
Housing	-	27,198,727	-
Capital projects	24,388,803	-	23,296,112
E.C. Lawrence Trust - Nonexpendable reserve	-	-	1,507,926
Unrestricted (deficit)	(3,346,426,289)	56,983,345	(41,635,108)
Net position	\$ (775,795,051)	159,080,688	625,841,883

See accompanying notes to the financial statements.

EXHIBIT A-9

concluded

Economic Development Authority	Total Component Units	
		LIABILITIES
91,200	58,569,420	Accounts payable and accrued liabilities
248,431	90,510,974	Accrued salaries and benefits
-	12,909,200	Contract retainages
-	13,207,507	Accrued interest payable
-	14,400	Due to intergovernmental units
-	2,003,395	Due to primary government
5,750,000	36,818,609	Unearned revenue
-	7,037,717	Performance and other deposits
		Long-term liabilities:
		Portion due or payable within one year:
-	1,452,597	Revenue bonds payable, net
-	1,093,653	Notes payable
257,514	27,700,680	Compensated absences payable
-	22,623,814	Obligations under capital leases and installment purchases
-	27,799,900	Insurance and benefit claims payable
-	526,100	Loan from primary government
159,132	189,229	Unearned rent
		Portion due or payable after one year:
-	41,556,884	Revenue bonds payable, net
-	79,091,569	Notes payable
80,567	14,032,021	Compensated absences payable
-	60,659,467	Obligations under capital leases and installment purchases
-	36,765,850	Insurance and benefit claims payable
249,130	392,053,887	Net OPEB liability
-	10,185,100	Loan from primary government
455,729	4,617,847	Unearned rent
7,995,642	3,468,404,817	Net pension liability
15,287,345	4,409,824,637	Total liabilities
		DEFERRED INFLOWS OF RESOURCES
260,919	217,346,848	Deferred inflow related to differences between actual and expected experience (pensions)
-	123,658,088	Deferred recognition of pension investments
13,636	20,074,594	Deferred inflow for change in proportion (pensions)
		Deferred inflow related to differences between actual and expected experience (OPEB)
24,465	24,930,357	Deferred recognition of OPEB investments
36,013	6,366,792	Deferred inflow for change in proportion (OPEB)
182,168	537,003	Deferred inflow for change in assumptions (OPEB)
45,124	128,567,922	Reduction of capital lease
-	3,503,688	Total deferred inflow of resources
562,325	524,985,292	
		NET POSITION
367,734	3,222,607,313	Net investment in capital assets
		Restricted for:
-	40,874,425	Grant and education programs
-	700,000	Repair and replacement
-	27,198,727	Housing
-	47,684,915	Capital projects
-	1,507,926	E.C. Lawrence Trust
(7,054,808)	(3,338,132,860)	Unrestricted (deficit)
(6,687,074)	2,440,446	Net position

COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Activities
Component Units
For the fiscal year ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Public Schools:				
Education	\$ 2,978,203,414	111,821,870	329,314,085	200,894,385
Redevelopment and Housing Authority:				
Community development	122,031,757	51,216,534	86,043,385	-
Park Authority:				
Parks, recreation, and cultural	108,028,594	46,698,699	-	23,444,103
Economic Development Authority:				
Community development	10,137,971	-	-	200,000
Total component units	\$ 3,218,401,736	209,737,103	415,357,470	224,538,488

General revenues:

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

Total general revenues

Change in net position

Net position, July 1, 2018, as restated

Net position, June 30, 2019

See accompanying notes to the financial statements.

EXHIBIT A-10

Net (Expense) Revenue and Changes in Net Position				
Public Schools	Redevelopment and Housing	Park Authority	Economic Development Authority	Total Component Units
(2,336,173,074)	-	-	-	(2,336,173,074)
-	15,228,162	-	-	15,228,162
-	-	(37,885,792)	-	(37,885,792)
-	-	-	(9,937,971)	(9,937,971)
(2,336,173,074)	15,228,162	(37,885,792)	(9,937,971)	(2,368,768,675)
\$ 505,672,464	-	6,628,164	-	512,300,628
413,915	1,560,188	382,908	-	2,357,011
2,051,659,207	6,661,415	50,521,420	9,561,996	2,118,404,038
2,038,634	-	-	-	2,038,634
2,559,784,220	8,221,603	57,532,492	9,561,996	2,635,100,311
223,611,146	23,449,765	19,646,700	(375,975)	266,331,636
(999,406,197)	135,630,923	606,195,183	(6,311,099)	(263,891,190)
\$ (775,795,051)	159,080,688	625,841,883	(6,687,074)	2,440,446



COUNTY OF FAIRFAX, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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; associated activity is reported in a special revenue fund of the County, the Refuse Disposal Fund, but the Authority as an entity is not engaged in financial activity. 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, it is governed by the Board, and the County maintains operational and management responsibility for the 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, it is governed by the Board, and the County maintains operational and management responsibility for the 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, and the County management oversees its operation. 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, and the County management oversees its operation. 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 create demand for the new commercial construction that expands the tax base and contributes to the quality of life and overall prosperity of the County. The Board appoints the seven members of the EDA's commission which appoints the EDA's President. 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 2019, Fairfax Water collected approximately \$195.1 million on behalf of the County, and as of June 30, 2019, the County has receivables of approximately \$44.2 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, Centerville, 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 Funds - The debt service funds are 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 Postemployment 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 Postemployment Benefits 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 but have no measurement focus. 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, consisting of employee retirement and OPEB plans, member and employer contributions as

applicable are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

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

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, 2019, 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, 2019, 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	\$ 9,679,813
Internal Service Funds	1,027,908
Agency Funds	4,992
Total primary government	10,712,713
Component Units	
Public Schools	7,357,323
FCRHA	115,945
Park Authority	92,731
Total component units	7,565,999
Total reporting entity	\$ 18,278,712

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 or net asset value as required by GAAP. 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. Investments are held as pooled assets and not individually attributed to funds. For presentation purposes, these have been allocated proportionally between the County General Fund and Nonmajor Governmental Funds. 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 and Prepaid Items

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. Inventories are valued and carried on an average unit cost basis. Prepaid items represent non-inventory transactions that do not qualify for expense or expenditure recognition, but the cash flow occurred as of the end of the fiscal year but prior to meeting the requirements for liability recognition.

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 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 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 deposits to correct or complete the project as necessary. The amount of the 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, extensions and improvements, or the purchase of additional capacity at certain wastewater treatment facilities for the benefit of the County. As of June 30, 2019, the Sewer System has cash and investments that are restricted for the following uses:

Restricted Assets of the Sewer System	
Unspent bond proceeds	\$ 37,799,494
Long-term debt service requirements	28,199,654
Current debt service requirements	19,398,343
Total restricted assets	<u>\$ 85,397,491</u>

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

The Park Authority and Public School System have restricted assets representing the amount of the debt service reserve requirement pertaining to 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 acquisition 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	5 - 99 years
Sewer lines	50 years
Buildings	15 - 50 years
Purchased capacity	30 - 99 years
Improvements	5 - 70 years
Vehicles	5 - 20 years
Equipment	5 - 20 years
Library collections	5 years
Software	5 - 15 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 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. Pensions and OPEB Plans

The reporting entity administers multiple public employee retirement systems and OPEB plans. The net pension and OPEB liabilities and associated deferred outflows of resources and deferred inflows of resources are reported with a one year lag when compared with the fiduciary net position as reported by the retirement systems and OPEB plans. Employer contributions to the plan during the current fiscal year are reflected as a deferred outflow of resources which will impact the pension expense of the subsequent year. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Detailed information about the individual retirement systems and their respective pension plans is found in Note G. Information regarding the OPEB plans is found in Note H.

13. 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 debt that is 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, 2019, the primary government had \$494.8 million restricted net position, of which \$421.4 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 \$1,667.4 million should be reclassified as shown below to present the total reporting entity column of Exhibit A. Reclassification as presented on Exhibit A consumes restricted in the amount of \$47.7 million for capital projects with the balance of \$1,754.5 million to unrestricted.

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	\$ 3,278,754,611	3,222,607,313	(1,492,384,167)	(174,999,972)	(1,667,384,139)	4,833,977,785
Restricted	494,822,872	117,965,993	(37,295,490)	(10,389,425)	(47,684,915)	565,103,950
Unrestricted	(2,918,892,396)	(3,338,132,871)	1,529,679,657	185,389,397	1,715,069,054	(4,541,956,213)
Net position	\$ 854,685,087	2,440,435	-	-	-	857,125,522

14. 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.

15. 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 included within the highest level of fund balance constraint in accordance with the order of expenditure as noted in note A-13. Encumbrances in the general fund are generally reported as assigned fund balance, but balances included in other funds within the general fund group are committed. 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	\$ 11,938,362
General public works	3,099,958
Social services, health and welfare	4,199,999
Housing and community development	2,418,532
Parks, recreation, and cultural	1,229,138
Other purposes	15,374,910
Total General Fund	38,260,899
Capital Projects Funds	
Capital Project	\$ 100,477,714

16. 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. The Board increased the target to 4.0 percent in April of 2015.

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 percent 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.

17. 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.

18. 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 community-based supports for individuals and families of the three jurisdictions that are affected by developmental delay, developmental disabilities, serious emotional disturbance, mental illness and/or substance use disorders. 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.

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. The differences are reflected in the period known unless deemed significant by management.

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 is a participant in the Virginia Investment Pool Trust Fund (VIP Trust). VIP Trust is a Section 115 governmental trust fund created under the Joint Exercise of Powers statute of the Commonwealth of Virginia to provide political subdivisions with an investment vehicle to pool surplus funds and to invest such funds into one or more investment portfolios under the direction and daily supervision of a professional fund manager. The VIP Trust is governed by a Board of Trustees.

The primary government is a participant in the Virginia State Non-Arbitrage Program (SNAP) sponsored by the Virginia Treasury Board. The SNAP Program provides comprehensive investment management, accounting and arbitrage calculation services for the proceeds of tax-exempt financings of Virginia governments. The Treasury Board has hired a program/investment manager, rebate calculation agent, central depository, custodian bank, and legal counsel to manage the program and provide services to investors.

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. 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, 8 East Canal Street, Suite 100, 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
- Certificates of deposits and bank notes
- Insured Deposits
- Demand Deposit Accounts
- 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
- Qualified investment pools

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. Fair Value Measurement

The reporting entity's pooled investments are reported at fair value, except for money market funds and investments that have a remaining maturity at the time of purchase of one year or less. These are carried at amortized cost, which approximates fair value. The fair value of all investments is determined annually and is based on current market prices.

The reporting entity categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the source and type of information used to determine the fair value of the asset. The hierarchy gives the highest level to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest level to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 Information is unadjusted quoted prices for identical instruments in active markets that the County has the ability to access.

Level 2 Information is quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, quoted prices that are observable, either directly or indirectly from a source other than an active market.

Level 3 Includes unobservable information to arrive at the valuation.

The Primary Government has the following investments measured at fair value as of June 30, 2019:

Pooled investments		Quoted Prices in Active markets for Identical Assets Level 1		Observable Inputs other than Quoted Prices Level 2		Significant Unobservable Inputs Level 3
Investments by Fair Value Level	6/30/2019		Primary Government	Component Unit		
Cash & Cash Equivalents:						
Negotiable Certificates of Deposit	\$ 791,700,000	-	629,288,886	162,411,114	-	-
Commercial Paper	375,266,072	-	298,283,148	76,982,924	-	-
Fixed Income Securities:						
Negotiable Certificates of Deposit	25,049,750	-	19,910,988	5,138,762	-	-
Corporate Notes	533,281,494	-	423,882,932	109,398,562	-	-
Total investment by Fair Value Level	\$ 1,725,297,316	-	1,371,365,954	353,931,362	-	-

The income from pooled investments held by the Primary Government is allocated at month-end to the individual funds based on the fund's average daily cash balance in relation to total equity in pooled cash.

Securities and equities held by the County and component pension systems classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Securities in Level 2 are valued using bid evaluation which may include market quotations, yields, maturity call features and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices. Level 3 securities use proprietary information or single source pricing. Additional information regarding the holdings of the individual retirement systems is available in their separately issued CAFRs. Information on how these may be viewed can be found in Note G.

Pension holdings reported at fair value and net asset value are presented on the following page:

Primary Government - Pension Trust Funds:		Fair Value Measurements Using		
		Quoted Prices in Active markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Investments by Fair Value Level	6/30/2019	Level 1	Level 2	Level 3
Asset-backed securities	\$ 260,953,484	-	260,953,484	-
Convertible or exchangeable securities	4,402,954	27,708	4,375,246	-
Corporate and other bonds	379,191,951	7,300,455	371,420,505	470,991
Equity	1,294,886,788	1,257,664,031	-	37,222,757
Futures contracts	20,988,143	20,988,143	-	-
Natural resources	3,946,740	-	-	3,946,740
Preferred securities	4,301,233	3,102,093	1,171,495	27,645
Short-term investments	533,125,526	38,472,234	23,723,775	470,929,517
US government obligations	382,200,661	-	382,200,661	-
Total investment by Fair Value Level	\$ 2,883,997,480	1,327,554,664	1,043,845,166	512,597,650
		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments measured at the net asset value (NAV)				
Absolute return	\$1,300,497,380	-	Daily, Monthly, Quarterly	2-90 days
Global equity	687,144,016	168,081,057	None, Daily, Monthly, Quarterly	0 - 90 days, N/A
Global fixed income	1,058,563,149	377,625,084	None, Daily, Monthly, Quarterly, Semi-Annually	0 - 90 days, N/A
Global Multi-Asset	1,072,369,103	-	Daily, Monthly, Quarterly	1-90 days
Global Real Assets	396,614,374	\$104,463,864	None, Daily, Quarterly	0-60 days
Total investments measured at the NAV	4,515,188,022	650,170,005		
Total investments	\$ 7,399,185,502			

Absolute Return: This type includes relative value hedge funds which implement long and short relative value strategies to capture structural returns across multiple asset classes including equity sectors, equity indices, fixed income, currency and commodities. The funds classified as absolute return also include the following:

Global Macro: This type includes hedge funds that invest long/short across fixed income, currency, equity and commodity markets. The process is equally driven by analysis of the macro environment, flows of capital, the expected reaction to changes in interest rates, trend following and other drivers. This type also includes Commodity Trading Advisor (CTA) that analyzes market prices to determine trends then uses tactical asset allocation to capture and ride market trends. The fund is a diversified portfolio with exposure to currencies, commodities, bonds and short interest rates, and equity indices at various times. These exposures are typically achieved through the use of derivatives which allows quick response because of the high liquidity in the derivative markets.

Equity long/short hedge funds: This type includes hedge funds that invest both long and short primarily in the U.S. common stock market. Each of the funds have different strategies. Each of the hedge fund strategies requires a longer hold period to realize value so each fund has quarterly liquidity and forty five day notice period for redemptions.

Multi-strategy: This type includes an event-driven multi-strategy fund that invests in distressed debt, risk arbitrage, event equities, convertible arbitrage, and volatility trades. This type includes hedge funds that use quantitative and qualitative tools to optimize return per unit of volatility.

Event Driven: This type includes investment in a hedge fund that focuses on global long/short credit and event driven positions, investing across the capital structure.

Global Equity: This type includes domestic equity fund that uses derivative instruments to replace long equity exposures, and international equity funds providing traditional long-only international equity exposure. This type also includes private equity stakes in investment management firms and thus a share of the firm's revenues and capital appreciation.

U.S. Equities: This type includes a private hedge fund. A bundled portable alpha mandate which uses futures on the S&P 500 Index and ports it to a fundamental global macro/fixed income fund. The fund has exposure to interest rates, FX, equity indices and commodities. However, the majority of its exposure is generally to interest rates. Another type of hedge fund is a U.S. small cap deep value long/short equity fund. This type also includes a hedge fund that is based on the fundamental concepts of value and momentum investing. The fund applies both concepts through the use of numerous proprietary indicators across many sectors, while generally giving more weight to value than momentum. This is a long/short strategy that maintains a net 100% invested position by investing 130% of portfolio assets in long positions and 30% in short positions.

International Equities: This type includes an international small cap fund that uses a quantitative approach. In addition to traditional value measures such as price/earnings and price/book ratios, the fund also considers growth-related factors, such as price momentum and trends in analysts' earnings estimates, to target undervalued companies that have strong prospects for future outperformance. This type also includes emerging markets equity fund that uses both quantitative and qualitative analysis to build a diversified portfolio.

Private Equity: This type includes private equity stakes in investment management firms and thus a share of the firm's revenues and capital appreciation. They are invested in management buy-in, buy-outs, venture capital, growth and expansion capital, mezzanine, distressed and venture debt, special situation, recapitalization and other private equity funds.

Global Fixed Income: This includes fixed income, direct lending, and opportunistic types of securities. Fixed income consists of funds providing leveraged exposure to US and international government issued inflation-linked bonds, and emerging market debt fund. This also includes funds that invests in Mortgage Backed, Asset Backed and other distressed securities believed to be priced below the fundamental credit risk inherent in those securities. Direct Lending includes private debt funds conducting middle market corporate and commercial mortgage direct lending with negotiated senior secured loans to borrowers that are too small to attract the attention of conventional banks and lenders. Loan payments are also distributed on a monthly or quarterly basis. The loans are held at book value unless a payment default has occurred at which time a third-party appraisal value is determined. Opportunistic credit includes funds investing in public and private debt, equity and real estate as opportunities present themselves. These investments cannot be redeemed. The distributions are received through the liquidation of underlying assets of the funds over a period of years as per the terms of the fund.

Global Multi-Asset: This type includes funds that invest across multiple asset classes using a risk balance approach in their asset allocation with the intent to balance risk across all combinations of Rising and Falling Growth and Inflation. The main goal is to construct a portfolio that achieves the best risk adjusted return at a given expected level of volatility which varies by fund. This is achieved through the use of derivatives and liquid long positions across multiple asset classes.

Global Real Assets: This type includes fund that owns and operates a fleet of commercial bulk container and tanker vessels, fund that purchases interests in other private real estate funds on the

secondary market, and fund that owns and operates the real estate, infrastructure and inventory of a cattle feeding operation. This type also includes funds that focuses on publicly traded REITs, listed infrastructures, commodities, MLPs, natural resource equities, precious metals, TIPS, and floating rate/bank loans. The strategy will set long term strategic allocations to those asset classes with broad ranges. The portfolio will be tactically reviewed on a quarterly basis. The other funds classified under this type include the following:

Inflation Hedges: This type includes funds that invest in inflation sensitive asset classes to help hedge against inflation risks in the broader portfolio. One of the funds uses a diversified commodity portfolio to lower commodity volatility more than equities, provide an inflation hedge, and perform better in most economic environments, except for recessions. The portfolio is invested in inflation sensitive assets and inflation linked assets. Exposure to the inflation sensitive assets is achieved through global equity and derivative positions in precious metals, mining, agriculture, energy, and other commodities and commodity dependent equities. Global inflation linked bonds such as TIPS and emerging market inflation linked bonds provide exposure to the assets directly linked to inflation.

Real Estate funds: One fund in this type is primarily a core portfolio of U.S. equity real estate with a goal to provide good returns while limiting downside risk through property type, geographic, and economic diversification with moderate leverage. This type also includes distressed real estate fund-of-funds that invest in local real estate managers that purchase distresses properties and renovate them. Distributions in this fund are received through the liquidation of the underlying properties over five to ten years, and rental income is received as a current yield from the underlying funds.

Component pension holdings reporting at fair value and net asset value are presented on the following page:

Component Unit - Pension Trust Funds:		Fair Value Measurements Using		
		Quoted Prices in Active markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Investments by Fair Value Level	6/30/2019	Level 1	Level 2	Level 3
Short-term securities	\$ 63,034,619	44,731,590	18,303,029	-
Asset and mortgage backed securities	1,597,045	-	1,597,045	-
Corporate bonds	59,113,116	-	59,113,116	-
Convertible securities	4,120,335	449,917	3,670,418	-
International bonds	18,620,528	-	18,620,528	-
US government obligations	20,877,635	20,877,635	-	-
Basic industries	108,953,660	108,953,660	-	-
Consumer services	227,782,724	227,782,724	-	-
Financial industries	129,060,221	129,060,221	-	-
Preferred securities	5,189,750	5,077,100	112,650	-
REITS	12,278,378	12,278,378	-	-
Technology	178,037,943	178,037,943	-	-
Utilities	14,506,386	14,506,386	-	-
Total investment by Fair Value Level	\$ 843,172,340	741,755,554	101,416,786	-
Investments measured at the net asset value (NAV)		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled large cap equity funds	\$ 147,559,747	-	Daily	None
Commingled emerging markets equity funds	120,391,551	-	Daily	3 days
Commingled domestic fixed income funds	392,040,443	-	Daily	None
Commingled emerging markets debt funds	90,019,057	-	Monthly	30 days
Commingled unconstrained fixed income funds	92,991,119	-	Daily, Semi-monthly	1 to 30 days
Private equity partnerships	115,300,063	100,777,393	Not eligible	N/A
Commingled global asset allocation funds	247,355,510	-	Daily, Monthly	1 to 30 days
Commingled better beta fund	130,756,594	-	Monthly	5 days
Commingled real estate equity funds	209,700,721	-	Daily, quarterly	1 to 90 days
Private real estate fund	8,325,064	29,422,354	Not eligible	N/A
Commingled absolute return funds	117,526,120	-	Monthly	30 days
Total investments measured at the NAV	1,671,965,989	130,199,747		
Total investments measured at Fair Value	\$ 2,515,138,329			

Commingled Large Cap Equity Fund: The objective of this index fund is to invest in securities and collective funds that together are designed to track the performance of the Russell 1000®.

Commingled Emerging Markets Equity Fund: The fund invests in common stocks and other forms of equity investments issued by emerging market companies of all sizes to obtain long-term capital appreciation.

Commingled Domestic Fixed Income Funds: One fund in this type is an index fund that invests in securities and collective funds that together are designed to track the performance of the Barclay's US Aggregate Index. The other fund in this type seeks a high level of current income by investing primarily in a diversified portfolio of high-, medium- and low-grade debt securities.

Commingled Emerging Markets Debt Fund: This fund invests in fixed income securities of "emerging" or developing countries to achieve high current income and long-term capital growth.

Commingled Unconstrained Fixed Income Funds: The funds in this type invests in all types of U.S. and non-U.S. fixed income securities in any market (including emerging markets), across a global range of credit, currencies and interest rates to seek positive absolute returns.

Private Equity Partnerships: This type includes investments in limited partnerships, which generally include the following strategies: buyouts, venture capital, mezzanine, distressed debt, growth equity and special situations. These investments have an approximate life of 10 years and are considered

illiquid. Redemptions are restricted over the life of the partnership. During the life of the partnerships, distributions are received as underlying partnership investments are realized. As of June 30, 2019, it is probable that all of the investments in this type will be sold at an amount different from the NAV per share of the plan's ownership interest in partners' capital.

Commingled Global Asset Allocation Funds: This type consists of funds with an unconstrained, non-benchmark oriented investment approach that invest in actively managed mutual funds including developed and emerging bonds and stocks, real estate, commodities, and absolute-return oriented strategies. The objective of this strategy is to provide maximum real return with preservation of capital.

Commingled Better Beta Fund: This fund invests in a broad mix of asset classes including, but not limited to, currencies, fixed income, inflation linked bonds, equities and commodity markets. The objective is to provide attractive returns in any type of economic environment.

Commingled Real Estate Equity Funds: One of the funds in this category actively manages a core portfolio of U.S. equity real estate investments to maximize income. The second fund in this category maximizes total return by investing primarily in global, publicly traded companies whose principal business is the ownership, management and/or development of income producing and for-sale real estate properties. The third fund in this category seeks to provide a moderate level of current income and high residual property appreciation by investing in a balanced mix of stabilized value-added properties with appreciation potential. The fourth fund in this category invests primarily in U.S. well-leased retail, warehouse, storage, and residential properties with a focus on income.

Private Real Estate Funds: This fund is a limited partnership that makes secondary investments in various types of real estate and real estate entities, such as commingled real estate funds, limited partnerships, joint ventures, real estate operating companies and non-traded REIT vehicles.

Commingled Absolute Return Funds: The funds in this category invest in actively managed funds which invest in a broad range of securities and alternative investments across global markets. The funds seek to provide high absolute and risk-adjusted returns.

Information related to the investments held in the OPEB trust funds of both the County and Components is discussed in Note H.

3. Interest Rate Risk

The reporting entity's policy is to minimize the risk that the fair 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 ninety days or less. All other pooled funds are invested primarily in shorter-term securities, with a maximum maturity of five years. The reporting entity's pooled investments as of June 30, 2019, are summarized on the following page:

Investment Type	Valuation	Weighted Average Maturity (Days)
<u>Primary Government - Pooled Investments:</u>		
<u>Pooled Investments:</u>		
Commercial Paper	\$ 298,283,148	67
Corporate Notes	423,882,932	459
Money Market Funds	65,301,459	1
Negotiable Certificates of Deposit	649,199,874	120
VA Investment Pool LGIP	182,822,031	53
Total	<u>\$ 1,619,489,444</u>	
Portfolio weighted average maturity		187
<u>Component Units - Pooled Investments:</u>		
Commercial Paper	\$ 76,982,924	67
Corporate Notes	109,398,562	459
Money Market Funds	16,853,440	1
Negotiable Certificates of Deposit	167,549,876	120
VA Investment Pool LGIP	47,183,941	53
Total	<u>\$ 417,968,743</u>	
Portfolio weighted average maturity		187

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, 2019, are summarized as follows:

Investment Type	Valuation	Duration (Years)
Primary Government - Pension Trust Funds:		
U.S. Government securities		
Employees' Retirement System	\$ 291,174,296	14.3
Police Officers Retirement System	47,811,358	6.6
Uniformed Retirement System	43,215,007	12.1
Corporate and other bonds		
Employees' Retirement System	244,940,950	3.7
Police Officers Retirement System	46,233,412	3.7
Uniformed Retirement System	113,408,686	3.0
Asset-backed securities		
Employees' Retirement System	134,624,752	3.6
Police Officers Retirement System	50,353,187	5.2
Uniformed Retirement System	75,975,545	3.7
Short-term investments		
Employees' Retirement System	314,310,897	-
Police Officers Retirement System	80,557,263	-
Uniformed Retirement System	138,257,366	-
Total	<u>\$ 1,580,862,719</u>	
Component Unit - Pension Trust Fund:		
Asset backed	\$ 1,153,618	6.0
Convertible and preferred	4,120,335	3.4
Corporate bonds	59,556,544	5.7
International bonds	18,620,528	5.9
Short-term investment funds	18,303,029	-
US government obligations	20,877,635	10.5
US treasury bills	44,731,590	0.2
Total	<u>\$ 167,363,279</u>	

4. 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 agency and GSE instruments should have a rating of least Prime-1 by Moody's and A-1 by S&P. In those instances when a GSE does not have a rating, a thorough credit and financial analysis will be conducted by county investment staff.
- 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.
- Negotiable certificates of deposit must have a rating of at least A-1 by S&P and P-1 by Moody's if less than 1 year and a rating of AA by S&P if more than 1 year.
- 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, 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.
- Local government investment pool (LGIP) bond fund must have a rating of AAA by S&P, and AAAm by S&P for VIP Stable NAV Liquidity Pool.
- Supranationals must have a rating of AAA by S&P or Moody's.

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 A. The policy also permits up to 20 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, 2019, investments held by the county pool were rated as follows:

Credit Quality Rating *							
AA		A-1		AAA-m		Unrated	
Corporate Notes	19.4%	Commercial paper	13.9%	Money Market Funds	3.0%	Demand Deposit Accounts	2.8%
		Negotiable CD	30.1%	LGIP	8.5%	Collateralized CDs	22.3%
	19.4%		44.0%		11.5%		25.1%

* Credit quality ratings are determined using S&P's short term and long-term ratings, which approximates the greatest degree of risk as of June 30, 2019.

The primary government and component units' pension trust funds' credit quality ratings at June 30, 2019, were as follows:

Investment Type	Credit Quality Rating *							
	AAA	AA	A	BBB	BB	B	Below B	Unrated
Primary Government								
Pension Trust Funds:								
U.S. Government obligations	- %	1.7 %	- %	- %	- %	- %	- %	22.5 %
Corporate and other bonds	0.1	1.5	5.0	3.4	6.4	3.4	0.5	5.3
Asset-backed securities	0.3	3.7	0.1	0.3	0.4	0.5	1.6	9.6
Short-term investments	-	2.4	-	-	-	-	-	31.3
Component Units								
Pension Trust Fund:								
U.S. Government obligations	12.5 %	- %	- %	- %	- %	- %	- %	- %
Asset and mortgage-backed securities	-	-	0.7	-	-	-	-	-
Corporate bonds	1.1	1.9	9.2	12.4	7.9	3.1	-	-
Convertible securities	-	-	0.2	0.4	1.6	-	0.3	-
International bonds	0.9	0.1	3.3	2.3	3.2	1.3	-	-
Short-term investment funds	-	-	-	-	-	-	-	10.9
US treasury bills	26.7	-	-	-	-	-	-	-

* Credit quality ratings are determined using S&P's long-term rating schema, which approximates the greatest degree of risk as of June 30, 2019.

5. 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:

Investment Type	Maximum Diversification	
U.S. Treasury securities and agencies	100%	maximum
Negotiable certificates of deposit	40%	maximum
Banker's acceptances	35%	maximum
Commercial paper	35%	maximum
Repurchase agreements	30%	maximum
Mutual funds	30%	maximum
Virginia investment pool - daily liquidity	30%	maximum
Corporate notes	25%	maximum
Non-negotiable certificates of deposit	25%	maximum
Virginia investment pool - LGIP bond fund	25%	maximum
Insured certificates of deposit	15%	maximum
Bank demand deposit	10%	maximum
Supranationals	10%	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, corporate notes, and negotiable certificates of deposits. The County shall seek to maintain 5 percent 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 limits the securities of any one issue to 10 percent at cost and 15 percent at market of each fixed income portfolio. The policy allows an exception for government securities and its agencies. As of June 30, 2019, ERFC had four active fixed income managers and one passive fixed income manager. The active manager portfolios had values of \$224.6 million, \$21.2 million, \$258.2 million and \$90.0 million. The indexed portfolio had a value of \$133.8 million. The fair value of the largest issue other than the U.S. Government in the portfolios of the active managers, excluding pooled funds, was only 2.39 percent of that portfolio.

6. 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, 2019, is presented 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	\$ 961,680	981,817	-
Corporate and other bonds	56,681,186	58,247,674	-
Common and preferred stock	56,571,154	58,430,635	-
Lent for securities collateral:			
U.S. Government securities	55,651,731	-	57,390,375
Corporate and other bonds	2,972,535	-	3,167,556
Common and preferred stock	294,096,648	-	323,395,892
Total securities lent	<u>\$ 466,934,934</u>	<u>117,660,126</u>	<u>383,953,823</u>
Component Unit - Pension Trust Fund:			
Lent for cash collateral:			
Domestic corporate bonds	\$ 20,510,387	21,161,921	-
Domestic stock	97,158,122	99,371,443	-
International stock	1,687,542	1,756,665	-
U.S. Government securities	20,912,086	21,347,500	-
Total securities lent	<u>\$ 140,268,137</u>	<u>143,637,529</u>	<u>-</u>

7. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of the investment. 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 currency risk exposures primarily exist in the international equity and active fixed income holdings. At the present time, there are no specific foreign currency guidelines for equities or active fixed income investments, however, equity and fixed income managers are all measured against specific performance standard and risk guidelines identified in the component unit's pension trust fund's investment policy. The fair value in U.S. dollars of the pension trust funds' foreign currency investments as of June 30, 2019 is presented on the following pages:

Foreign Currency Risk

International Securities	Cash and Cash Equivalents	Equity	Convertible and Fixed Income	Total U.S. Dollars
Primary Government - Pension Trust Funds:				
Australian Dollar	\$ 449,635	28,100,464	9,735,780	38,285,879
Brazil Real	6,905	5,931,298	10,737,012	16,675,215
Canadian Dollar	471,544	13,713,947	386,874	14,572,365
Colombian Peso	45	-	9,756,730	9,756,775
Chilean Peso	-	-	479,397	479,397
Danish Krone	12,173	20,074,608	-	20,086,781
Euro Currency Unit	321,647	136,048,531	1,414,859	137,785,037
Hong Kong Dollar	3,112	48,544,419	-	48,547,531
Hungarian Forint	1,111	-	(136,763)	(135,652)
Indian Rupee	-	3,792,023	-	3,792,023
Indonesian Rupiah	-	1,201,752	6,964,694	8,166,446
Israeli Shekel	-	19,075	-	19,075
Japanese Yen	1,251,028	107,917,438	-	109,168,466
Malaysian Ringgit	-	-	11,658,791	11,658,791
Mexican Peso	28	5,649,259	24,416,293	30,065,580
New Taiwan Dollar	13,070	7,160,917	-	7,173,987
New Zealand Dollar	725	184,780	2,195,485	2,380,990
Norwegian Krone	9	6,417,085	-	6,417,094
Peruvian Sol	-	-	4,854,736	4,854,736
Philippine Peso	-	25,561	-	25,561
Polish Zloty	-	-	11,546,361	11,546,361
Pound Sterling	79,843	90,145,248	1,529,500	91,754,591
Singapore Dollar	1,950	5,820,771	1,440,645	7,263,366
South African Rand	31	183,965	9,282,080	9,466,076
South Korean Won	-	8,257,023	324,476	8,581,499
Swedish Krona	(7,235)	19,776,208	-	19,768,973
Swiss Franc	193	31,992,579	-	31,992,772
Thailand Baht	1,660	1,938,414	-	1,940,074
Turkish Lira	-	41,346	-	41,346
Total fair value	\$ 2,607,474	542,936,711	106,586,950	652,131,135

Foreign Currency Risk

International Securities	Cash & Cash Equivalents	Equity	Convertible and Fixed Income	Total U.S. Dollars
Component Unit - Pension Trust Fund: *				
Australian Dollar	\$ 35,899	11,044,666	-	11,080,565
Brazil Real	3,988	2,708,482	254,214	2,966,684
Canadian Dollar	181,023	24,064,642	765,186	25,010,851
Chilean Peso	-	1,162,271	-	1,162,271
Chinese Yuan	48,720	-	-	48,720
Danish Krone	61,809	6,859,660	-	6,921,469
Euro Currency Unit	560,839	73,941,965	4,651,385	79,154,189
Hong Kong Dollar	167,968	17,860,944	-	18,028,912
Indonesian Rupiah	2,338	20,198	-	22,536
Israeli Shekel	1,452	808,708	-	810,160
Japanese Yen	210,154	41,239,563	-	41,449,717
Malaysian Ringgit	2,288	2,743,385	-	2,745,673
Mexican Peso	28,638	1,017,317	2,209,444	3,255,399
New Taiwan Dollar	4,029	2,773,906	-	2,777,935
New Zealand Dollar	2,364	509,470	-	511,834
Norwegian Krone	28,046	1,690,850	1,111,202	2,830,098
Philippine Peso	3,962	-	-	3,962
Polish Zloty	521	164,618	-	165,139
Pound Sterling	169,913	48,614,272	-	48,784,185
Qatari Riyal	11,540	307,299	-	318,839
Russian Ruble	558	-	-	558
South African Rand	5,716	1,447,899	-	1,453,615
Singapore Dollar	561	1,423,915	-	1,424,476
South Korean Won	21,196	10,135,901	62,532	10,219,629
Swedish Krona	13,915	5,990,110	-	6,004,025
Swiss Franc	554,582	18,250,801	-	18,805,383
Thailand Baht	(13,530)	3,265,816	-	3,252,286
Turkish Lira	10,379	3,591,704	-	3,602,083
UAE Dirham	-	69,137	-	69,137
Total fair value	\$ 2,118,868	281,707,499	9,053,963	292,880,330

8. Derivatives

In order to enhance investment returns and manage risk exposure, the Primary government's pension trust funds (Pension trust funds) regularly invest in derivative financial instruments with off-balance-sheet risk. The Pension trust funds also entered into derivative transactions to gain exposure to currencies and markets where derivatives are the most cost-effective instrument. During fiscal year 2019, the Pension trust funds 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 Pension trust funds 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 Pension trust funds 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 Pension trust funds 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 Pension trust funds 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 Pension trust funds 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 Pension trust funds' 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 Pension trust funds' investment in futures contracts at June 30, 2019 is shown in the table on the following page:

Future Contract Types	Base Exposure	Notional Cost
Primary Government - Pension Trust Funds:		
Cash & Cash Equivalent Futures:		
Long	\$ -	-
Short	(343,650,743)	(341,449,894)
Equity Futures:		
Long	714,345,175	701,308,492
Short	(130,880,565)	(127,316,190)
Fixed Income Futures:		
Long	755,691,787	742,606,299
Short	(71,979,421)	(70,439,469)
Commodity Futures:		
Long	111,884,655	108,580,392
Short	-	-
Total	<u>\$ 1,035,410,888</u>	<u>1,013,289,630</u>

The Pension trust funds 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 Pension trust funds' swap contracts outstanding at June 30, 2019 is summarized as follows:

Swap Types	Base Exposure	Fair Value
Primary Government - Pension Trust Funds:		
Equity Swaps:		
Total Return Swaps	\$ 2,730,314	-
Fixed Income Swaps:		
Cleared Interest Rate Swaps	7,462,341	7,182,378
Cleared Credit Default Swaps	5,590,633	5,483,880
Cleared Inflation Swaps	(80,509)	(65,098)
Cleared Zero Coupon Swaps	551,564	532,584
Credit Default Swaps	5,775	5,775
Inflation Swaps	(44,349)	(44,349)
Interest Rate Swaps	(85,050)	(85,050)
Total	<u>\$ 16,130,719</u>	<u>13,010,120</u>

Option contracts may be exchanged, traded, or negotiated directly in over the counter transactions between two counterparties. Options holders have the right, but not the obligation, to purchase or sell a financial instrument at a future price and date. The Pension trust funds 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 Pension trust funds option contracts at June 30, 2019 are presented on the following page.

	Cost	Fair Value	Unrealized Gain/(loss)
Primary Government - Pension Trust Funds:			
Fixed Income Options:			
Written Call	\$ (13,684)	(666)	13,018
Written Put	(14,922)	(5,206)	9,716
Total	<u>\$ (28,606)</u>	<u>(5,872)</u>	<u>22,734</u>

Currency forwards represent foreign exchange contracts and are used to effect settlements and to protect the base currency value of portfolio assets denominated in foreign currencies against fluctuations in the exchange rates of those currencies or to gain exposure to the change in market value of a specific currency. A forward foreign currency exchange contract is a commitment to purchase or sell a foreign currency at a future date and at a negotiated price. The credit risk of currency contracts that are exchange-traded lies with the clearinghouse of the exchange where the contracts are traded. The credit risk of currency contracts traded over-the counter lies with the counterparty, and exposure usually is equal to the unrealized profit on in-the money contracts. All counterparties are rated A or better. The market risk in foreign currency contracts is related to adverse movements in currency exchange rates. The net unrealized gain on foreign currency spot and forward contracts at June 30, 2019 was \$420,585, and the Pension trust funds' currency forwards contracts are summarized as follows:

Foreign Currency Contracts Purchased	Notional (Local Currency)	Cost	Fair Value of Foreign Currency Contract Payable in U.S. Dollars	Unrealized Gain(Loss)
Primary Government - Pension Trust Funds:				
Chinese Yuan Renminbi				
Australian Dollar	(1,280,000)	\$ (883,398)	\$ (899,820)	\$ (16,422)
Mexican Peso	(4,079,000)	(205,579)	(210,825)	(5,246)
Euro Currency Unit	(1,466,000)	(1,683,495)	(1,678,442)	5,053
Japanese Yen	(189,117,000)	(1,741,976)	(1,763,528)	(21,552)
New Zealand Dollar	(88,000)	(57,778)	(59,105)	(1,327)
Polish Zloty	(4,600,000)	(1,205,640)	(1,233,838)	(28,199)
Pound Sterling	(3,307,000)	(4,203,698)	(4,213,119)	(9,421)
South African Rand	(150,600,000)	(10,193,095)	(10,616,393)	(423,298)
Total Foreign Currency Contracts Purchased			<u>\$ (20,675,070)</u>	<u>(500,412)</u>

Foreign Currency Contracts Sold				
Primary Government - Pension Trust Funds:				
Australian Dollar	7,920,000	\$ 5,643,004	\$ 5,564,106	\$ (78,898)
Chilean Peso	8,353,000,000	12,310,747	12,309,843	(904)
Czech Koruna	84,100,000	3,762,156	3,769,127	6,972
Euro Currency Unit	7,100,000	8,111,608	8,131,559	19,951
Indonesian Rupiah	27,900,000,000	1,956,042	1,970,409	14,368
Mexican Peso	4,071,755	207,843	208,518	675
New Zealand Dollar	11,290,000	7,514,002	7,593,272	79,270
Norwegian Krone	145,000,000	16,676,381	17,038,221	361,840
Pound Sterling	1,459,000	1,850,530	1,856,869	6,339
Russian Ruble	158,000,000	2,396,049	2,489,777	93,728
South African Rand	26,500,000	1,783,852	1,869,221	85,370
South Korean Won	8,643,000,000	7,512,190	7,484,795	(27,395)
Swedish Krona	146,600,000	15,513,141	15,872,822	359,681
Total Foreign Currency Contracts Sold			<u>\$ 86,158,539</u>	<u>920,997</u>

As permitted by the Board's policies, the Pension trust funds 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.

As permitted by the Code, the component unit's pension trust fund (ERFC) invests in derivative instruments on a limited basis in accordance with the Board of Trustees' investment policy. Derivatives provide a means for ERFC to increase earnings and/or hedge against potential losses. Investment managers must obtain specific authorization from the Board prior to purchasing securities on margin or leverage. In addition, ERFC had indirect investments in derivatives through its ownership interest in the Better Beta fund, one Private Equity manager, two of the Real Estate managers, three of the fixed income managers, and one of the Global Asset Allocation managers. These portfolios are commingled funds in which ERFC has a percentage ownership. Derivatives in these portfolios consisted of interest rate swaps and caps, which reduce the effect of interest rate fluctuations 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 foreign exchange (F/X) rate and the forward F/X rate, and through investing the US dollar (USD) cash used as collateral in short dated US bonds. Forward commodity contracts hedge changes in cash flows due to market price fluctuations related to the expected purchase of a commodity. Currency forwards are used for hedging non-USD denominated physical instruments back to the base currency. Options are contracts that give the buyer the right, but not the obligation, to buy or sell an underlying asset at a specific price on or before a certain date. Credit Default Swaps (CDS) are contracts that offer guarantees against the non-payment of loans. At June 30, 2019, exposure to interest rate swaps was \$(24,627,795), exposure to interest rate caps was \$2,127,551, exposure to futures contracts was \$12,629,970, exposure to NDFs was \$185,858, exposure to forward commodity contracts was \$1,101,129, exposure to currency forward contracts was \$8,435,870, exposure to options was \$61,211, exposure to CDSs was \$72,456, and exposure to total return swaps was \$(17,876).

9. Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources representing a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. Deferred outflows for pensions and OPEB activities result from changes in actuarial proportions, changes in actuarial assumptions, differences between projected and actual earnings on pension and OPEB investments, differences between expected and actual experience and pension and OPEB contributions made subsequent to the measurement date. Deferred outflows related to investment differences are deferred and amortized over a closed five-year period and all other deferred outflows, except contributions made subsequent to the measurement date, are amortized over the remaining service life of all participants.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources representing an acquisition of net position that applies to a future period and so

will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows for pension and OPEB activities result from changes in actuarial proportions, changes in actuarial assumptions, differences between projected and actual earnings on pension and OPEB investments and differences between expected and actual experience. Deferred inflows related to investment differences are deferred and amortized over a closed five-year period and all other deferred inflows are amortized over the remaining service life of all participants.

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 two 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 taxes not paid by the due dates are assessed a ten percent late payment penalty on the tax amount. Personal property taxes are initially assessed a ten percent late payment penalty, which increases to twenty-five percent after thirty days of delinquency. Furthermore, interest accrues from the first day following the due date at an annual rate of one percent for real estate taxes and five percent for personal property taxes. The net delinquent taxes receivable, including interest and penalties, as of June 30, 2019, after allowances for uncollectible amounts, is \$21,679,485 of which \$2,402,654 has been included in tax revenue for fiscal year 2019 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 2019 as receivables (net of payments totaling \$30,557,227 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, 2019; however, these resources, which amount to \$3,555,817,826, will not be available to the County until fiscal year 2020.

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, 2019, consist of the following:

	General Fund	Nonmajor Governmental Funds	Enterprise Fund	Internal Service Funds	Total Primary Government (Exhibit A)
Receivables:					
Accounts	\$ 19,996,317	13,538,183	1,947,691	70,455	35,552,646
Accrued interest	-	11,397,813	-	-	11,397,813
Property taxes:					
Delinquent	39,526,361	-	-	-	39,526,361
Not yet due	3,321,032,877	-	-	-	3,321,032,877
Business license taxes - delinquent	10,629,464	-	-	-	10,629,464
Loans	-	85,433,342	-	-	85,433,342
Total receivables	3,391,185,019	110,369,338	1,947,691	70,455	3,503,572,503
Allowances for uncollectibles:					
Accounts receivable	(4,104,084)	-	-	-	(4,104,084)
Accrued interest	-	(5,596,100)	-	-	(5,596,100)
Property taxes:					
Delinquent	(17,846,876)	-	-	-	(17,846,876)
Not yet due	(7,086,222)	-	-	-	(7,086,222)
Business license taxes - delinquent	(6,430,642)	-	-	-	(6,430,642)
Loans	-	(24,892,504)	-	-	(24,892,504)
Total allowances for uncollectibles	(35,467,824)	(30,488,604)	-	-	(65,956,428)
Total net receivables	\$ 3,355,717,195	79,880,734	1,947,691	70,455	3,437,616,075

Receivables of the component units, excluding fiduciary funds, at June 30, 2019, consist of the following:

	Public Schools	FCRHA	Park Authority	EDA	Total Component Units
Receivables:					
Accounts	\$ 6,530,594	2,574,735	48,339	-	9,153,668
Accrued interest	211,628	699,624	76,255	-	987,507
Notes, mortgages, and other	-	51,382,836	-	-	51,382,836
Total receivables	6,742,222	54,657,195	124,594	-	61,524,011
Allowances for uncollectible	-	(2,456,991)	-	-	(2,456,991)
Total net receivables	\$ 6,742,222	52,200,204	124,594	-	59,067,020

Delinquent property taxes receivable from taxpayers in the General Fund as of June 30, 2019, are as follows:

Year of Levy	Real Estate	Personal Property	Total
2018	\$ 7,374,097	8,794,899	16,168,996
2017	2,224,146	3,945,802	6,169,948
2016	969,578	3,381,033	4,350,611
Prior years	1,443,842	4,319,311	5,763,153
Total delinquent taxes	\$ 12,011,663	20,441,045	32,452,708
Penalty and interest			7,073,653
Total delinquent taxes, penalty and interest			39,526,361
Allowances for uncollectibles			(17,846,876)
Net delinquent tax receivables			\$ 21,679,485

Amounts due to the primary government and component units from other governmental units at June 30, 2019, include the following:

	Primary Government					Component Unit	
	General Fund	Nonmajor Governmental Funds	Enterprise Fund	Internal Service Funds	Total (Exhibit A)	Public Schools	Park Authority
Federal government	\$ 113,637	13,422,405	244,100	-	13,780,142	17,687,816	397,897
State government:							
Property tax relief - not yet due	211,313,944	-	-	-	211,313,944	-	-
Other	48,386,702	38,710,892	256,737	-	87,354,331	26,158,047	-
Local governments	796,531	7,078,057	52,360,553	3,797	60,238,938	593,541	47,396
Total intergovernmental units	\$ 260,610,814	59,211,354	52,861,390	3,797	372,687,355	\$ 44,439,404	\$ 445,293
Federal-Build America Bond subsidy					581,951		
Total (Exhibit A)					\$ 373,269,306		

E. INTERFUND BALANCES AND TRANSFERS

Interfund receivables and payables are recorded when funds overdraw their share of pooled cash. All amounts are expected to be paid within one year. Interfund balances as of June 30, 2019 is as follows:

	Interfund Receivables	Interfund Payables
Primary Government		
General Fund	\$ 244,601	1,496,650
Nonmajor Governmental Funds	-	244,601
Internal Service Funds	1,496,650	-
Total primary government	<u>\$ 1,741,251</u>	<u>1,741,251</u>
Component Unit		
Public Schools:		
General Fund	\$ 10,950,000	-
Capital Projects Fund	-	10,950,000
Total component units	<u>\$ 10,950,000</u>	<u>10,950,000</u>

BASIC FINANCIAL STATEMENTS

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, 2019, are as follows:

Receivable Entity	Payable Entity	Amount
<u>Component Units</u>	<u>Primary Government</u>	
Public Schools	General Fund	\$ 351,056
Park Authority	General Fund	1,881,984
Park Authority	Nonmajor Governmental Fund	863,419
Park Authority	Internal Service Fund	6,694
EDA	General Fund	339,631
Total		\$ 3,442,784
<u>Primary Government</u>	<u>Component Unit</u>	
General Fund	Park Authority	\$ 95
Nonmajor Governmental Fund	Park Authority	2,003,300
Total		\$ 2,003,395

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, 2019, are as follows:

	Transfers In	Transfers Out
<u>Primary Government</u>		
General Fund	\$ 6,753,319	601,828,488
Nonmajor Governmental Funds	666,894,413	83,512,677
Internal Service Funds	11,693,433	-
Total primary government	\$ 685,341,165	685,341,165
<u>Component Unit</u>		
Public Schools:		
General Fund	\$ -	30,676,817
Capital Projects Fund	12,146,072	-
Nonmajor Governmental Funds	18,530,745	-
Park Authority:		
Major Governmental Funds	160,000	160,000
Total component units	\$ 30,836,817	30,836,817

F. CAPITAL ASSETS

Capital assets activity for the primary government and component units for the year ended June 30, 2019, is as follow:

	Balances July 1, 2018	Increases	Decreases	Balances June 30, 2019
Primary Government				
Governmental activities:				
Non-depreciable/non-amortizable:				
Land and easements	\$ 439,484,145	921,289	(4,200,000)	436,205,434
Construction in progress	318,149,895	172,874,905	(71,891,937)	419,132,863
Equipment under construction	26,351,525	12,320,063	(4,432,387)	34,239,201
Software in development	16,766,540	16,888,356	(3,003,239)	30,651,657
Total non-depreciable/non-amortizable	800,752,105	203,004,613	(83,527,563)	920,229,155
Depreciable/amortizable:				
Vehicles and equipment	481,025,356	38,398,545	(17,194,951)	502,228,950
Software	123,872,742	5,127,767	-	129,000,509
Library collections	106,956,956	3,164,591	-	110,121,547
Buildings	1,586,544,105	23,777,385	-	1,610,321,490
Improvements	256,458,475	17,391,964	(557,190)	273,293,249
Infrastructure	981,127,072	43,254,500	-	1,024,381,572
Total depreciable/amortizable	3,535,984,706	131,114,752	(17,752,141)	3,649,347,317
Less accumulated depreciation/amortization for:				
Vehicles and equipment	(314,422,736)	(41,726,050)	15,019,449	(341,129,337)
Software	(43,626,068)	(9,187,066)	-	(52,813,134)
Library collections	(95,065,279)	(3,894,243)	-	(98,959,522)
Buildings	(586,847,421)	(45,284,447)	-	(632,131,868)
Improvements	(94,400,076)	(10,132,957)	78,215	(104,454,818)
Infrastructure	(335,483,126)	(26,686,205)	-	(362,169,331)
Total accumulated depreciation/amortization	(1,469,844,706)	(136,910,968)	15,097,664	(1,591,658,010)
Total capital assets, being depreciated/amortized, net	2,066,140,000	(5,796,216)	(2,654,477)	2,057,689,307
Total capital assets, net - Governmental activities	2,866,892,105	197,208,397	(86,182,040)	2,977,918,462
Business-type activities:				
Non-depreciable/non-amortizable:				
Land and easements	18,024,686	-	(8,560)	18,016,126
Construction in progress	122,760,500	74,838,066	(19,984,071)	177,614,495
Total non-depreciable/non-amortizable	140,785,186	74,838,066	(19,992,631)	195,630,621
Depreciable/amortizable:				
Vehicles and equipment	14,810,738	692,508	(1,318,847)	14,184,399
Purchased capacity	1,070,403,023	18,555,722	(147,254)	1,088,811,491
Buildings and improvements	88,455,704	12,525	-	88,468,229
Infrastructure	1,351,280,455	22,536,546	(4,502)	1,373,812,499
Total depreciable/amortizable	2,524,949,920	41,797,301	(1,470,603)	2,565,276,618
Less accumulated depreciation/amortization for:				
Vehicles and equipment	(10,688,229)	(1,107,514)	1,306,231	(10,489,512)
Purchased capacity	(404,999,490)	(30,451,648)	-	(435,451,138)
Buildings and improvements	(49,883,956)	(2,124,186)	-	(52,008,142)
Infrastructure	(630,612,937)	(30,982,789)	4,502	(661,591,224)
Total accumulated depreciation/amortization	(1,096,184,612)	(64,666,137)	1,310,733	(1,159,540,016)
Total capital assets, being depreciated/amortized, net	1,428,765,308	(22,868,836)	(159,870)	1,405,736,602
Total capital assets, net - Business-type activities	1,569,550,494	51,969,230	(20,152,501)	1,601,367,223
Total capital assets, net - Primary government	\$ 4,436,442,599	249,177,627	(106,334,541)	4,579,285,685

BASIC FINANCIAL STATEMENTS

	Balances June 30, 2018	Increases	Decreases	Balances June 30, 2019
Component Units				
Public Schools				
Non-depreciable/non-amortizable:				
Land	\$ 46,837,095	-	-	46,837,095
Construction in progress	349,557,031	179,523,064	(215,876,643)	313,203,452
Total non-depreciable/non-amortizable	396,394,126	179,523,064	(215,876,643)	360,040,547
Depreciable/amortizable:				
Vehicles and equipment	336,224,811	27,910,647	(23,633,398)	340,502,060
Software	13,260,834	-	-	13,260,834
Library collections	24,657,995	2,048,160	(7,101,373)	19,604,782
Buildings	1,274,899,863	2,100,214	-	1,277,000,077
Improvements	2,508,362,466	244,417,573	(513,235)	2,752,266,804
Total depreciable/amortizable	4,157,405,969	276,476,594	(31,248,006)	4,402,634,557
Less accumulated depreciation/amortization for:				
Vehicles and equipment	(225,626,075)	(26,562,285)	20,481,998	(231,706,362)
Software	(6,755,603)	(796,075)	-	(7,551,678)
Library collections	(18,321,571)	(2,142,800)	7,101,373	(13,362,998)
Buildings	(631,869,421)	(24,112,940)	45,255	(655,937,106)
Improvements	(1,165,722,875)	(99,742,794)	-	(1,265,465,669)
Total accumulated depreciation/amortization	(2,048,295,545)	(153,356,894)	27,628,626	(2,174,023,813)
Total capital assets, being depreciated/amortized, net	2,109,110,424	123,119,700	(3,619,380)	2,228,610,744
Total capital assets, net - Public Schools	2,505,504,550	302,642,764	(219,496,023)	2,588,651,291
FCRHA				
Non-depreciable/non-amortizable:				
Land, as restated	42,642,869	6,496,722	(2,244,000)	46,895,591
Construction in progress	1,770,627	4,108,490	(1,491,101)	4,388,016
Total non-depreciable/non-amortizable	44,413,496	10,605,212	(3,735,101)	51,283,607
Depreciable/amortizable:				
Vehicles and equipment	1,747,556	147,709	(25,457)	1,869,808
Buildings and improvements	233,044,776	3,253,922	(11,457,203)	224,841,495
Total depreciable/amortizable	234,792,332	3,401,631	(11,482,660)	226,711,303
Less accumulated depreciation/amortization for:				
Vehicles and equipment	(1,676,489)	(403,215)	10,763	(2,068,941)
Buildings and improvements	(147,849,065)	(5,166,675)	8,371,160	(144,644,580)
Total accumulated depreciation/amortization	(149,525,554)	(5,569,890)	8,381,923	(146,713,521)
Total capital assets, being depreciated/amortized, net	85,266,778	(2,168,259)	(3,100,737)	79,997,782
Total capital assets, net - FCRHA	129,680,274	8,436,953	(6,835,838)	131,281,389
Park Authority				
Non-depreciable/non-amortizable:				
Land and easements	386,546,440	3,975,583	(89,492)	390,432,531
Construction in progress	7,892,729	23,097,969	(23,173,935)	7,816,763
Total non-depreciable/non-amortizable	394,439,169	27,073,552	(23,263,427)	398,249,294
Depreciable/amortizable:				
Vehicles and equipment	13,346,343	562,716	(371,581)	13,537,478
Buildings and improvements	477,917,228	23,988,621	-	501,905,849
Total depreciable/amortizable	491,263,571	24,551,337	(371,581)	515,443,327
Less accumulated depreciation/amortization for:				
Vehicles and equipment	(8,718,032)	(378,713)	359,685	(8,737,060)
Infrastructure	-	-	-	-
Buildings and improvements	(234,843,840)	(15,937,146)	-	(250,780,986)
Total accumulated depreciation/amortization	(243,561,872)	(16,315,859)	359,685	(259,518,046)
Total capital assets, being depreciated/amortized, net	247,701,699	8,235,478	(11,896)	255,925,281
Total capital assets, net - Park Authority	642,140,868	35,309,030	(23,275,323)	654,174,575
EDA				
Depreciable/amortizable:				
Vehicles and equipment	30,059	-	-	30,059
Buildings and improvements	1,176,811	-	-	1,176,811
Total depreciable/amortizable	1,206,870	-	-	1,206,870
Less accumulated depreciation/amortization for:				
Vehicles and equipment	(23,973)	(2,263)	-	(26,236)
Buildings and improvements	(703,726)	(109,174)	-	(812,900)
Total accumulated depreciation/amortization	(727,699)	(111,437)	-	(839,136)
Total capital assets, net - EDA	479,171	(111,437)	-	367,734
Total capital assets, net - Component units	\$ 3,277,804,863	346,277,310	(249,607,184)	3,374,474,989

Depreciation and amortization expense for the year ended June 30, 2019, 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	\$ 24,010,963	-	-
Judicial administration	3,896,637	-	-
Public safety	10,684,654	-	-
Public works	52,637,741	64,666,137	-
Health and welfare	3,312,949	-	-
Community development	16,743,296	-	-
Parks, recreation, and cultural	7,464,173	-	-
In addition, depreciation on capital assets held by the County's internal service funds is charged to the various functions based on asset usage.	18,160,555	-	-
Component Units			
Public Schools	-	-	153,356,894
FCRHA	-	-	5,569,890
Park Authority	-	-	16,315,859
EDA	-	-	111,437
Total depreciation and amortization expense	\$ 136,910,968	64,666,137	175,354,080

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. County Administered Plan Descriptions

Fairfax County Employees' Retirement System

The Fairfax County Employees' Retirement System (ERS) is a legally separate single-employer defined benefit pension plan established under the Code of Virginia, 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. This is the only plan that provides pension benefits to both the primary government and component units. The balances have been allocated in the financial statements as follows: County, including business type activities, 67.5 percent, FCPS 26.9 percent, EDA 0.5 percent, FCRHA 1.7 percent, and FCPA 3.4 percent of all totals. More information is shown in section 6 of this note.

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, 12015 Lee Jackson Memorial Highway, Suite 350, Fairfax, VA 22033, or by calling (703) 279-8200. It may be accessed online for additional information including details of the plan fiduciary net position. The information presented in this report follows the same accounting basis as the plan. <https://www.fairfaxcounty.gov/retirement/financial-publications>

Fairfax County Police Officers Retirement System

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.

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, 12015 Lee Jackson Memorial Highway, Suite 350, Fairfax, VA 22033, or by calling (703) 279-8200. It may be accessed online for additional information including details of the plan fiduciary net position. The information presented in this report follows the same accounting basis as the plan. <https://www.fairfaxcounty.gov/retirement/financial-publications>

Fairfax County Uniformed Retirement System

The Fairfax County Uniformed Retirement System (URS) is a legally separate single-employer defined benefit pension plan established under the Code of Virginia. The plan covers uniformed or sworn employees of the Fire and Rescue Department, Office of Sheriff, Park Police, helicopter pilots, and Animal Control Officers as well as non-administrative positions of the Department of Public Safety Communications who are not covered by other plans of the reporting entity or the VRS.

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, 12015 Lee Jackson Memorial Highway, Suite 350, Fairfax, VA 22033, or by calling (703) 279-8200. It may be accessed online for additional information including details of the plan fiduciary net position. The information presented in this report follows the same accounting basis as the plan. <https://www.fairfaxcounty.gov/retirement/financial-publications>

The Educational Employees' Supplementary Retirement System

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 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. It may be accessed online for additional information including details of the plan fiduciary net position. The information presented in this report follows the same accounting basis as the plan. <https://www.fcps.edu/about-fcps/budget/financial-reports>

2. Benefit Provisions and Requirements

Fairfax County Employees' Retirement System

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 had the option to 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. 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 entry into the Deferred Retirement Option Program (DROP). The benefit for early retirement is actuarially reduced and payable at early termination.

On December 4, 2018, the Fairfax County Board of Supervisors voted to approve changes to ERS, for employees hired on or after July 1, 2019, who will participate in a new plan. The changes include eliminating the pre-Social Security Supplement and eliminating the one-time 3 percent calculated retirement annuity increase from the plan. Changes also include the addition of a cost-neutral Early Age Option for employees who retire prior to full retirement age under Social Security.

Effective July 1, 2005, a 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.

Fairfax County Police Officers Retirement System

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.

On December 4, 2018, the Fairfax County Board of Supervisors voted to approve changes to PORS, for employees hired on or after July 1, 2019, who will participate in a new plan. The change eliminates the one-time 3 percent calculated retirement annuity increase from the plan.

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.

Fairfax County Uniformed Retirement System

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.

On December 4, 2018, the Fairfax County Board of Supervisors voted to approve changes to URS, for employees hired on or after July 1, 2019, who will participate in a new plan. The changes include eliminating the pre-Social Security Supplement and eliminating the one-time 3 percent calculated retirement annuity increase from the plan. Changes also include the addition of a cost-neutral Early Age Option for employees who retire prior to full retirement age under Social Security.

Effective October 1, 2003, a 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 Educational Employees' Supplementary Retirement System

Benefit provisions for ERFC and ERFC 2001 are established and may be amended by ERFC's Board of Trustees (ERFC Board) subject to approval by the School Board. All members are vested for benefits after five years of service. The ERFC benefit formula was revised effective July 1, 1988, following changes to VRS, which ERFC has historically supplemented. The benefit structure is designed to supplement VRS and Social Security benefits to provide a level retirement benefit throughout retirement.

ERFC 2001 has a stand-alone structure. Member contributions for ERFC and ERFC 2001 are made through an arrangement that results in a deferral of taxes on the contributions. Further details of member contributions may be found in Article III of the ERFC and ERFC 2001 Plan Documents.

ERFC and ERFC 2001 provide for a variety of benefit payment types. ERFC's payment types include Service Retirement, Reduced Service, Disability, Death-in-Service, and Deferred Retirement. ERFC 2001's payment types include Service Retirement, Death-in-Service, and Deferred Retirement. ERFC's minimum eligibility requirements for receipt of full benefits range from members attaining the age of 55 with 25 years of service to completing five years of service prior to age 65. The minimum eligibility requirements for full benefits for ERFC 2001 Tier 1 members are age 60 with five years of service or any age with 30 years of service. The minimum eligibility requirements for full benefits for ERFC Tier 2 members are full Social Security age with five years of service or age

and service equal 90 (the rule of 90). Annual post-retirement cost-of-living increases are effective each March 31. Participants in their first full year of retirement from ERFC 2001 Tier 1 receive a 1.49 percent increase. Participants who retire on or after January 1 receive no cost-of-living increase that first March. Under ERFC 2001 Tier 2, the first cost-of-living will equal approximately half of the full amount. Thereafter, the full cost-of-living will equal 100 percent of the Consumer Price Index for all Urban Consumers for the Washington, D.C. metropolitan area for the period ending in November of each year, capped at 4%. Additional details regarding benefit payment types can be found in the actuarial valuation and the Plan Documents.

3. Funding Policy

Fairfax County Employees' Retirement System

All contribution requirements for ERS are established and may be amended by County ordinances, including member contribution rates. 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, 2019, was 27.14 percent of annual covered payroll. Since the ERS's adjusted funded ratio (the ratio of the sum of the actuarial value of assets and commitments already made to fund changes to the actuarial accrued liability) fell below 90 percent, the contribution rate includes a margin to amortize this shortfall back to the 90 percent level. For fiscal year 2019, the amortization target was increased to 99 percent. Per the County's pension funding policy, as approved by the Board of Supervisors as part of the FY 2019 Adopted Budget Plan and incorporated in the Fairfax County Code, the County will continue increasing the amortization target so that, at or before fiscal year 2020, 100 percent of the unfunded actuarial accrued liability is amortized and included in the contribution rate. The employer contribution made during the measurement period of the liability was \$188,578,414. The 2019 employer contribution totaled \$210,964,434.

Fairfax County Police Officers Retirement System

All contribution requirements for PORS are established and may be amended by County ordinances, including member contribution rates. Member contributions were based on 8.65 percent of compensation at June 30, 2019.

The County is required to contribute at an actuarially determined rate; the rate for the year ended June 30, 2019 was 40.10 percent of annual covered payroll. Since the PORS's adjusted funded ratio (the ratio of the sum of the actuarial value of assets and commitments already made to fund changes to the actuarial accrued liability) fell below 90 percent, the contribution rate includes a margin to amortize this shortfall back to the 90 percent level. For fiscal year 2019, the amortization target was set to a 99 percent level. Per the County's pension funding policy as approved by the Board of Supervisors as part of the FY 2019 Adopted Budget Plan and incorporated in the Fairfax County Code, the County will continue increasing the amortization target so that, at or before fiscal year 2020, 100 percent of the unfunded actuarial accrued liability is amortized and included in the contribution rate. The employer contribution made for the measurement period of the liability was \$44,504,675. The 2019 employer contribution totaled \$47,182,840.

Fairfax County Uniformed Retirement System

All contribution requirements for URS are established and may be amended by County ordinances, including member contribution rates. Employees hired before July 1, 1981 were enrolled in Plan A. 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 is required to contribute at an actuarially determined rate; the rate for the year ended June 30, 2019 was 38.84 percent of annual covered payroll. Since the URS's adjusted funded ratio (the ratio of the sum of the actuarial value of assets and commitments already made to fund changes to the actuarial accrued liability) fell below 90 percent, the contribution rate includes a margin to amortize this shortfall back to the 90 percent level. For fiscal year 2019, the amortization target was increased to a 99 percent level. Per the County's pension funding policy as approved by the Board of Supervisors as part of the FY 2019 Adopted Budget Plan and incorporated in the Fairfax County Code, the County will continue increasing the amortization target so that, at or before fiscal year 2020, 100 percent of the unfunded actuarial accrued liability is amortized and included in the contribution rate. The employer contribution made for the measurement period of the liability was \$67,895,377. The 2019 employer contribution totaled \$69,246,070.

The Educational Employees' Supplementary Retirement System

All contribution requirements for ERFC plans are established and may be amended by the ERFC Board with the approval of the School Board. The requirements are based upon a fundamental financial objective of having rates of contribution that remain relatively level from generation to generation of employees. To determine the appropriate employer contribution rates and to assess the extent to which the fundamental financial objective is being achieved, ERFC has actuarial valuations prepared annually. Members are required to contribute 3 percent of annual salary. The employer is required to contribute at an actuarially determined rate which was 6.26 percent for fiscal year 2019. Employer contributions to the pension plan were \$96,982,911 and \$91,704,877 for the years ended June 30, 2019 and June 30, 2018 respectively.

The actuarial valuations are used to set the employer contribution rate for the two-year period beginning 18 months after the valuation date. As such, the December 31, 2015 valuation recommended that the contribution rate for the two-year period beginning July 1, 2017 to June 30, 2019 be increased from 5.6 percent to 6.24 percent. However, the December 31, 2016 valuation resulted in an actuarially determined rate of 6.26 percent, which the Board of Trustees elected to implement for the fiscal year ending June 30, 2019.

4. Actuarial Methods and Assumptions

The reported total pension liability (TPL) was based on participant data collected as of December 31, 2017 and an actuarial valuation as of June 30, 2018, using the entry age actuarial cost method, with a measurement date of June 30, 2018. Significant actuarial assumptions used in the valuation for ERS, PORS, and URS include:

Discount rate, net of plan investment expenses	7.25%
Inflation	2.75%
Salary increases, including inflation	2.75%
Investment rate of return, net of plan investment expenses	7.25%
Mortality	Sex Distinct RP-2014 Combined Mortality projected to RPEC-2015

ERFC assumptions deviate from the chart for salary increases, using a range of 3.75% - 9.05%. Mortality rates were based on RP-2014 mortality healthy annuitant total data set table with fully generation two-dimensional sex distinct MP-2016 projection scale.

The actuarial assumptions used have been recommended by the actuary and adopted by the Board of Trustees of ERS, PORS and URS based on the most recent review of the experience associated with their respective plans, completed in 2016.

The rate of employer contributions to the ERS, PORS and URS is composed of normal cost, amortization of the unfunded actuarial accrued liability and an allowance for administrative expenses. The normal cost is a level percent of payroll cost, which, along with the member contributions, will pay for projected benefits at retirement for each plan participant. The actuarial accrued liability is that portion of the present value of projected benefits that will not be paid by future normal employer costs or member contributions. The difference between this liability and the funds accumulated as of the same date is the unfunded actuarial accrued liability. The allowance for administrative costs is based upon the actual administrative expenses of the plans.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study performed in 2016. ERFC valuation date December 31, 2017 based on experience study from January 1, 2010 to December 31, 2014.

Target Allocation and Rate of Investment Return

The target asset allocation of the System's investment portfolio has a significant impact on the investment returns expected to be experienced by the System. The table on the next page shows the target allocation and long term expected real rate of return based on the Board's current policy along with the capital market assumptions compiled by System's investment staff.

Long-Term Expected Real Rate of Return/Target Allocation*

Asset Class	ERS*	PORS*	URS*
US Equity	5.6% / 16%	5.6% / 12%	5.6% / 10%
US Small Cap Equity	7.8% / 4%	7.8% / 5%	7.8% / 3%
International Dev.	5.6% / 7%	5.6% / 10%	5.6% / 9%
International EM	10.1% / 3%	10.1% / 3%	10.1% / 5%
Private Equities	14.4% / 2%	14.4% / 2%	14.4% / 3%
Core Bonds	2.1% / 25%	2.1% / 13%	2.1% / 12%
High Yield	4.6% / 10%	4.6% / 17%	4.6% / 5%
Global Bonds	0.9% / 5%	0.9% / -	0.9% / 5%
Emerging Markets Debt	4.8% / 2%	4.8% / -	4.8% / 3%
Real Estate	6.8% / 8%	6.8% / 5%	6.8% / 8%
Absolute Return	11.3% / 20%	11.3% / 15%	11.3% / 18%
Risk Parity	6.5% / 15%	6.5% / 30%	6.5% / 20%
Commodities	5.9% / 5%	5.9% / -	5.9% / 4%
Cash	1.0% / 3%	1.0% / 1%	1.0% / 5%

* Target total may exceed 100% due to futures and other derivatives

Asset Class	ERFC	
	L/T Expected RRR	Target Allocation
Domestic Large Cap Equity	5.92%	13.00%
Domestic Small Cap Equity	6.71%	5.50%
International	-	17.00%
International Equity	6.71%	-
Emerging Market Equity	9.46%	-
Real Estate	4.98%	7.50%
Fixed Income	-	29.00%
Core Fixed Income	1.14%	-
Diversified Fixed Income	2.50%	-
Absolute Return Fixed Income	1.67%	-
Emerging Market Debt (Local)	4.38%	-
Global Asset Allocation	4.76%	15.00%
Absolute Return	3.86%	8.00%
Private Equity	8.73%	5.00%
Risk Parity	4.45%	-

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The TPL and NPL resulting from the plans fiduciary net position are as follows:

	ERS	PORS
Total pension liability	\$ 5,591,223,791	\$ 1,713,294,651
Pension plan's fiduciary net position	<u>(3,940,926,716)</u>	<u>(1,435,923,023)</u>
Net pension liability	<u>\$ 1,650,297,075</u>	<u>\$ 277,371,628</u>
Plan fiduciary net position as a percentage of the total pension liability	70.5%	83.8%
	URS	ERFC
Total pension liability	\$ 2,125,849,930	\$ 3,238,436,290
Pension plan's fiduciary net position	<u>(1,759,902,734)</u>	<u>(2,446,279,897)</u>
Net pension liability	<u>\$ 365,947,196</u>	<u>\$ 792,156,393</u>
Plan fiduciary net position as a percentage of the total pension liability	82.8%	75.5%

Items that have resulted in a change in the NPL for the current reporting period are as follows:

	Increases (Decreases) in (000)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balances 6/30/2018	<u>\$ 12,136,399</u>	<u>9,064,773</u>	<u>3,071,626</u>
Changes for year:			
Service cost	258,120	-	258,120
Interest	872,131	-	872,131
Changes in benefit terms	1,559	-	1,559
Differences between expected and actual experience	53,691	-	53,691
Benefit payments, including refunds of member contributions	(653,095)	(653,095)	-
Contributions - employer	-	392,683	(392,683)
Contributions - member	-	102,685	(102,685)
Net investment income	-	683,695	(683,695)
Administrative expense	-	(7,708)	7,708
Net changes	<u>532,406</u>	<u>518,260</u>	<u>14,146</u>
Balances 6/30/2019	<u>\$ 12,668,805</u>	<u>9,583,033</u>	<u>3,085,772</u>

Presented below are those items as they relate to the individual plans:

	Dollar amounts in (000)				
	ERS	PORS	URS	ERFC	Total
Total Pension Liability					
Service cost	\$ 96,662	30,744	42,115	88,599	258,120
Interest	385,505	118,405	147,114	221,107	872,131
Changes in benefit terms	603	-	956	-	1,559
Differences between expected and actual experience	41,363	1,315	(1,128)	12,141	53,691
Benefit payments, including refunds of member contributions	(300,641)	(77,838)	(96,896)	(177,720)	(653,095)
Net change in total pension liability	223,492	72,626	92,161	144,127	532,406
Total pension liability - 6/30/2018	5,367,732	1,640,669	2,033,689	3,094,309	12,136,399
Total pension liability - 6/30/2019	\$ 5,591,224	1,713,295	2,125,850	3,238,436	12,668,805
Plan Fiduciary Net Position					
Contributions - employer	\$ 188,578	44,505	67,895	91,705	392,683
Contributions - member	36,358	9,896	12,262	44,169	102,685
Net investment income	269,418	94,135	131,997	188,145	683,695
Benefit payments, including refunds of member contributions	(300,641)	(77,838)	(96,896)	(177,720)	(653,095)
Administrative expense	(2,171)	(619)	(618)	(4,300)	(7,708)
Net change in plan fiduciary net position	191,542	70,079	114,640	141,999	518,260
Plan fiduciary net position - 6/30/2018	3,749,385	1,365,844	1,645,263	2,304,281	9,064,773
Plan fiduciary net position - 6/30/2019	\$ 3,940,927	1,435,923	1,759,903	2,446,280	9,583,033
Net pension liability - 6/30/2019	\$ 1,650,297	277,372	365,947	792,156	3,085,772

Changes in the discount rate affect the measurement of the TPL. The discount rate does not affect the measurement of assets; hence the percentage change in the NPL can be very significant for a relatively small change in the discount rate. To illustrate this, the tables reflect the impact of a one percent increase or decrease of the discount rate would have on the NPL for each of the plans:

Sensitivity of Net Pension Liability to Changes in Discount Rate - ERS

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Total pension liability	\$ 6,259,521,118	\$ 5,591,223,791	\$ 5,031,321,012
Plan fiduciary net position	(3,940,926,716)	(3,940,926,716)	(3,940,926,716)
Net pension liability	\$ 2,318,594,402	\$ 1,650,297,075	\$ 1,090,394,296
Plan fiduciary net position as a percentage of the total pension liability	63.0%	70.5%	78.3%

Sensitivity of Net Pension Liability to Changes in Discount Rate - PORS

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Total pension liability	\$ 1,952,475,193	\$ 1,713,294,651	\$ 1,517,729,153
Plan fiduciary net position	(1,435,923,023)	(1,435,923,023)	(1,435,923,023)
Net pension liability	\$ 516,552,170	\$ 277,371,628	\$ 81,806,130
Plan fiduciary net position as a percentage of the total pension liability	73.5%	83.8%	94.6%

Sensitivity of Net Pension Liability to Changes in Discount Rate - URS

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Total pension liability	\$ 2,314,669,124	\$ 2,125,849,930	\$ 1,818,538,429
Plan fiduciary net position	(1,759,902,734)	(1,759,902,734)	(1,759,902,734)
Net pension liability	<u>\$ 554,766,390</u>	<u>\$ 365,947,196</u>	<u>\$ 58,635,695</u>
Plan fiduciary net position as a percentage of the total pension liability	76.0%	82.8%	96.8%

Sensitivity of Net Pension Liability to Changes in Discount Rate - ERFC

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Total pension liability	\$ 3,614,094,900	\$ 3,238,436,290	\$ 2,862,777,680
Plan fiduciary net position	(2,446,279,897)	(2,446,279,897)	(2,446,279,897)
Net pension liability	<u>\$ 1,167,815,003</u>	<u>\$ 792,156,393</u>	<u>\$ 416,497,783</u>
Plan fiduciary net position as a percentage of the total pension liability	67.7%	75.5%	85.5%

5. Plan Membership

As of the measurement date(s), 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	8,989	1,119	1,354	12,101
Terminated employees entitled to, but not yet receiving, benefits	2,269	70	83	4,996
DROP participants	858	50	117	N/A
Active plan members	13,904	1,350	1,974	22,048
Total number of plan members	<u>26,020</u>	<u>2,589</u>	<u>3,528</u>	<u>39,145</u>

6. Pension Expense, Deferred Outflows and Deferred Inflows of Resources, Net Pension Liability, and Component Allocation

The reported deferred outflows and inflows of resources and recognized pension expense associated with ERS, PORS, URS, and ERFC is presented on the following page:

BASIC FINANCIAL STATEMENTS

	ERS		PORS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 78,058,951	53,853,530	\$ 8,854,961	22,547,267
Changes of assumptions	34,286,685	-	5,654,514	-
Net difference between projected and actual earnings on pension plan investments	173,090,084	-	31,357,772	-
Contributions subsequent to the measurement date	210,964,434	-	47,182,840	-
Total	\$ 496,400,154	53,853,530	\$ 93,050,087	22,547,267
Pension Expense Recognized 2019	\$ 258,335,048		\$ 42,855,627	
Net Pension Liability June 30, 2019	\$ 1,650,297,075		\$ 277,371,628	
	URS		ERFC	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,042,283	31,854,218	\$ 24,157,967	16,912,901
Changes of assumptions	11,702,517	-	41,258,977	-
Net difference between projected and actual earnings on pension plan investments	25,335,016	-	18,784,355	-
Contributions subsequent to the measurement date	69,246,070	-	96,982,911	-
Total	\$ 115,325,886	31,854,218	\$ 181,184,210	16,912,901
Pension Expense Recognized 2019	\$ 64,768,602		\$ 117,582,790	
Net Pension Liability June 30, 2019	\$ 365,947,196		\$ 792,156,393	

Deferred outflows associated with contributions made subsequent to the measurement date will be recognized as a reduction to the net pension liability in 2020. The remaining deferred outflows and inflows will impact pension expense in subsequent years as follows:

Year ended June 30:

Measurement Date June 30 of prior year

	ERS	PORS	URS	ERFC
2020	\$ 127,113,003	20,086,662	27,250,135	45,132,264
2021	76,269,679	9,653,450	8,954,409	20,322,747
2022	19,999,249	(6,615,365)	(15,760,533)	(12,142,342)
2023	8,200,259	(23,972)	(6,760,200)	6,969,066
2024	-	219,205	702,871	6,011,884
Thereafter	-	-	(161,084)	994,779
Total	\$ 231,582,190	23,319,980	14,225,598	67,288,398

ERS balances have been allocated between the Primary Government and discretely presented component units as follows:

	Dollar amounts in (000)					
	Total	Primary Government	FCPS	EDA	FCRHA	FCPA
Total pension liability	\$ 5,591,224	3,771,113	1,505,665	27,089	95,698	191,659
Pension plan's fiduciary net position	(3,940,927)	(2,658,036)	(1,061,255)	(19,094)	(67,452)	(135,090)
Net pension liability	\$ 1,650,297	1,113,077	444,410	7,995	28,246	56,569
Deferred outflows:						
Contributions after measurement date	\$ 210,964	143,001	56,682	830	3,319	7,132
Investment return	173,090	116,743	46,612	839	2,963	5,933
Changes in proportion	12,038	10,210	-	232	896	700
Experience	78,059	52,648	21,021	378	1,336	2,676
Changes of assumptions	34,287	23,126	9,233	166	587	1,175
Total deferred outflows (ERS)	\$ 508,438	345,728	133,548	2,445	9,101	17,616
Deferred inflows:						
Experience	\$ 53,854	36,323	14,502	261	922	1,846
Changes in proportion	12,038	1,674	8,289	14	187	1,874
Total deferred inflows (ERS)	\$ 65,892	37,997	22,791	275	1,109	3,720
Pension expense	\$ 258,335	177,170	67,194	1,397	4,336	8,238

7. Virginia Retirement System (VRS)

Plan Description

FCPS contributes to VRS on behalf of its covered professional employees. VRS is a cost-sharing, multiple-employer retirement system, which administers two defined benefit plans and a hybrid plan that combines the features of a defined benefit plan and a defined contribution plan. These plans are administered by the Commonwealth and provide coverage for Commonwealth employees, public school board employees, employees of participating political subdivisions, and other qualifying employees. All full-time, salaried, permanent employees of VRS-participating employers are automatically covered under VRS. All employees hired after January 1, 2014 are automatically enrolled in the Hybrid Plan. Contributions made by members and participating VRS employers are invested to provide future retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

Benefit Provisions and Requirements

Benefit provisions are established and governed by Section 51.1 of the Code. Changes to the Code can be made only by an act of the Virginia General Assembly. All benefits vest at five years of creditable service. Benefits under the Defined Contribution component of the Hybrid Plan are always 100% vested. To be eligible for unreduced retirement benefits, an individual must meet the following criteria: (a) attain the age of 65 with five years of service or age 50 with 30 years of service for Plan 1, (b) for Plan 2 and the Defined Benefit component of the Hybrid Plan, attain normal social security retirement age with five years of service or combination of age and service equals 90 or (c) for the Defined Contribution component of the Hybrid Plan, terminate employment.

To be eligible for reduced retirement benefits, an individual must meet the following criteria: (a) attain the age of 55 with five years of service or age 50 with 10 years of service for Plan 1, (b) for Plan 2 and the Defined Benefit component of the Hybrid Plan, attain the age of 60 with five years of service or (c) for the Defined Contribution component of the Hybrid Plan, terminate employment.

Annual retirement benefits are payable monthly for life in an amount equal to (a) 1.7 percent of eligible members' average final compensation for each year of credited service under Plan 1, (b) 1.65 percent of eligible members' average final compensation for each year of creditable service on or after January 1, 2013 and 1.7 percent on creditable service before January 1, 2013 for Plan 2, or (c) 1.0 percent of eligible members' average final compensation for each year of creditable service for the Defined Benefit component of the Hybrid Plan. The health insurance credit provides retirees who have 15 or more years of creditable service with reimbursement to assist with the cost of health insurance premiums. The credit is a dollar amount set by the General Assembly for each year of service.

Funding Policy

The contribution requirement for active employees is governed by Section 51.1-145 of the Code, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.0 percent of their compensation toward their retirement. Each school division's contractually required contribution rate for the year ended June 30, 2019 was 15.68 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarial rate for the Teacher Retirement Plan was 15.68 percent. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of Section 51.1-145 of the Code, as amended, the contributions were funded at 100.00 percent of the actuarial rate for the year ended June 30, 2019. Employer contributions to the pension plan were \$242,912,277 and \$240,020,797 for the years ended June 30, 2019 and June 30, 2018, respectively.

Actuarial Methods and Assumptions

The total pension liability for VRS was based on an actuarial valuation as of June 30, 2017, using the entry age normal actuarial cost method, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2018. The assumptions used were as follows:

Actuarial Assumptions

Inflation	2.50%
Salary increases, including inflation	3.50% to 5.95%
Investment rate of return, net of pension plan investment expense, including inflation ^(a)	7.00%

(a) Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality Rates

Pre-Retirement	Post-Retirement	Post-Disablement
RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020	RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90	RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are presented as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table-RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, FCPS reported a liability of \$2,139,027,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined based on an actuarial valuation as of June 30, 2017 rolled forward to the measurement date of June 30, 2018. The FCPS' proportion of the net pension liability was based on FCPS' actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, FCPS's proportion was 18.19 percent, as compared to 18.16 percent at June 30, 2017.

For the year ended June 30, 2019, FCPS recognized pension expense of \$142,732,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between actual employer contributions and the proportionate share of employer contributions. At June 30, 2019, FCPS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 182,903,000
Net difference between projected and actual earnings on pension plan investments	-	45,362,000
Change of assumptions	25,531,000	-
Changes in proportion and differences between contributions and proportionate share of contributions	30,044,000	9,711,000
Contributions subsequent to the measurement date	242,912,277	-
Total	<u>\$ 298,487,277</u>	<u>\$ 237,976,000</u>

A total of \$242,912,277 reported as deferred outflows of resources related to pensions resulting from FCPS contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as shown to the right:

Year ended June 30:

2020	\$	(20,026,000)
2021		(43,653,000)
2022		(88,017,000)
2023		(23,352,000)
2024		(7,353,000)
	\$	(182,401,000)

The long term expected rate of return on VRS investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00 %	4.54 %	1.82 %
Fixed Income	15.00	0.69	0.10
Credit Strategies	15.00	3.96	0.59
Real Assets	15.00	5.76	0.86
Private Equity	15.00	9.53	1.43
Total	<u>100.00 %</u>		<u>4.80 %</u>
		Inflation	<u>2.50</u>
	Expected arithmetic nominal return ^(a)		<u>7.30 %</u>

^(a) The above allocation provides a one-year return of 7.30 percent. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83 percent, including expected inflation of 2.5 percent.

The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by FCPS for VRS will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, school divisions are assumed to contribute 100.0 percent of the actuarially determined contribution rates. Based on those assumptions, VRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents FCPS' proportionate share of the net pension liability using the discount rate of 7.0 percent, as well as what FCPS' proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0) percent or one percentage point higher (8.0) percent than the current rate:

	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
FCPS' proportionate share of the VRS net pension liability	\$ 3,267,414,000	\$ 2,139,027,000	\$ 1,205,025,000

Plan Fiduciary Net Position

Detailed information about the VRS net position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500. It is also available online through the VRS website. <http://www.varetire.org>

H. OTHER POSTEMPLOYMENT BENEFITS

1. General Information about the OPEB Plan

The Fairfax County OPEB Plan (the Plan) is a single-employer defined benefit plan administered by Fairfax County. The Plan provides the opportunity to continue participation in medical/dental, vision, and life insurance benefits for eligible retirees and their spouses. The plan benefits correspond with benefits available to active employees. The benefit provisions are established and may be amended by the Board. Fiduciary oversight is provided by the members of the Local Finance Board for OPEB and deferred compensation. The members of this finance board are the CFO, Director of Finance, Director of Human Resources, and the Executive Director of the Retirement Agency. The Plan does not issue a stand-alone financial report.

In order to participate in the Plan, an employee must meet retirement criteria for either ERS, PORS, or URS (Note G). The retiree must have the applicable benefit(s) in place as an active employee, and must maintain continuous participation in the benefit plan into retirement. Upon retirement the County no longer contributes to the premium payments and the participant becomes responsible for 100% of applicable premiums less any applicable subsidies.

Beginning in fiscal year 2006 the amount of monthly medical subsidy provided by the County is based on years of service and ranges from \$30 per month to \$220 per month. Employees who retired prior to July 1, 2003 are eligible for the greater of the amount based on the current subsidy structure and an amount calculated based on the subsidy structure in place prior to July 2003. In addition, the Board 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. In order to receive these subsidies, retirees must be 55 or older and have a minimum of five years of service credit. If participation in any of the benefit areas is discontinued, eligibility is lost and a retiree may not re-enroll into the Plan benefit. Consequently, all inactive employees are considered to be receiving benefits.

Beginning in fiscal 2018, required disclosures for the County OPEB liability and OPEB plan's fiduciary net position will be made simultaneously. Participant data for current fiscal year and prior year is as follows:

Membership	FY 2018	FY 2019
Medical Members		
Number of Active Members	13,520	13,364
Average age	45	44
Average service	12	11
<u>Number of Inactive Members</u>		
Retirees and Spouses	4,819	5,381
Average age	68	67
Life Insurance Members		
Number of Active Members	13,520	13,364
Average age	45	44
Average service	12	11
<u>Number of Inactive Members</u>		
Retirees and Spouses	5,502	5,761
Average age	68	68

Contributions to the plan are made by appropriation from the Board based on their commitment to fund an actuarially determined amount. The contribution for fiscal year 2018 and 2019 was \$24.4 million and \$25.7 million, respectively. Plan members are not required to contribute.

2. County Reporting of OPEB

Net OPEB Liability for the County

The County's net OPEB liability was measured as of June 30, 2018. The components of the net OPEB liability for the County are as follows:

	Total	Primary Government	EDA	FCRHA	FCPA
Total OPEB Liability	\$ 400,568,354	375,012,092	1,081,535	6,849,719	17,625,008
Plan's Fiduciary Net Position	(308,298,023)	(288,628,609)	(832,405)	(5,271,896)	(13,565,113)
Net OPEB Liability	\$ 92,270,331	86,383,483	249,130	1,577,823	4,059,895

Assumptions

For the County, the total OPEB Liability was determined by an actuarial valuation as of July 1, 2017, rolled forward to June 30, 2018, using the following actuarial assumptions, found on the following page:

Actuarial cost method	Entry age normal
Asset valuation method	Market value of assets
Salary increases	3.00%
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation.
Retirement age	Varies by age and pension plan.
Mortality	RP-2014 Mortality table fully generational projected using scale MP-2016. Disabled mortality is assumed to be RP-2014.
Healthcare cost trend rate	7.7% - 9.1% decreasing to 4.5%

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for fiscal years 2010-2015.

Discount rate

The discount rate used to measure the total OPEB liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected County contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future OPEB payments for current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

Items that have resulted in a change in the OPEB liability for the current reporting period are as follows:

	Dollar amounts in (000)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)
Balances 6/30/2018	\$ 322,345	279,564	42,781
Changes for year:			
Service cost	9,987	-	9,987
Interest	22,517	-	22,517
Changes in benefit terms	(387)	-	(387)
Difference between Expected and Actual Experience	(10,412)	-	(10,412)
Changes of assumptions	78,188	-	78,188
Benefit payments, including refunds of member contributions	(21,670)	(21,670)	-
Contributions - employer	-	24,367	(24,367)
Net investment income	-	26,160	(26,160)
Administrative expense	-	(123)	123
Net changes	78,223	28,734	49,489
Balances 6/30/2019	\$ 400,568	308,298	92,270

Presented below are those items as they relate to the individual plans:

	Dollar amounts in (000)				
	Primary Government	EDA	FRCHA	FCPA	Total
Total OPEB Liability					
Service cost	\$ 9,360	53	185	389	9,987
Interest	21,103	119	417	878	22,517
Changes in benefit terms	(363)	(2)	(7)	(15)	(387)
Difference between Expected and Actual Experience	(10,161)	(1,092)	(757)	1,598	(10,412)
Changes in assumptions	73,279	413	1,447	3,049	78,188
Benefit payments, including refunds of member contributions	(20,309)	(115)	(401)	(845)	(21,670)
Net change in total OPEB liability	72,909	(624)	884	5,054	78,223
Total OPEB liability - 6/30/2018	302,104	1,705	5,965	12,571	322,345
Total OPEB liability - 6/30/2019	<u>\$ 375,013</u>	<u>1,081</u>	<u>6,849</u>	<u>17,625</u>	<u>400,568</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 22,837	129	451	950	24,367
Net investment income	24,206	(659)	51	2,562	26,160
Benefit payments, including refunds of member contributions	(20,309)	(115)	(401)	(845)	(21,670)
Administrative expense	(115)	(1)	(2)	(5)	(123)
Net change in plan fiduciary net position	26,619	(646)	99	2,662	28,734
Plan fiduciary net position - 6/30/2018	262,010	1,478	5,173	10,903	279,564
Plan fiduciary net position - 6/30/2019	<u>\$ 288,629</u>	<u>832</u>	<u>5,272</u>	<u>13,565</u>	<u>308,298</u>
Net OPEB liability - 6/30/2019	<u>\$ 86,384</u>	<u>249</u>	<u>1,577</u>	<u>4,060</u>	<u>92,270</u>

Sensitivity Analysis

The following represents County's Net OPEB liability using the 7 percent discount rate, as well as what the liability would be if the discount rate were decreased or increased by one percent.

	1% Decrease	Current Rate	1% Increase
	(6%)	(7%)	(8%)
Total OPEB Liability	\$ 468,627,163	400,568,354	347,019,223
Plan Fiduciary Net Position	(308,298,023)	(308,298,023)	(308,298,023)
Net OPEB Liability	<u>\$ 160,329,140</u>	<u>92,270,331</u>	<u>38,721,200</u>

	1% Decrease	Current Rate	1% Increase
	(6%)	(7%)	(8%)
Total OPEB Liability			
Primary Government	\$ 438,728,751	375,012,092	324,879,396
EDA	1,265,293	1,081,535	936,952
FCRHA	8,013,524	6,849,719	5,934,029
FCPA	20,619,595	17,625,008	15,268,846
Total OPEB Liability	<u>\$ 468,627,163</u>	<u>400,568,354</u>	<u>347,019,223</u>

	1% Decrease	Current Rate	1% Increase
	(6%)	(7%)	(8%)
Plan Fiduciary Net Position			
Primary Government	\$ (288,628,609)	(288,628,609)	(288,628,609)
EDA	(832,405)	(832,405)	(832,405)
FCRHA	(5,271,896)	(5,271,896)	(5,271,896)
FCPA	(13,565,113)	(13,565,113)	(13,565,113)
Total Plan Fiduciary Net Position	<u>\$ (308,298,023)</u>	<u>(308,298,023)</u>	<u>(308,298,023)</u>

	1% Decrease	Current Rate	1% Increase
	(6%)	(7%)	(8%)
Net OPEB Liability			
Primary Government	\$ 150,100,142	86,383,483	36,250,787
EDA	432,888	249,130	104,547
FCRHA	2,741,628	1,577,823	662,133
FCPA	7,054,482	4,059,895	1,703,733
Total Net OPEB Liability	<u>\$ 160,329,140</u>	<u>92,270,331</u>	<u>38,721,200</u>

The following represents County's Net OPEB (asset) liability calculated using the healthcare trend rates (7.70% - 9.10% decreasing to 4.50%), as well as the impacts of calculating the rates at one percentage point lower (6.70% - 8.10% decreasing to 3.50%) or one percentage point higher (8.70% - 10.10% decreasing to 5.50%):

	1% Decrease (Varied decreasing to 3.5%)	Trend Rate (Varied decreasing to 4.5%)	1% Increase (Varied decreasing to 5.5%)
Total OPEB Liability	\$ 338,958,156	400,568,354	484,318,714
Plan Fiduciary Net Position	(308,298,023)	(308,298,023)	(308,298,023)
Net OPEB Liability	\$ 30,660,133	92,270,331	176,020,691

	1% Decrease (Varied decreasing to 3.5%)	Trend Rate (Varied decreasing to 4.5%)	1% Increase (Varied decreasing to 5.5%)
Total OPEB Liability			
Primary Government	\$ 317,332,626	375,012,092	453,419,180
EDA	915,187	1,081,535	1,307,661
FCRHA	5,796,184	6,849,719	8,281,850
FCPA	14,914,159	17,625,008	21,310,023
Total OPEB Liability	\$ 338,958,156	400,568,354	484,318,714

	1% Decrease (Varied decreasing to 3.5%)	Trend Rate (Varied decreasing to 4.5%)	1% Increase (Varied decreasing to 5.5%)
Plan Fiduciary Net Position			
Primary Government	\$ (288,628,609)	(288,628,609)	(288,628,609)
EDA	(832,405)	(832,405)	(832,405)
FCRHA	(5,271,896)	(5,271,896)	(5,271,896)
FCPA	(13,565,113)	(13,565,113)	(13,565,113)
Total Plan Fiduciary Net Position	\$ (308,298,023)	(308,298,023)	(308,298,023)

	1% Decrease (Varied decreasing to 3.5%)	Trend Rate (Varied decreasing to 4.5%)	1% Increase (Varied decreasing to 5.5%)
Net OPEB Liability			
Primary Government	\$ 28,704,017	86,383,483	164,790,571
EDA	82,782	249,130	475,256
FCRHA	524,288	1,577,823	3,009,954
FCPA	1,349,046	4,059,895	7,744,910
Total Net OPEB Liability	\$ 30,660,133	92,270,331	176,020,691

OPEB Expense, Deferred Outflows and Deferred Inflows of Resources, and Component Allocation

For the year ended June 30, 2019, the County recognized OPEB expense of \$14,837,896. Deferred outflows and deferred inflows of resources related to OPEB have been allocated between the Primary Government and discretely presented component units as follows:

	Dollar amounts in (000)				
	Total	Primary Government	EDA	FCRHA	FCPA
Total OPEB Liability	\$ 400,568	375,012	1,081	6,850	17,625
Plan's Fiduciary Net Position	(308,298)	(288,629)	(832)	(5,272)	(13,565)
Net OPEB Liability	\$ 92,270	86,383	249	1,578	4,060
Deferred Outflows:					
Experience	\$ 2,499	2,339	7	43	110
Assumptions changes	68,034	63,694	184	1,163	2,993
Contributions after measurement date	25,659	24,050	69	434	1,106
Change in proportion	352	-	-	-	352
Total Deferred Outflows	\$ 96,544	90,083	260	1,640	4,561
Deferred Inflows:					
Experience	\$ 9,061	8,483	24	155	399
Assumptions changes	16,713	15,647	45	286	735
Investment return	13,338	12,487	36	228	587
Change in proportion	352	71	182	99	-
Total Deferred Inflows:	\$ 39,464	36,688	287	768	1,721
OPEB Expense	\$ 14,838	13,891	40	254	653

Contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020.

The other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	
2020	\$ 2,255,967
2021	2,255,967
2022	2,255,967
2023	4,965,929
2024	6,267,904
Thereafter	13,418,852
	<u>\$ 31,420,586</u>

3. OPEB Plan Reporting

The County has established a trust fund to account for the cost of OPEB. The financial information for the fund is as follows:

COUNTY OF FAIRFAX, VIRGINIA
Statement of Plan Net Position
June 30, 2019

ASSETS

Equity in pooled cash and temporary investments	\$	7,336,171
Contributions receivable		44,421
Accrued interest and dividends receivable		43,077
Investments, at fair value:		
Investment in pooled funds		318,917,256
Total assets		<u>326,340,925</u>

DEFERRED OUTFLOWS OF RESOURCES

Total deferred outflows of resources	-
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LIABILITIES

Accounts payable and accrued liabilities	1,501,291
Total liabilities	<u>1,501,291</u>

DEFERRED INFLOW OF RESOURCES

Total deferred inflows of resources	-
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NET POSITON

Held in trust for pension/OPEB benefits	<u><u>\$ 324,839,634</u></u>
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COUNTY OF FAIRFAX, VIRGINIA**Statement of Changes in Plan Net Position****For the fiscal year ended :****6/30/2019****ADDITIONS**

Contributions:

Employer	\$ 25,316,090
Other	342,491
Total contributions	25,658,581

Investment income:

From investment activities:

Net appreciation in fair value of investments	13,915,680
Interest	158,486
Total income from investment activities	14,074,166

Less investment activities expenses:

Management fees	236,569
Other	500
Total investment activities expenses	237,069

Net income from investment activities	13,837,097
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Net investment income	13,837,097
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Total additions	39,495,678
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DEDUCTIONS

Benefits	22,826,808
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Administrative expenses	127,259
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Total deductions	22,954,067
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Net increase	16,541,611
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Net position, July 1, 2018	308,298,023
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Net position, June 30, 2019	\$ 324,839,634
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Net OPEB Liability for the Plan

The Plan's net OPEB liability was measured as of June 30, 2019. The components of the net OPEB liability for the Plan are as follows:

Total OPEB liability	\$ 470,033,000
Plan fiduciary net position (market value of assets)	(324,839,634)
Net OPEB liability	\$ 145,193,366
Plan fiduciary net position as a percentage of the OPEB liability	69.11%

Assumptions

For the Plan, the total OPEB Liability was determined by an actuarial valuation as of July 1, 2017, rolled forward to June 30, 2018 using the following actuarial assumptions:

Actuarial cost method	Entry age normal
Asset valuation method	Market value of assets
Salary increases	3.00%
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation.
Retirement age	Varies by age and pension plan.
Mortality	RP-2014 Mortality table fully generational projected using scale MP-2018. Disabled mortality is assumed to be RP-2014. Disabled Mortality table fully generational using scale MP-2018.
Healthcare cost trend rate	7.70% - 9.10% decreasing to 4.50%

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for fiscal years 2010-2015.

Investments

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class and target allocations as of June 30, 2019 are as follows:

Asset Class	Long Term Expected Real Rate of Return	Target Allocation
Domestic Equity (Large Cap)	6.8%	26.0%
Domestic Equity (Small Cap)	7.3%	10.0%
International Equity	7.5%	13.0%
Emerging Markets Equity	8.1%	5.0%
Core US Fixed Income	3.1%	7.0%
Corporate Fixed Income	3.8%	14.0%
Hedge Funds	4.6%	10.0%
Real Estate	5.1%	7.0%
Private Equity	9.6%	5.0%
Commodities	4.7%	3.0%

There are no concentrations in any one organization that represent 5 percent or more of the fiduciary net position in the plan. For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense was 4.57 percent. The money-weighted rate of return expresses

investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The Plan's funds are invested in domestic and international equity and fixed income funds through the Virginia Pooled OPEB Trust Fund established as the investment vehicle for participating employers.

The County is not involved in the administration of these funds. Further information about the Virginia Pooled OPEB Trust Fund sponsored by VML/VACo., including financial statements, can be obtained by writing to VML/VACo Finance Program, 8 East Canal Street, Suite 100, Richmond, Virginia 23219.

Sensitivity Analysis

The following represents the OPEB plan's net liability using the 7 percent discount rate, as well as what the liability would be if the discount rate were decreased or increased by one percent.

Sensitivity of Net OPEB Liability to Changes in Discount Rate

	1% Decrease 6%	Current Rate 7%	1% Increase 8%
Total OPEB Liability	\$ 548,473,000	470,033,000	408,051,000
Plan Fiduciary Net Position	(324,839,634)	(324,839,634)	(324,839,634)
Net OPEB Liability	\$ 223,633,366	145,193,366	83,211,366

The following represents the OPEB plan's net liability calculated using the healthcare trend rates (7.70%-9.10% decreasing to 4.50%), as well as the impacts of calculating the rates at one percentage point lower (6.70%-8.10% decreasing to 3.50%) or one percentage point higher (8.70%-10.10% decreasing to 5.50%):

Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Rates

	1% Decrease (Varied decreasing to 3.5%)	Trend Rate (Varied decreasing to 4.5%)	1% Increase (Varied decreasing to 5.5%)
Total OPEB Liability	\$ 394,946,000	470,033,000	\$ 568,531,000
Plan Fiduciary Net Position	(324,839,634)	(324,839,634)	(324,839,634)
Net OPEB Liability	\$ 70,106,366	145,193,366	\$ 243,691,366

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ -	-
Assumption Changes	-	-
Net Difference between expected and actual earnings on OPEB plan investment	-	-
Contributions Subsequent to the Measurement Date	25,658,581	-
Total	<u>\$ 25,658,581</u>	<u>-</u>

Contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020.

4. 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' plan provides health benefits to eligible retirees and their spouses. The plan benefits correspond with benefits available to active employees. Benefit provisions are established and may be amended by the School Board. Fiduciary oversight is provided by the members of the Local Finance Board for OPEB. The Plan does not issue a stand-alone financial report.

Public School employees participate in the Public School OPEB Plan, the Virginia Retirement System Teacher Health Insurance Credit (HIC) OPEB Plan, and the Virginia Retirement System Group Life Insurance (GLI) OPEB Plan. In order to participate, an employee must meet retirement criteria for either VRS, ERFC, or FCERS. Employees are eligible to continue health insurance coverage after retirement, provided that retiring employees have health coverage in effect for at least 60 months when they stop working. Upon retirement Public Schools no longer contributes to the premium payments and the participant becomes responsible for 100% of premiums less any applicable subsidies.

A retiree and/or spouse who is at least 55 of years of age and participates in a Public Schools administered health insurance plan will receive an explicit subsidy ranging from \$15 to \$175 per month, based on years of service and the retirement plan in which the retiree is covered. In addition, Public Schools provides an implicit subsidy by allowing retirees to participate in the health insurance plans at the group premium rates calculated on the entire universe of active and retired employees. This subsidy occurs because, on an actuarial basis, the current and future claims of the retiree participants are expected to result in higher per person costs to the insurance plans than will be the experience for active employees.

For fiscal year 2019, required disclosures for the Public Schools OPEB liability and OPEB plan's fiduciary net position are made simultaneously. Participant data for current fiscal year and prior year is as follows:

Membership	FY 2018	FY 2019
Medical Members		
Number of Active Members	20,309	20,309
Average age	46	46
Average service	11	11
<u>Number of Inactive Members</u>		
Retirees and Spouses	10,037	10,037
Average age	72	72
Life Insurance Members		
Number of Active Members	4,705	4,705
Average age	52	52
Average service	12	12
<u>Number of Inactive Members</u>		
Retirees and Spouses	2,546	2,546
Average age	71	71

Contributions

Contributions to the Public School OPEB Trust Fund are determined and may be amended by the School Board. The contributions are set at a minimum to satisfy the current year's projected pay-as-you-go benefits costs. The School Board may provide additional amounts to prefund future costs. Contributions to the Plan were \$34,286,809 and \$59,806,266 for the years ended June 30, 2019 and June 30, 2018, respectively. The costs of administering the plan are paid for by the Plan through the use of investment income and employer contributions. The Public Schools' annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB position for 2019 are as follows:

Public Schools OPEB Plan Reporting:

COUNTY OF FAIRFAX, VIRGINIA
OPEB Trust Fund
Statement of Plan Net Position
June 30, 2019

	Component Unit - Public Schools OPEB Trust Fund
ASSETS	
Receivable, securities sold	\$ 1,009,123
Receivable, accounts	37,200
Investment in pooled funds	145,499,842
Total assets	146,546,165
LIABILITIES	
Accounts payable and accrued liabilities	37,200
Total liabilities	37,200
NET POSITION	
Held in trust for OPEB benefits	\$ 146,508,965

Statement of Changes in Net Position
For the fiscal year ended June 30, 2019

	Component Unit - Public Schools OPEB Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 34,286,809
Total contributions	<u>34,286,809</u>
Investment income:	
From investment activities:	
Net increase in fair value of investments	<u>6,428,539</u>
Total income from investment activities	<u>6,428,539</u>
Total additions	<u>40,715,348</u>
DEDUCTIONS	
Benefits payments /refunds	29,286,809
Administrative expenses	<u>95,003</u>
Total deductions	<u>29,381,812</u>
Change in net position	11,333,536
Net position, July 1, 2018	<u>135,175,429</u>
Net position, June 30, 2019	<u>\$ 146,508,965</u>

Net OPEB Liability

The Public Schools' net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of the net OPEB liability for the County is as follows:

Total OPEB liability	\$ 183,525,004
Plan fiduciary net position (market value of assets)	<u>(146,508,965)</u>
Net OPEB liability	<u>\$ 37,016,039</u>
Plan fiduciary net position as a percentage of the OPEB liability	79.83%

Actuarial Assumptions

Significant actuarial assumptions used in the valuation include:

Actuarial cost method	Entry age normal
Asset valuation method	Market value of assets
Salary increases	10.00% trending down to 3.75%
Investment rate of return	7.00%, prior year rate was 7.00%, net of OPEB plan investment expense, including inflation.
Retirement age	Varies by age and pension plan.
Mortality	RP-2014 Mortality table fully generational, projected using scale MP-2016. Disabled mortality is assumed to be RP-2014 Disabled Mortality Table fully generational, projected using scale MP-2016.
Healthcare cost trend rate	7.00% - 10.00% decreasing to 4.50%

Discount rate

The discount rate used to measure the total OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that Public Schools contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current inactive and active employees / current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments are determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's

target asset allocation as of June 30, 2019 are summarized in the following table:

Component Unit - Public Schools		
Asset Class	Long Term Expected Real Rate of Return	Target Allocation
Large Cap U.S. Equity	6.80%	26.00%
Small Cap U.S. Equity	7.30%	10.00%
International Equity	7.50%	13.00%
Emerging Markets Equity	8.10%	5.00%
Core US Fixed Income	3.10%	7.00%
Long Duration Bonds-Credit	3.80%	14.00%
Hedge Fund of Funds	4.00%	10.00%
Real Estate	5.10%	7.00%
Private Equity	9.60%	5.00%
Commodities	4.70%	3.00%

There are no concentrations in any one organization that represent five percent or more of the fiduciary net position in the plan. For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense was 4.66 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing actual invested. The plan's funds are invested in domestic and international equity and fixed income funds through the Virginia Pooled OPEB Trust Fund established as the investment vehicle for participating employers. The Public Schools is not involved in the administration of these funds. Further information about the Virginia Pooled OPEB Trust Fund sponsored by VML/VACo., including financial statements, can be obtained by writing to VML/VACo Finance Program, 8 East Canal Street, Suite 100, Richmond, Virginia 23219.

Sensitivity Analysis

The following represents Public Schools Net OPEB liability calculated using the 7.0 percent discount rate, as well as what the liability would be if the discount rate were calculated using a discount rate is one percentage lower (6.0%) or one percentage higher (8.0%) than the current rate:

Sensitivity of Net OPEB Liability to Changes in Discount Rate

	1% Decrease 6%	Current Rate 7%	1% Increase 8%
Total OPEB Liability	\$ 205,160,295	183,525,004	164,716,275
Plan Fiduciary Net Position	(146,508,965)	(146,508,965)	(146,508,965)
Net OPEB Liability	\$ 58,651,330	37,016,039	18,207,310

The following represents Public Schools Net OPEB (asset) liability calculated using the healthcare trend rates (7.0% - 10.0% decreasing to 4.50%), as well as what the liability would be if it were calculated using a healthcare trend rates at one percentage point lower (6.0% - 9.0% decreasing to 3.50%) or one percentage point higher (8.0% - 11.0% decreasing to 5.50%) than the current healthcare trend rates:

Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Rates

	1% Decrease (Varied decreasing to 3.5%)	Trend Rate (Varied decreasing to 4.5%)	1% Increase (Varied decreasing to 5.5%)
Total OPEB Liability	\$ 175,830,018	183,525,004	192,404,597
Plan Fiduciary Net Position	(146,508,965)	(146,508,965)	(146,508,965)
Net OPEB Liability	<u>\$ 29,321,053</u>	<u>37,016,039</u>	<u>45,895,632</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the Public Schools recognized OPEB expense of \$49,567,978. At June 30, 2019, the Public Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ 24,019,359	21,109,254
Change of assumptions	-	120,557,660
Net Difference between expected and actual earnings on OPEB plan investment	1,078,155	-
Total	<u>\$ 25,097,514</u>	<u>141,666,914</u>

Amounts recognized in the deferred outflows of resources and deferred inflows of resources related to the Public Schools' OPEB plan will be recognized in the OPEB plan expense as follows:

Year Ended June 30 Public Schools OPEB	
2020	\$ (23,336,040)
2021	(23,336,040)
2022	(23,336,038)
2023	(22,839,765)
2024	(20,904,513)
Thereafter	(2,817,004)
	<u>\$ (116,569,400)</u>

Changes in the Net OPEB Liability

Changes in the Net OPEB Liability			
(Dollar amounts in thousands)			
	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Ending)
	(a)	(b)	(a) - (b)
Balance Recognized at 6/30/2018	\$ 254,269	\$ 135,175	\$ 119,094
Changes for the year:			
Service Cost	5,221	-	5,221
Interest Cost	17,157	-	17,157
Differences Between Expected and Actual Experiences	(24,768)	-	(24,768)
Changes of benefit terms	(39,067)	-	(39,067)
Benefit Payments	(29,287)	(29,287)	-
Contributions—Employer	-	34,287	(34,287)
Net Investment Income	-	6,423	(6,423)
Administrative Expense	-	(89)	89
Net Changes	(70,744)	11,334	(82,078)
Balance Recognized at 6/30/2019	\$ 183,525	\$ 146,509	\$ 37,016

Investments

The Public Schools invests the School OPEB Trust Fund's assets with the Virginia Pooled OPEB Trust Fund (Pooled Trust) sponsored by the Virginia Association of Counties and the Virginia Municipal League (VACo/VML). The Pooled Trust is an investment pooling vehicle created to allow participating local governments, school divisions, and authorities in the State to accumulate and invest assets to fund other postemployment benefits. Funds of participating jurisdictions are pooled and invested in the name of the Pooled Trust. The Public Schools' respective shares in the Pooled Trust are reported in the School OPEB Trust Fund's financial statements. Investment decisions are made by the Board of Trustees (Trustees) of the Pooled Trust. The Trustees adopted an investment policy to establish investment objectives, risk tolerance levels, and asset allocation parameters. The investment objective is to maximize the total long-term rate of return with reasonable risk by seeking capital appreciation and, secondarily, principal protection. The Pooled Trust is segregated and managed as two distinct portfolios that are referred to as Portfolio I and Portfolio II. Portfolio I is structured to achieve a compound annualized total expected rate of return over a market cycle, including current income and capital appreciation, of 7.5%. Portfolio II is structured to achieve an expected rate of return of 6.5%. The investment performance of each Portfolio is reviewed quarterly and compared on a rolling three year basis and over other relevant time periods to the following: (a) a composite benchmark comprised of each asset classes' market index benchmarks, weighted by each Portfolio's long-term policy allocations, and (b) a peer group of other similar size fund sponsors.

The Pooled Trust's assets are separately managed by professional investment managers or invested in professionally managed investment vehicles. Each Portfolio is invested in a broadly diversified manner by asset class, style and capitalization, which control volatility levels.

The asset allocation policies for the Portfolios are outlined in the table below:

	Portfolio I		Portfolio II	
	Target Percentages of Total Assets	Allocation Range	Target Percentages of Total Assets	Allocation Range
Total Equity	59%	49% - 69%	32%	22% - 42%
Total Fixed Income	21%	16% - 26%	58%	48% - 68%
Total Real Assets	10%	5% - 15%	5%	-% - 10%
Diversified Hedge Funds	10%	5% - 15%	5%	-% - 10%

The Pooled Trust and each Portfolio is monitored on a continual basis for consistency in investment philosophy, return relative to objectives, and investment risk as measured by asset concentrations, exposure to extreme economic conditions, and market volatility. Each Portfolio is reviewed by the Trustees on a regular basis, but results are evaluated over longer time periods. The Trustees regularly review each manager in order to confirm that the factors underlying the performance expectations remain in place.

The Trustees meet a minimum of four times a year to review quarterly performance and asset allocation. The investment policy is reviewed and updated at least annually.

On June 30, 2019, the School OPEB Trust Fund had the following investments in the Pooled Trust:

Investments by Fair Value Level	6/30/2019	Fair Value Measurements Using		
		Quoted Prices in Active markets for Identical Assets	Significant Observable Inputs	Significant Unobservable Inputs
		Level 1	Level 2	Level 3
Mutual funds	\$ 93,720,822	-	-	93,720,822
Stocks	51,779,020	-	-	51,779,020
Total investment by Fair Value Hierarchy Level	\$ 145,499,842	-	-	145,499,842

The Pooled Trust uses the following methods when valuing investments.

Common Stocks, Mutual Funds, Exchange Traded Funds are publicly traded investments, and are valued daily at the closing price reported on the active market on which the individual securities are traded. The Pooled Trust invests in commingled accounts for which quoted prices are not available in active markets for identical instruments. The Pooled Trust utilizes the NAV per share, as determined by the respective investment manager, as the estimated fair value. Because quoted prices in active markets for identical assets are not available, these prices are determined using observable market information such as quotes from less active markets and/or quoted prices of securities with similar characteristics.

Limited Partnership - Fund of Hedge Funds - This fund invests in a number of underlying hedge funds which pursue various strategies. The strategies pursued by the underlying hedge funds include: credit, equity, macro, multi-strategy, and relative value. The Pooled Trust's interest in the fund is valued at the NAV of units of the collective partnership. The NAV is used as a practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that

the Pooled Trust could not redeem its investment at the NAV per unit reported by the fund. Participant purchases may occur monthly. Redemptions are available quarterly upon 70 days' notice.

Limited Partnership - Private Equity Fund - This fund invests in the equity of a variety of privately held companies. The Pooled Trust's interest in the fund is valued at the Pooled Trust's ownership interest in the collective limited partners' capital. The Pooled Trust's ownership interest in limited partners' capital is used as a practical expedient to estimate fair value. This investment can never be redeemed with the fund. Instead, the nature of investments of this type is that distributions are received through the liquidation of the underlying assets of the fund. It is expected that the underlying assets of the fund will be liquidated over a period of six to twelve years. It is probable that the Pooled Trust's investment in this fund will be sold at an amount different from Pooled Trust's ownership interest in limited partners' capital as of June 30, 2019. The effective date of this fund is December 1, 2015, and it made its inaugural investment in the same month. Barring unusual circumstances the fund values recent investments in nonmarketable securities at acquisition cost. The primary valuation methodology used to determine the fair value of the fund's investments at June 30, 2019, was recent arms-length financing rounds in which the partnership or other partnerships managed by the general partner had participated. As of June 30, 2019, all underlying investments of the fund were valued at cost.

Partnership - Real Estate Funds - One fund invests primarily in commercial, industrial, and multi-family residential properties. The other invests in multi-family residential, hotels, industrial, and office properties. Both funds are valued at the NAV of units of the collective partnership. The NAV is used as a practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the Pooled Trust could not redeem its investment at the NAV per unit reported by the fund. The real estate partnerships provides quarterly valuations to the Pooled Trust. For one fund, individual properties are valued internally by the investment manager quarterly. Internal valuations are completed using valuation techniques such as income capitalization, sales comparison, and cost approaches. Independent external appraisals are generally completed annually for the first fund, quarterly for the other. Redemptions are available quarterly upon 45 days' and 60 days' notice respectively.

The Pooled Trust does not have investments (other than U.S. government, agency, and guaranteed obligations) in any one organization that represent five percent or more at market value of net position held in trust for OPEB benefits. The Pooled Trust does not have investments assigned to any single investment manager that represent 25 percent or more at market value of net position, or more than 20 percent of the fund at market value invested in one industry.

More extensive information about the Pooled Trust, including the classification of individual investments and related risks, can be obtained by writing to VACo/VML Finance, 8 East Canal Street, Suite 100, Richmond, Virginia 23219.

5. VRS Health Insurance Credit (HIC) OPEB

Plan Description

The HIC OPEB plan is a cost-sharing, multiple-employer plan administered by VRS. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the HIC OPEB plan. The plan provides health insurance credit to eligible retirees. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the Virginia General Assembly for each year of service credit against qualified health

insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

In order to participate, retirees must have at least 15 years of service credit. The HIC OPEB plan provides the following benefits for eligible employees:

- At Retirement - For Teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.
- Disability Retirement - For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the month benefit is either (a) \$4.00 per month, multiplied by twice the amount of service credit, or (b) \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.

Contributions

The contribution requirement for active employees is governed by Section 51.1-1401(E) of the Code, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required contribution rate for the year ended June 30, 2019 was 1.20 percent of covered employee compensation for employees in the HIC OPEB plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions to the HIC OPEB plan were \$18,590,218 and \$18,089,758 for the years ended June 30, 2019 and June 30, 2018, respectively.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the Public Schools reported a liability of \$230,889,000 for its proportionate share of the net HIC OPEB liability. The net HIC OPEB liability was measured as of June 30, 2018 and the total HIC OPEB liability used to calculate the net HIC OPEB liability was determined by an actuarial valuation as of that date. The Public Schools' proportion of the net HIC OPEB liability was based on actuarially determined employer contributions to the HIC OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, Public Schools' proportion was 18.18 percent as compared to 18.15 percent at June 30, 2017.

For the year ended June 30, 2019, Public Schools recognized HIC OPEB expense of \$19,212,000. Since there was a change in proportionate share between measurement dates, a portion of the HIC OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, Public Schools reported deferred outflows of resources and deferred inflows of resources related to HIC OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportionate share	\$ 2,241,000	-
Change of assumptions	-	2,009,000
Difference between expected and actual experience		1,144,000
Net Difference between expected and actual earnings on OPEB plan investment	-	173,000
Contributions subsequent to the measurement date	18,590,218	-
Total	<u>\$ 20,831,218</u>	<u>3,326,000</u>

A total of \$18,590,218 reported as deferred outflows of resources related to HIC OPEB resulting from Public Schools' contributions subsequent to the measurement date will be recognized as a reduction of the net HIC OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to HIC OPEB will be recognized in HIC OPEB expense as follows:

Year Ended June 30	VRC HIC OPEB
2020	\$ (213,000)
2021	(214,000)
2022	(214,000)
2023	(103,000)
2024	(136,000)
Thereafter	(205,000)
	<u>\$ (1,085,000)</u>

Actuarial Assumptions

The total HIC OPEB liability for VRS was based on an actuarial valuation as of June 30, 2017, using the entry age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.50%
Salary increases, including inflation	3.50% to 5.95%
Investment rate of return, net of plan investment expense, including inflation (a)	7.00%

(a) Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of OPEB liabilities.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table-PR-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Long-term Expected Rate of Return

The long-term expected rate of return on VRS investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00 %	4.54 %	1.82 %
Fixed Income	15.00	0.69	0.10
Credit Strategies	15.00	3.96	0.59
Real Assets	15.00	5.76	0.86
Private Equity	15.00	9.53	1.43
Total	100.00 %		4.80 %
		Inflation	2.50
		Expected arithmetic nominal return ^(a)	7.30 %

^(a) The above allocation provides a one- year return of 7.30 percent. However, one- year returns do not take into account the volatility present in each of the asset classes. In setting the long- term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83 percent, including expected inflation of 2.5 percent.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2018, the rate contributed by Public Schools for the VRS HIC plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, school divisions are assumed to contribute 100.0 percent of the actuarially determined contribution rates. Based on those assumptions, VRS plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-

term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Sensitivity of Public Schools' Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents Public Schools' proportionate share of the net HIC OPEB liability using the discount rate of 7.0 percent, as well as what Public Schools' proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
Public Schools' proportionate share of the VRS net HIC OPEB liability	\$ 257,879,000	\$ 230,889,000	\$ 207,929,000

OPEB Plan Fiduciary Net Position

Detailed information about the HIC OPEB plan's fiduciary net position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be obtained from the VRS website at <http://www.varetire.org/pdf/publications/2018-annual-report.pdf>, or by writing to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

6. VRS General Life Insurance (GLI) OPEB

Plan Description

The GLI OPEB plan is a cost-sharing, multiple-employer plan administered by VRS. All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the GLI OPEB plan upon employment. In addition to Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI plan. For members who elect the optional group life insurance coverage, the insurer bills Public Schools directly for the premiums. Public Schools deducts these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI OPEB plan. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

The benefits payable under the GLI OPEB plan have the following components:

- **Natural Death Benefit** - The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- **Accidental Death Benefit** - The accidental death benefit is double the natural death benefit.
- **Other Benefit Provisions** - In addition to the basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances. These benefits include accidental dismemberment, safety belt, repatriation, felonious assault and accelerated death option.

The benefit amounts provided to members covered under the GLI OPEB plan are subject to a reduction factor. The benefit amount reduces by 25.0 percent on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25.0 percent on each subsequent January 1 until it reaches 25.0 percent of its original value. For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the GLI OPEB plan. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,279 effective July 1, 2018.

Contributions

The contribution requirement for active employees is governed by Sections 51.1-506 and 51.1-508 of the Code, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. The total rate for the GLI OPEB plan was 1.31 percent of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79 percent (1.31×60 percent) and the employer component was 0.52 percent (1.31×40 percent). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions to the GLI OPEB plan were \$8,116,936 and \$7,700,163 for the years ended June 30, 2019 and June 30, 2018, respectively.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, Public Schools reported a liability of \$118,262,000 for its proportionate share of the net GLI OPEB liability. The net GLI OPEB liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation as of that date. The Public Schools' proportion of the net GLI OPEB liability was based on actuarially determined employer contributions to the GLI OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, Public Schools' proportion was 7.79 percent as compared to 7.80 percent at June 30, 2017.

For the year ended June 30, 2019, Public Schools recognized GLI OPEB expense of \$1,308,000. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, Public Schools reported deferred outflows of resources and deferred inflows of resources related to GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportionate share	\$ 1,797,000	256,000
Difference between expected and actual experience	5,792,000	2,099,000
Change of assumptions	-	4,935,000
Net Difference between expected and actual earnings on OPEB plan investment	-	3,854,000
Contributions Subsequent to the Measurement Date	8,116,936	-
Total	\$ 15,705,936	11,144,000

A total of \$8,116,936 reported as deferred outflows of resources related to GLI OPEB resulting from Public Schools' contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to GLI OPEB will be recognized in GLI OPEB expense as follows:

Year Ended June 30	VRC GLI OPEB
2020	\$ (1,325,000)
2021	(1,397,000)
2022	(1,450,000)
2023	(348,000)
2024	492,000
Thereafter	473,000
	<u>\$ (3,555,000)</u>

Actuarial Assumptions

The total GLI OPEB liability for VRS was based on an actuarial valuation as of June 30, 2017, using the entry age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.50%
Salary increases, including inflation	3.5% to 5.95%
Investment rate of return, net of plan investment expense, including inflation (a)	7.00%

(a) Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of OPEB liabilities.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table-PR-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Long-term Expected Rate of Return

The long-term expected rate of return on VRS investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00 %	4.54 %	1.82 %
Fixed Income	15.00	0.69	0.10
Credit Strategies	15.00	3.96	0.59
Real Assets	15.00	5.76	0.86
Private Equity	15.00	9.53	1.43
Total	<u>100.00 %</u>		<u>4.80 %</u>
		Inflation	<u>2.50</u>
		Expected arithmetic nominal return ^(a)	<u>7.30 %</u>

^(a) The above allocation provides a one-year return of 7.30 percent. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83 percent, including expected inflation of 2.5 percent.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2018, the rate contributed by Public Schools for the GLI OPEB plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, school divisions are assumed to contribute 100.0 percent of the actuarially determined contribution rates. Based on those assumptions, VRS plan's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of Public Schools' Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents Public Schools' proportionate share of the net GLI OPEB liability using the discount rate of 7.0 percent, as well as what Public Schools' proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	6.0%	7.0%	8.0%
Public Schools' proportionate share of the VRS net HIC OPEB liability	\$ 154,556,000	\$ 118,262,000	\$ 88,793,000

OPEB Plan Fiduciary Net Position

Detailed information about the GLI OPEB plan's fiduciary net position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be obtained from the VRS website at <http://www.varetire.org/pdf/publications/2018-annual-report.pdf>, or by writing to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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 fund 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

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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 2.29 and 1.75 percent at June 30, 2019 and 2018, respectively, to reflect anticipated investment income. Changes in the balances of claims liabilities during fiscal years 2019 and 2018 are presented as follows:

	Internal Service Funds			
	Primary Government		Component Unit - Public Schools	
	Self-Insurance	Health Benefits	Insurance	Health Benefits Trust
Liability balances, June 30, 2017	\$ 56,689,000	12,677,000	45,638,015	19,655,000
Claims incurred				
Claims and changes in estimates	29,143,370	173,705,908	11,707,685	375,588,043
Claims payments	(21,671,370)	(174,110,908)	(13,547,988)	(375,723,043)
Liability balances, June 30, 2018	64,161,000	12,272,000	43,797,712	19,520,000
Claims incurred				
Claims and changes in estimates	9,482,327	173,903,001	12,717,348	403,285,091
Claims payments	(12,045,327)	(173,864,001)	(11,798,310)	(402,956,091)
Liability balances, June 30, 2019	\$ 61,598,000	12,311,000	44,716,750	19,849,000

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 (SIR) for liability and \$2,000,000 for workers' compensation. In the past five fiscal years, there was one 2016 liability claim settled which exceeded the liability SIR.

J. LONG-TERM OBLIGATIONS

Presented on the following page 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, 2019 (in thousands):

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
Primary Government					
Governmental activities:					
General obligation bonds payable:					
Principal amount of bonds payable	\$ 2,250,915	269,605	(252,350)	2,268,170	203,780
Premium on bonds payable	223,744	33,609	(44,696)	212,657	33,656
Revenue bonds payable:					
Principal amount of bonds payable	825,975	18,125	(63,340)	780,760	35,055
Premium on bonds payable	62,815	2,711	(6,860)	58,666	6,012
Discount on bonds payable	(600)	-	43	(557)	(42)
Notes payable	352,861	84,855	(7,645)	430,071	2,645
Bond anticipation notes:					
Compensated absences payable	120,857	84,396	(75,449)	129,804	72,402
Landfill closure and postclosure obligations	46,937	1,080	-	48,017	-
Obligations under capital leases and installment purchases	18,535	11	(5,412)	13,134	5,608
Insurance and benefit claims payable	76,433	183,385	(185,909)	73,909	24,076
Net pension liability	1,715,638	690,002	(684,641)	1,720,999	-
Net OPEB liability	39,055	101,074	(55,969)	84,160	-
Other:					
HUD Section 108 loans	8,088	-	(703)	7,385	711
Library Exchange	14,994	-	(855)	14,139	858
Total governmental activities	5,756,247	1,468,853	(1,383,786)	5,841,314	384,761
Business-type activities:					
Sewer revenue bonds payable:					
Principal amount of bonds payable	598,051	-	(27,063)	570,988	28,068
Premium on bonds payable	51,521	-	(2,398)	49,123	2,399
Net pension liability	35,336	11,288	(11,229)	35,395	-
Net OPEB liability	1,040	2,671	(1,487)	2,224	-
Compensated absences payable	2,102	1,787	(1,541)	2,348	1,485
Total business-type activities	688,050	15,746	(43,718)	660,078	31,952
Total long-term liabilities - Primary Government	\$ 6,444,297	1,484,599	(1,427,504)	6,501,392	416,713
Component Units					
Public Schools					
Compensated absences payable	\$ 33,724	24,902	(23,607)	35,019	24,513
Obligations under capital leases and installment purchases	87,033	16,041	(19,791)	83,283	22,624
Insurance and benefit claims payable	63,318	3,676	(2,428)	64,566	27,800
Net pension liability	3,462,085	296,013	(382,505)	3,375,593	-
Net OPEB liability	466,691	200,029	(280,553)	386,167	-
Unearned rent	4,068	3,278	(3,154)	4,192	30
Total Public Schools	4,116,919	543,939	(712,038)	3,948,820	74,967
FCRHA					
Mortgage revenue bonds payable	22,073	20,000	(632)	41,441	673
Mortgage notes payable	50,771	35,125	(5,711)	80,185	1,094
Net pension liability	26,904	9,803	(8,461)	28,246	-
Net OPEB liability	792	1,895	(1,110)	1,577	-
Compensated absences payable	1,249	648	(663)	1,234	563
Total FCRHA	101,789	67,471	(16,577)	152,683	2,330
Park Authority					
Revenue bonds payable:					
Principal amount of bonds payable	2,220	-	(705)	1,515	740
Premium on bonds payable	117	-	(64)	53	40
Net pension liability	56,702	18,041	(18,173)	56,570	-
Net OPEB liability	1,668	5,090	(2,698)	4,060	-
Loan from Primary Government	11,183	-	(472)	10,711	526
Compensated absences payable	4,699	2,882	(2,439)	5,142	2,367
Total Park Authority	76,589	26,013	(24,551)	78,051	3,673
EDA					
Compensated absences payable	418	183	(263)	338	258
Unearned rent	754	-	(139)	615	159
Net pension liability	7,688	2,703	(2,395)	7,996	-
Net OPEB liability	226	299	(276)	249	-
Total EDA	9,086	3,185	(3,073)	9,198	417
Total long-term liabilities - Component units	\$ 4,304,383	640,608	(756,239)	4,188,752	81,387

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. The General Fund and other governmental funds provide funding to Trust funds that have been established for the liquidation of obligations associated with pensions and other postemployment benefits. The Primary Government funding source for the employer share contributions to these trusts is primarily provided by the General Fund.

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, 2019, the amount of general obligation bonds authorized and unissued is summarized to the right.

The Commonwealth does not impose a legal limit on the amount of general obligation indebtedness that the County can incur or have outstanding. The Board, 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 also follows a self-imposed limitation in total general obligation bond sales of \$1.5 billion over a five-year period or an average of \$300 million annually, with a maximum of \$325 million in any given year. All self-imposed bond limits have been complied with at June 30, 2019.

The General Obligation Bonds do not specifically provide any remedies that would be available to a bondholder if the County defaults in the payment of principal of or interest on the Bonds, nor do they contain a provision for the appointment of a trustee to protect and enforce the interests of the bondholders upon the occurrence of such default. If a bondholder does not receive payment of principal or interest when due, the holder could seek to obtain a writ of mandamus from a court of competent jurisdiction requiring the Board of Supervisors to levy and collect an ad valorem tax, unlimited as to rate or amount, upon all property in the County subject to local taxation sufficient to pay the principal of and the interest on the Bonds as the same shall become due. The mandamus remedy, however, may be impracticable and difficult to enforce. The enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency, or other State or federal laws.

In February 2019, the County issued \$214,660,000 of Series 2019A General Obligation Public Improvement Bonds with an average interest rate of 4.77 percent. The bonds were issued to finance projects related to school improvements, public safety, park facilities, and other purposes.

Bond Purpose	Amount (in Thousands)
School improvements	\$ 453,051
Transportation improvements	127,640
Parks and park facilities	97,420
Human Services	80,600
Public safety facilities	355,510
Public library facilities	11,664
Total authorized but unissued bonds	<u>\$ 1,125,885</u>

In February 2019, the County issued \$10,095,000 of Series 2019A General Obligation Public Improvement Refunding Bonds with an average interest rate of 3.00 percent. The Refunding Bonds, with an \$86,312 premium, were issued to current refund \$9,975,000 of outstanding Series 2009 bonds. Proceeds of \$10,142,756 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 2009 on April 1, 2019. The County refunded these bonds to reduce its total debt service payments in one year by approximately \$285,854 and to obtain an economic gain of approximately \$165,077.

In February 2019, the County issued \$44,850,000 of Series 2019B Taxable General Obligation Public Improvement Refunding Bonds with an average interest rate of 3.47 percent. The Refunding Bonds, with a \$97,491 premium, were issued to advance refund \$41,260,000 of outstanding Series 2013A bonds. Proceeds of \$44,553,144 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 2013A bonds on October 1, 2021. The County refunded these bonds to reduce its total debt service payments over the next two years by approximately \$4.00 million and to obtain an economic gain of approximately \$3.33 million.

Detailed information regarding the general obligation bonds outstanding as of June 30, 2019, is contained in Section 5 of this note.

2. Revenue Bonds

In March 1994, the EDA issued \$116,965,000 of lease revenue bonds (Series 1994) to finance the County's acquisition of certain land and office buildings adjacent to its main government center. In October 2003, the EDA issued \$85,650,000 of lease revenue refunding bonds to advance refund \$88,405,000 of outstanding Series 1994 lease revenue bonds. In November 2018, the Series 2003 lease revenue refunding bonds was fully redeemed.

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 June 2014, the Authority issued \$44,000,000 to advance refund certain outstanding maturities of the Series 2005 facilities revenue bonds.

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 April 2019, the EDA issued \$18,125,000 of lease revenue bonds to current refund certain outstanding maturities of the Series 2010 lease revenue bonds, which resulted in a \$466,276 deferred gain. This refunding resulted in an aggregate decrease in the overall debt service of \$2,532,448 and an economic gain (the difference between the present values of the old and new debt service payments) of \$2,211,522. In April 2019, the remaining outstanding maturities of the Series 2010 lease revenue bonds were fully redeemed.

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 (WMATA) mass transit system in the County. In March 2016, the EDA issued \$173,960,000 to refund a portion of the bonds issued in 2011 and 2012.

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 the County as mental health facilities and as a neighborhood community center. In August 2017, the EDA issued \$31,150,000 of refunding revenue bonds to advance refund certain outstanding maturities of the Series 2012A facilities revenue bonds.

In June 2014, the EDA issued \$126,690,000 of facilities revenue bonds to finance the costs of the construction of a building to serve as a public safety facility for the County. Also, in June 2014, EDA issued \$30,175,000 of facilities revenue bonds to finance the leasehold acquisition from LAF, LLC of the Workhouse Arts Center located in Lorton, Virginia.

In March 2017, the EDA issued \$69,645,000 of facilities revenue bonds to finance the construction of parking facilities to be owned and operated by the County, located adjacent to WMATA's Herndon and Innovation Center Metrorail Stations.

In August 2017, the EDA issued \$19,060,000 of facilities revenue bonds to finance the costs of the construction and improvement of certain property to be used by the County as an adult day care facility, child day care centers, and a senior center or for other County approved purposes. 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 the event of default, EDA Revenue Bonds Trustees may declare the principal of all of the Bonds then outstanding, to be due and payable immediately, subject to the right of EDA to cure such default. Bondholders will have the right to direct the method and place of conducting all remedial proceedings to be taken under the agreement. The acceleration clause, if applicable, allows the lender, upon default, to accelerate payment of the entire unpaid Bond principal and interest.

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

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

In November 2013, the County issued \$11,085,000 of special subfund revenue bonds (the “2013 VRA Bond”) to Virginia Resources Authority (“VRA”). In return for issuing the 2013 VRA Bond, VRA provided the County with a portion of the proceeds realized from its autumn 2013 pooled financing bond transaction. The 2013 VRA Bond was issued to finance renovations to a complex that serves as a senior housing and assisted living facility, a senior center, and an adult day health care center in the County. The County is obligated by a contract with VRA to pay amounts equal to the debt service on the 2013 VRA Bond.

In the event of default, VRA has the right to immediately declare all outstanding bond payments due and payable by the County without further notice or demand and is authorized to take legal action necessary to collect the payments owed.

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, 2019 is contained in Section 5 of this note.

3. Sewer Revenue Bonds

On October 14, 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.

On June 17, 2009, the Sewer System issued \$152,255,000 of Series 2009 sewer revenue bonds, with an average interest rate of 4.72 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.

On August 8, 2012, the Sewer System issued \$90,710,000 of Series 2012 sewer revenue bonds, with an average interest rate 4.53 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.

On April 16, 2014, the Sewer System issued \$61,755,000 of Series 2014 sewer revenue refunding bonds, with an average interest rate of 4.14 percent, to advance refund \$69,745,000 of the outstanding Series 2004 sewer revenue refunding bonds with an average interest rate of 4.61 percent. Net proceeds of the refunding bond were used mostly to redeem the Series 2004 bonds on July 15, 2014. This refunding resulted in a deferred net loss of \$4,045,945, which is being amortized over 15 years, and an aggregate decrease in the overall debt service of \$15,461,166.

On May 12, 2016, the Sewer System issued \$164,450,000 of Series 2016A sewer revenue bonds, with a weighted average interest rate of 3.92 percent, to advance refund \$123,065,000 of outstanding Series 2009 revenue bonds with an average interest rate of 4.80 percent and \$46,720,000 of

outstanding Series 2012 revenue bonds with an average interest rate of 4.67 percent. This refinancing resulted in a deferred net loss of \$12,406,377, which is being amortized over 24 years, and remaining outstanding amounts of \$13,400,000 unrefunded Series 2009 bonds and \$39,545,000 unrefunded Series 2012 bonds. This refunding resulted in an aggregate decrease in the overall debt service of \$35,116,418 and an economic gain (the difference between the present values of the old and new debt service payments) of \$20,440,024.

On June 28, 2017, the System issued \$85,785,000 of Series 2017 sewer revenue bonds, with an average interest rate of 4.77 percent, to fund certain additions, extensions, and improvements to the County's sewage collection, treatment, and disposal systems, capital improvement costs allocable to the County at certain wastewater treatment facilities that provide service to the County, the purchase of any necessary additional capacity at certain wastewater treatment facilities for the benefit of the County, the costs of issuing the Series 2017 Bonds, and the necessary deposit to the reserve subfund.

As of June 30, 2019, the outstanding bonds consist of \$3,605,000 of Series 2009 revenue bonds, \$34,495,000 of Series 2012 revenue bonds, \$48,270,000 of Series 2014 revenue refunding bonds, \$164,450,000 of Series 2016A revenue refunding bonds, and \$84,450,000 of Series 2017 revenue bonds.

The aforementioned sewer revenue bonds were issued in accordance with the General Bond Resolution adopted by the Board on July 29, 1985 and are payable from and secured by the net revenue generated through the Sewer System's operations. The General Bond Resolution includes a rate covenant under which the Sewer System agrees to charge reasonable rates for the use of services it renders but 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 as well as the Sewer System's annual commitments to fund its proportionate share of other jurisdictions' debt service requirements. Pursuant to the General Bond Resolution, the Sewer System is required to maintain a reserve equal to the lesser of (i) the maximum principal and interest requirements of the outstanding bonds for any year or (ii) 125 percent of the average annual principal and interest for any bond year. In addition, payment of the principal and interest on all bonds is insured by municipal bond insurance policies.

In the event of default, Sewer Revenue Bonds Trustees may proceed to protect and enforce its rights and rights of the Bond Holders under the laws of the Commonwealth or the General Bond Resolution or by proceedings in the office of any board having jurisdiction, either for the specific performance of any agreement or for the enforcement of any proper legal or equitable remedy. In the enforcement of any remedy under the General Bond Resolution, the Trustee or the Bond Holders will be entitled to sue for, enforce payment of amounts remaining due for principal, interest, interest on overdue payments of principal, all costs and expenses of collection and all proceedings under the General Bond Resolution. The acceleration clause allows the lender, upon default, to accelerate payment of the entire unpaid Bond principal and interest.

In December 1995, Upper Occoquan Sewage Authority (UOSA), a joint venture, issued \$288,600,000 of regional sewer system revenue bonds to fund the expansion of the capacity of its wastewater treatment facilities, and \$42,260,000 of regional sewer system revenue refunding bonds to advance refund certain outstanding bonds that had been issued to fund a prior expansion.

In December 2003, UOSA issued \$58,150,000 of regional sewer system revenue refunding bonds (UOSA 2003) to advance refund its outstanding UOSA 1993 bonds, resulting in a deferred net gain of \$1,514,497, which is being amortized over 18 years.

In November 2004, UOSA issued \$49,395,000 of regional sewer system revenue refunding bonds (UOSA 2004) to advance refund a portion of the outstanding UOSA 1995 bonds. This resulted in a deferred net gain of \$619,329 that has been completely amortized.

In July 2005, UOSA issued \$82,465,000 of regional sewer system revenue refunding bonds (UOSA 2005), of which the Sewer System's share is \$53,201,198, to advance refund another portion of the outstanding UOSA 1995 bonds. This resulted in a deferred net gain of \$1,909,604, which is being amortized over the life of the UOSA 2005 bonds.

In February 2007, UOSA issued \$90,315,000 of regional sewer system revenue refunding bonds (UOSA 2007A), of which the Sewer System's share is \$58,265,521, to advance refund another portion of the outstanding UOSA 1995 bonds. This resulted in a deferred net loss of \$83,868, which is being amortized over the life of the UOSA 2007A bonds.

In December 2007, UOSA issued \$119,715,000 of regional sewer system revenue bonds (UOSA 2007B), of which the System's share is \$53,925,458, to fund the expansion of its wastewater treatment and conveyance facilities.

In December 2010, UOSA issued \$85,180,000 of regional sewer system revenue bonds (UOSA 2010), of which the System's share is \$34,113,615, to fund certain capital improvements.

In July 2011, UOSA entered into VRA loan Series 2011A to fund costs related to the Energy Service project. In December 2011, UOSA entered into VRA loan Series 2011B to fund Phase 1 of the Nutrient Compliance Improvement Project.

In May 2013, UOSA issued \$101,615,000 of regional sewer system revenue refunding bonds (UOSA 2013A), of which the System's share is \$65,555,566, to advance refund the outstanding Series 2005 bonds. This refunding resulted in a deferred net loss of \$12,354,368, which is being amortized over the life of the Series 2013A bonds, but an aggregate decrease in the overall debt service of approximately \$4.9 million.

In November 2013, UOSA issued \$37,735,000 of regional sewer system revenue refunding bonds (Series 2013B), of which the System's share is \$23,911,671, to advance refund the outstanding UOSA 2003 bonds. This resulted in a deferred net loss of \$2,520,436, which is being amortized over the life of the UOSA 2013B bonds, but an aggregate decrease in the overall debt service of approximately \$2.1 million.

In fiscal year 2015, UOSA issued regional sewer system revenue refunding bonds (UOSA 2014) to advance refund the outstanding UOSA 2007A bonds and a portion of the outstanding UOSA 2007B bonds. Of the \$112,190,980 UOSA 2007 bonds outstanding balance, \$93,175,291 was refunded into the UOSA 2014 bonds. This resulted in a net deferred gain of \$2,029,198, which is being amortized over 24 years, and an aggregate decrease in the overall debt service of \$6,359,189.

In fiscal year 2016, UOSA issued regional sewer system revenue refunding bonds (UOSA 2016B) to advance refund the \$19,015,689 remaining outstanding UOSA 2007B bonds. This refunding resulted in a deferred net gain of \$533,782, which is being amortized over 22 years, and an aggregate decrease in the overall debt service of \$4,676,694.

The Sewer System's share of UOSA's total outstanding debt as of June 30, 2019 is \$220,716,512 and it is subordinate to the sewer revenue bonds issued by the Sewer System. UOSA did not issue any regional sewer revenue or refunding bonds in fiscal year 2019.

In the event of default, UOSA bondholders have the right to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Trust Agreement. Bondholders do not have the right to institute any suit, action, or proceeding in equity or at law for enforcement of the Trust Agreement for the execution trust unless the specific terms of the bond agreement are met. Nothing in the Trust Agreement shall affect or impair the right of any bondholder to enforce legal action for payment of the principal, premium, and interest upon maturity of the bond.

In June 2001 and June 2002, the Sewer System issued 20-year subordinated sewer revenue bonds in the amounts of \$40,000,000 (VRA 2001) and \$50,000,000 (VRA 2002), respectively, to the Virginia Water Facilities Revolving Fund, acting by and through the Virginia Resources Authority (VRA). The proceeds have been used to fund a portion of the Sewer System's share of expansion and upgrade costs for the Alexandria Renew Enterprises' 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 VRA 2001 and VRA 2002 bonds from 4.10 percent and 3.75 percent per annum, respectively, to 2.35 percent per annum. This reduced the semi-annual debt service payments from \$1,499,642 and \$1,818,894, respectively, to \$1,395,539 and \$1,706,099, respectively. The rate reduction agreement resulted in interest savings of \$1,769,745 and \$2,143,099, respectively.

In May 2016, the System executed a rate reduction agreement with VRA, reducing the interest rate of VRA 2001 and VRA 2002 bonds from 2.35 percent to 0.95 percent per annum. This reduced the semi-annual debt service payments from \$1,395,539 and \$1,706,099, respectively, to \$1,349,141 and \$1,638,306, respectively. This rate reduction resulted in an aggregate decrease in the VRA 2001 and VRA 2002 debt service of \$463,990 and \$813,525, respectively. The bonds are subordinate to all outstanding prior bond issues of the Sewer System and Sewer System payments for operation and maintenance expenses.

As of June 30, 2019, the outstanding principal balances for the VRA 2001 and VRA 2002 subordinated revenue bonds are \$5,333,081 and \$9,668,461, respectively.

In the event of default, VRA has the right to immediately declare all outstanding bond payments due and payable by the System without further notice or demand and is authorized to take legal action necessary to collect the payments owed.

Detailed information regarding the sewer revenue bonds outstanding as of June 30, 2019 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 anticipation notes to current refund \$26,725,000 of outstanding Series 2011 bond anticipation notes. The note matured on March 1, 2015. In February 2015, the County and FCRHA entered into a direct loan agreement with Bank of America, N.A. in a principal amount of \$18,260,000, which together with other County funds refinanced the 2013A bond anticipation notes. In February 2018, FCRHA issued \$11,175,000 Revenue Bonds Series 2018A (Federally Taxable), which together with other County funds refinanced the FCRHA direct loan agreement with Bank of America, N.A. The County is obligated

by the terms of a payment agreement with FCRHA, subject to the appropriation of funds for the purpose, to pay amounts equal to the interest on and the principal of the FCRHA 2018A revenue bonds.

In December 2013, EDA and the County entered into a loan agreement with TD Bank, N.A., with the proceeds of \$25,000,000 being made available to the County to provide financing for the costs of the planned replacement of the County-owned building subsystems such as roofs, electrical systems, HVAC, plumbing systems, carpet replacement, parking lot and garage repairs, fire alarm replacement and emergency generator replacement that have reached the end of their useful life. In March 2015, the County received an additional \$10,000,000 from TD Bank, N.A. under a loan agreement to finance additional County building improvements. The \$25,000,000 loan was retired in January 2019, and the \$10,000,000 loan extends to January 2020. The County is obligated by a contract with EDA to pay amounts equal to the debt service on the loan.

In December 2014, EDA utilized its revenue bond structure (Silver Line Phase II) Series 2014 to enter into a loan agreement with the United States Department of Transportation for a Transportation Infrastructure Financing and Innovation Act (TIFIA) loan in the principal amount up to \$403,274,894 (plus capitalized interest). Proceeds from the TIFIA Loan will be used to finance the County's share of Phase II of the Silver Line Metrorail expansion. The County is obligated by a contract with the EDA to pay amounts equal to debt service on the TIFIA loan. The County's obligation to make such payments is subject to the annual appropriation by the Board of sufficient funds for such purpose. The terms of the TIFIA Bond provide for repayment of the loan to begin October 1, 2023 and end April 1, 2046. At June 30, 2019, the outstanding principal of the TIFIA Loan was \$423,878,434.

Detailed information regarding the bond anticipation notes and notes payable outstanding as of June 30, 2019 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, 2019, are comprised of the issues presented on the following pages:

BASIC FINANCIAL STATEMENTS

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 2009 C	Refunding	5.00	10-28-09	10-01-19	3,019	48,527	3,019	75	3,094
Series 2009 E	Public Improvement (BABs)	4.20-5.25	10-28-09	10-01-29	4,247	63,700	46,714	12,772	59,486
Series 2011 A	Public Improvement	4.00-5.00	02-10-11	04-01-21	2,400	47,880	4,800	312	5,112
Series 2012 A	Public Improvement	2.00-5.00	02-02-12	04-01-32	1,935-3,860	77,185	46,321	10,846	57,167
Series 2012 B	Refunding	4.64-5.00	02-02-12	04-01-24	9,659-13,142	74,759	58,741	8,791	67,532
Series 2013 A	Public Improvement	5.00	01-24-13	10-01-22	3,925-3,930	78,535	15,705	1,570	17,275
Series 2013 B	Refunding	3.00-4.00	01-24-13	10-01-25	1,242-9,255	54,389	42,172	4,352	46,524
Series 2014 A	Public Improvement	3.00-5.00	02-06-14	10-01-33	6,170-6,175	123,426	92,552	28,536	121,088
Series 2014 A	Refunding	4.00-5.00	02-06-14	10-01-23	821-833	18,569	4,126	480	4,606
Series 2014 B	Refunding	3.00-5.00	11-04-14	10-01-26	649-15,893	70,399	56,377	12,849	69,226
Series 2015 A	Public Improvement	3.00-5.00	03-04-15	10-01-34	4,297-4,305	86,037	68,817	22,532	91,349
Series 2015 B	Refunding	3.00-5.00	03-11-15	10-01-26	1,824-8,613	17,989	17,989	5,287	23,276
Series 2015 C	Refunding	5.00	07-07-15	10-01-25	2,662-6,757	49,077	27,313	3,819	31,132
Series 2016 A	Public Improvement	3.00-5.00	02-09-16	10-01-35	4,115-4,120	82,312	69,967	26,597	96,564
Series 2016 A	Refunding	3.00-5.00	02-09-16	10-01-30	2,214-13,840	37,806	37,806	12,812	50,618
Series 2017 A	Public Improvement	4.00-5.00	02-07-17	10-01-36	4,565-4,570	91,395	82,255	32,375	114,630
Series 2018 A	Public Improvement	4.00-5.00	01-24-18	10-01-37	4,221-4,225	84,481	80,255	33,533	113,788
Series 2019 A	Public Improvement	3.00-5.00	02-12-19	10-01-38	2,920-2,925	58,460	58,460	28,252	86,712
Series 2019 A	Refunding	3.00	02-12-19	10-01-19	2,480	2,480	2,480	47	2,527
Series 2019 B	Refunding	3.30-5.00	02-12-19	10-01-32	21-4,056	17,066	17,066	6,923	23,989
Total general obligation bonds - General County						1,184,472	832,935	252,760	1,085,695
Schools:									
Series 2009 C	Refunding	5.00	10-28-09	10-01-19	5,081	83,273	5,081	127	5,208
Series 2009 E	Public Improvement (BABs)	4.20-5.25	10-28-09	10-01-29	9,233	138,500	101,566	27,769	129,335
Series 2011 A	Public Improvement	4.00-5.00	02-10-11	04-01-21	6,230	123,515	12,460	810	13,270
Series 2012 A	Public Improvement	2.00-5.00	02-02-12	04-01-32	3,520-7,025	140,470	84,293	19,735	104,028
Series 2012 B	Refunding	4.64-5.00	02-02-12	04-01-24	14,742-21,058	117,591	93,029	13,851	106,880
Series 2013 A	Public Improvement	5.00	01-24-13	10-01-22	6,390	127,800	25,560	2,556	28,116
Series 2013 B	Refunding	3.00-4.00	01-24-13	10-01-25	1,518-14,285	73,611	57,543	5,665	63,208
Series 2014 A	Public Improvement	3.00-5.00	02-06-14	10-01-33	7,045	140,904	105,678	32,584	138,262
Series 2014 A	Refunding	4.00-5.00	02-06-14	10-01-23	1,553-1,572	33,411	7,799	906	8,705
Series 2014 B	Refunding	3.00-5.00	11-04-14	10-01-26	1,976-28,423	131,791	104,308	22,412	126,720
Series 2015 A	Public Improvement	3.00-5.00	03-04-15	10-01-34	7,065-7,068	141,303	113,043	37,022	150,065
Series 2015 B	Refunding	3.00-5.00	03-11-15	10-01-26	4,736-19,772	39,081	39,081	11,374	50,455
Series 2015 C	Refunding	5.00	07-07-15	10-01-25	3,253-13,907	90,438	46,872	5,503	52,375
Series 2016 A	Public Improvement	3.00-5.00	02-09-16	10-01-35	6,730-6,740	134,728	114,508	43,509	158,017
Series 2016 A	Refunding	3.00-5.00	02-09-16	10-01-30	5,746-27,125	81,134	27,596	108,730	108,730
Series 2017 A	Public Improvement	4.00-5.00	02-07-17	10-01-36	6,845-6,850	136,980	123,280	48,520	171,800
Series 2018 A	Public Improvement	4.00-5.00	01-24-18	10-01-37	6,755-6,760	135,160	128,400	53,654	182,054
Series 2019 A	Public Improvement	3.00-5.00	02-12-19	10-01-38	7,810	156,200	156,200	75,521	231,721
Series 2019 A	Refunding	3.00	02-12-19	10-01-19	7,616	7,616	7,616	145	7,761
Series 2019 B	Refunding	3.30-5.00	02-12-19	10-01-32	34-6,604	27,784	27,784	11,272	39,056
Total general obligation bonds - Schools						2,061,290	1,435,235	440,531	1,875,766
Total general obligation bonds						3,245,762	2,268,170	693,291	2,961,461
Revenue bonds:									
EDA revenue bonds:									
Series 2011	Silver Line Phase 1 Project	5.00	05-26-11	04-01-20	6,325	205,705	6,325	316	6,641
Series 2011	Metrarail Station Parking Project	3.00-5.00	07-28-11	08-01-34	3,860-7,225	99,430	85,510	32,664	118,174
Series 2012 A	Refunding Laurel Hill Project	3.00-5.00	04-17-12	06-01-33	670-4,205	47,745	24,670	4,504	29,174
Series 2012 A	Facilities Revenue Bonds	4.50	05-30-12	03-01-42	1,350-3,700	65,965	19,745	16,301	36,046
Series 2012	Silver Line Phase 1 Project	5.00	10-10-12	04-01-20	1,235	42,390	1,235	62	1,297
Series 2014 A	Public Safety Facility Project	5.00	06-26-14	10-01-34	7,035-7,040	126,690	112,620	45,042	157,662
Series 2014 A	County Facilities Refunding	5.00	06-26-14	10-01-34	1,600-3,385	44,000	38,210	17,291	55,501
Series 2014 B	County Facilities Project	2.14-4.38	06-26-14	10-01-33	1,245-2,085	30,175	23,965	8,012	31,977
Series 2016	Silver Line Phase 1 Project	4.00-5.00	03-16-16	04-01-36	7,525-14,575	173,960	173,960	76,237	250,197
Series 2017	Metrarail Parking System Project	5.00	03-08-17	04-01-47	1,275-4,530	69,645	69,645	62,252	131,897
Series 2017A	County Facilities Project	1.60-3.79	08-10-17	10-01-37	745-1,290	19,060	18,330	6,650	24,980
Series 2017B	County Facilities Refunding	4.00-5.00	08-10-17	10-01-36	1,320-2,755	31,150	31,150	17,096	48,246
Series 2019	Six Public Facilities Refunding	3.00-4.13	04-23-19	04-01-32	1,125-1,725	18,125	18,125	5,916	24,041
FCRHA lease revenue bonds:									
Series 2009	Wedgewood	3.75-5.00	08-20-09	10-01-39	2,320-5,610	94,950	76,975	43,808	120,783
Series 2018A	Crescent	2.35-2.75	02-08-18	10-01-22	1,175-2,500	11,175	8,675	400	9,075
VRA Subfund Revenue bonds:									
Series 2013 C	Linconia Project	4.125-5.13	11-20-13	10-01-33	550-555	11,085	8,320	2,918	11,238
CDA revenue bonds:									
Series 2011 A	Tax-Exempt	6.25-6.88	06-09-11	03-01-36	840-5,315	46,980	45,230	35,571	80,801
Series 2011 A	Taxable	7.25	07-06-11	03-01-36	305-2,180	18,670	18,070	15,196	33,266
Total revenue bonds						1,156,900	780,760	390,236	1,170,996

(Continued)

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Series	Interest Rate (%)	Issue Date	Final Maturity Date	Annual Principal Payments ('000)	Original Issue ('000)	Principal Outstanding ('000)	Interest Payable to Maturity ('000)	Total Principal Outstanding & Interest Payable to Maturity ('000)
Notes payables:								
Salona	4.06-4.29	12-27-05	12-31-25	323-645	12,900	4,193	620	4,813
Capital Renewal	1.30	03-10-15	01-01-20	2,000	10,000	2,000	26	2,026
TIFIA Loan	2.73	12-17-14	04-01-46	4,462-8,003	403,275	423,878	2,834	426,712
Total notes payables					426,175	430,071	3,480	433,551
HUD Section 108 Loans:								
HUD Section 108 loan #8	4.97-6.67	07-01-01	08-01-21	115	2,300	345	13	358
HUD Section 108 loan #11	Variable	06-29-09	08-01-28	196-334	5,040	2,913	632	3,545
HUD Section 108 loan #12	Variable	02-14-11	08-01-30	343-344	6,535	4,127	764	4,891
Total HUD Section 108 loans					13,875	7,385	1,409	8,794
Total governmental activities					4,842,712	3,486,386	1,088,416	4,574,802
Business-type activities:								
Sewer revenue bonds:								
UOSA Bonds Subordinated	1.21-5.60	12-01-95	07-01-43	1,881-20,895	277,621	220,717	83,615	304,332
Series 2001 Subordinated	0.95	06-01-01	02-01-21	2,654-2,679	40,000	5,333	63	5,396
Series 2002 Subordinated	0.95	06-01-02	02-01-22	3,192-3,253	50,000	9,668	162	9,830
Series 2009 Revenue	5.00	06-17-09	07-15-19	3,605	152,255	3,605	90	3,695
Series 2012 Revenue	4.50-5.00	08-08-12	07-15-42	1,860-5,435	90,710	34,495	27,126	61,621
Series 2014 Refunding	3.00-5.00	04-16-14	07-15-28	3,830-5,770	61,755	48,270	9,957	58,227
Series 2016 Refunding	3.00-5.00	05-12-16	07-15-39	3,815-12,950	164,450	164,450	77,618	242,068
Series 2017 Revenue	3.00-5.00	06-28-17	07-15-47	1,380-5,375	85,785	84,450	75,285	159,735
Total business-type activities					922,576	570,988	273,916	844,904
Total County bond, note, and loan indebtedness					\$ 5,765,288	4,057,374	1,362,332	5,419,706

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, 2019 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
2020	\$ 203,780	97,348	35,055	35,629	3,356	3,262	28,068	22,649	270,259	158,888
2021	196,750	87,118	37,015	34,840	1,364	357	28,779	21,663	263,908	143,978
2022	187,985	78,498	38,100	33,174	1,372	310	29,799	20,870	257,256	132,852
2023	179,260	70,229	38,085	31,434	425,144	262	25,019	19,948	667,508	121,873
2024	167,540	62,016	34,695	29,737	1,275	214	25,987	19,006	229,497	110,973
2025-2029	721,360	204,490	196,375	122,498	4,258	461	156,851	77,259	1,078,844	404,708
2030-2034	446,615	80,005	236,600	71,826	687	23	86,886	49,293	770,788	201,147
2035-2039	164,880	13,587	117,855	22,678	-	-	104,270	30,329	387,005	66,594
2040-2044	-	-	34,025	7,104	-	-	65,359	10,840	99,384	17,944
2045-2049	-	-	12,955	1,316	-	-	19,970	2,059	32,925	3,375
Totals	\$ 2,268,170	693,291	780,760	390,236	437,456	4,889	570,988	273,916	4,057,374	1,362,332

In July 2005, the City of Fairfax (the City) secured funding, for the construction of the New Library, through the sale of 30 year EDA Lease Revenue Bonds for public improvements. Approximately, \$22,940,000 of the bond proceeds were allocated for the construction of the New Library. After the new library was completed, the City transferred ownership to the County on January 13, 2009, including all land and the new building. On January 22, 2009, the County transferred ownership to the City for the existing library, including all land and the old building.

Annual requirements to amortize long-term obligations related to the library exchange are as follows:

Fiscal Year	Governmental Activities
	Library Exchange
	Contribution
2020	\$ 858,236
2021	861,569
2022	864,915
2023	868,274
2024	871,646
2025-2029	4,409,269
2030-2034	4,495,553
2035	909,613
Totals	\$ 14,139,076

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 \$1 million tax-exempt and \$5.0 million taxable lines of credit with a commercial bank to provide interim (bridge) financing.

The table details all FCRHA bonds, notes (including a loan from the County), and loans payable as of June 30, 2019, excluding FCRHA's component units is presented as follows:

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	2,890
Tax-exempt revenue bonds	Herndon Harbor I - rental property	6.35	08-01-97	07-01-27	24-30	2,875	483
Multi-family revenue bonds	Castellani Meadows	6.15	04-01-98	03-01-28	20-26	1,700	449
Multi-family revenue bonds	Herndon Harbor II - rental property	4.875-6.0	05-01-99	05-01-29	44-56	2,000	1,103
Multi-family revenue bonds	Cedar Ridge Apartments	5.984	03-29-07	10-01-48	62-115	13,200	11,872
Multi-family revenue bonds	Olley Glen - senior rental property	average of 5.37%	08-26-08	08-01-51	30-355	12,220	4,644
Multi-family revenue bonds	Murraygate Village	2.26	12-13-18	02-01-21	-	20,000	20,000
Total mortgage bonds payable - FCRHA						58,335	41,441
Mortgage Notes Payable and Loan from County:							
United Bank	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	2,061
	East Market, Fair oaks, Bryson	6.14	12-06-07	12-01-22	15-22	856	615
	Stockwell, Northampton, Halstead I & II	6.11	07-24-09	07-01-24	15-22	868	667
Sun Trust Bank	Stonegate rental property	6.16	02-08-05	01-08-24	112	1,286	488
Bank of New York Mellon	Olley Glen property, Sec 108	Libor + 20 bps	varies	varies	100-125	2,050	860
Virginia Housing Development Authority	First Stop Group Home property	7.61	08-01-06	03-01-25	-	385	180
Fairfax County Redevelopment and Housing Authority	Herndon Harbour House I	2.00	varies	08-01-27	-	3,013	2,653
	Herndon Harbour House II	2.00	varies	05-01-29	-	3,059	3,059
	The Green rental property	3.37	varies	11-01-28	-	1,257	1,233
	The Green rental property	2.00	varies	01-01-28	-	131	131
	Castellani Meadows	4.00	varies	04-01-28	-	1,920	1,227
	Tavenner	7.21	varies	01-01-27	-	2,042	1,622
	Stonegate	1.00	varies	04-01-24	-	1,957	1,956
Total mortgage notes payable - FCRHA						21,822	16,753
Total public housing bonds, notes, and loans payable - FCRHA primary government						\$ 80,157	58,194

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, 2019, are presented below:

Fiscal Year	Component Unit - FCRHA (Primary Government)					
	Housing Bonds Payable		Mortgage Notes Payable and Loan from County		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	672,693	1,440,992	645,698	276,221	1,318,391	1,717,213
2021	20,715,872	1,792,776	417,667	251,218	21,133,539	2,043,994
2022	760,674	1,072,253	2,146,754	174,828	2,907,428	1,247,081
2023	806,989	1,027,071	810,819	85,211	1,617,808	1,112,282
2024	1,819,262	979,143	2,264,982	491,518	4,084,244	1,470,661
2025-2029	4,220,818	4,116,974	10,196,398	8,957,110	14,417,216	13,074,084
2030-2034	2,524,115	3,360,779	-	-	2,524,115	3,360,779
2035-2039	3,349,748	2,725,268	270,500	-	3,620,248	2,725,268
2040-2044	4,464,653	1,859,841	-	-	4,464,653	1,859,841
2045-2049	1,466,894	776,516	-	-	1,466,894	776,516
2050-2054	639,357	43,346	-	-	639,357	43,346
Totals	\$ 41,441,075	19,194,959	16,752,818	10,236,106	58,193,893	29,431,065

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, with an average interest rate of 4.36 percent, to advance refund \$11,670,000 of the outstanding Series 1995 bonds with an average interest rate of 6.62 percent. Proceeds of \$12,615,112 were used to purchase U.S. Government securities, which were deposited in an irrevocable escrow fund to provide for the resources to redeem the Series 1995 Bonds on July 15, 2003. 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 the event of default, the VRA may proceed to enforce payment of the principal, interest on the bonds and any other amounts due and payable. The principal of and interest on the bonds is not subject to acceleration upon the event of default.

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. As a result of the refunding of the Series 2003 Laurel Hill revenue bonds by the Fairfax County Economic Development Authority in April 2012, the outstanding loan payable amount was reduced to \$13,222,200.

The debt service requirements to maturity for the outstanding bonds and loan at June 30, 2019, are as follows:

Fiscal Year	Revenue Bonds			Loan from Primary Government			Total	
	Int. Rate	Principal	Interest	Int. Rate	Principal	Interest	Principal	Interest
2020	4.82	740,000	55,206	5.00	526,100	393,384	1,266,100	448,590
2021	4.82	775,000	18,684	5.00	585,700	367,079	1,360,700	385,763
2022	-	-	-	5.00	645,300	337,794	645,300	337,794
2023	-	-	-	5.00	714,100	305,529	714,100	305,529
2024	-	-	-	5.00	670,000	284,106	670,000	284,106
2025-2029	-	-	-	3.00-5.00	3,930,000	1,022,406	3,930,000	1,022,406
2029-2033	-	-	-	3.00-4.00	3,640,000	328,525	3,640,000	328,525
Totals		<u>\$ 1,515,000</u>	<u>73,890</u>		<u>10,711,200</u>	<u>3,038,823</u>	<u>12,226,200</u>	<u>3,112,713</u>

8. Conduit Debt Obligations

The FCRHA is empowered by the Commonwealth 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, 2019, approximately \$43.6 million of such tax-exempt bonds that are still outstanding.

The EDA is empowered by the Commonwealth 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, 2019, the cumulative amount of all IRBs outstanding was \$512,909,318.

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 constructing certain improvements to State Route 28 in the County and in Loudoun County, Virginia. In May 2012, the EDA 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. In August 2016, the EDA issued \$43,035,000 of transportation contract revenue refunding bonds, Series 2016 A and \$45,760,000 of transportation contract revenue refunding bonds, Series 2016 B, on behalf of the State Route 28 Transportation Improvement District to advance refund \$41,505,000 of outstanding Series 2007A bonds and partially refund \$43,660,000 of outstanding principal of the Series 2008 Bonds, respectively, leaving \$3,590,000 of the outstanding principal of the Series 2008 bonds unrefunded. These bonds are payable primarily from a limited ad valorem real property tax levied by the counties on property owners in the district. The bonds are secured by a reserve subfund, and each County has agreed to cure one-half of any deficiency in the reserve subfund. As neither the EDA nor the Counties are responsible to make principal or interest payments on the bonds, neither reports a liability for the bonds. Rather, this liability for debt service payments on the bonds rests with the State Route 28 Highway Transportation Improvement District. As of June 30, 2019, the total outstanding principal amount of these transportation contract revenue bonds outstanding was \$159,435,000.

In the event of default, Trustees may proceed to protect and enforce its rights and rights of the State Route 28 District's Bond Holders under the Master Indenture, the Bond Acts and the Bonds by such suits, actions, or proceedings provided, that any monetary remedies under the Master Indenture will be limited to amounts, if any, from the Board's Trust Estate, including but limited to civil actions to recover monetary damages. The acceleration clause allows the lender, upon default, to accelerate payment of the entire unpaid Bond principal and interest.

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, 2019, \$4.2 million of these notes are outstanding.

In the event of default, the Park Authority is not obligated to pay the instalments on these notes except from the County payments pledged for such purpose. Neither the faith and credit nor the taxing power of the County or Park Authority is pledged to the payments of installments on these notes. The Park Authority has no taxing power.

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, 2019, the outstanding bonds considered defeased but not yet redeemed are \$200.3 million in general obligation bonds and \$223.7 million in revenue bonds.

10. Sanitary Landfill Closure and Postclosure Obligation

The County is required to present Financial Assurance Requirements for any future closure and post-closure expenditures related to the I-95 Sanitary Landfill, the I-66 Landfill, and the I-66 Transfer Station by reporting an estimated financial assurance liability (closure and post-closure obligation).

The majority of the \$48.0 million closure and post-closure obligation, as of June 30, 2019, is in relation to the I-95 Landfill. State and federal regulations require the County to place final covers on the I-95 Landfill at key points in time during the life of the disposal units, such as when final design grades are reached and, ultimately, when the unit stops accepting solid waste. In addition, maintenance of environmental infrastructure and monitoring of performance parameters are required for 30 years after closure.

The I-95 Landfill consists of two major units: the Municipal Solid Waste (MSW) unit and the Area Three Lined Landfill (ATLL) unit. The MSW unit stopped accepting waste on December 31, 1995 and the final closure cap, Phase IV, was completed during 2007. All closure expenditures for the MSW unit have already been incurred. The ATLL unit is active and continues to accept incinerator ash generated from the thermal processing of municipal solid waste at the Fairfax and Arlington/Alexandria Waste-To-Energy facilities. Closure expenditures for approximately 17 percent of the permitted ATLL cap area have been incurred for the ATLL unit. The County holds permits allowing it to continue to dispose of ash in the ATLL unit until it reaches capacity, currently estimated to occur in approximately 2059.

The closure and post-closure obligation for the I-95 Landfill, as of June 30, 2019, is \$46.7 million. The amount represents the total estimated cost remaining to be incurred for both the MSW and ATLL units. 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.

In addition to the I-95 Landfill, a \$1.3 million obligation was estimated for long-term operational maintenance expenditures related to the landfill gas collection system at the closed I-66 Landfill and for the closure and post-closure expenditures related to the I-66 Transfer Station.

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, 2019, are as follows:

Asset Class	Primary Government - Governmental Activities	Component Unit - Public Schools
Land	\$ -	6,000,000
Buildings	-	56,910,185
Improvements	832,127	-
Equipment	34,107,780	97,076,425
Total assets, at cost	34,939,907	159,986,610
Accumulated depreciation	(25,772,718)	(60,094,900)
Total assets, net	\$ 9,167,189	99,891,710
Fiscal Year	Minimum Obligations	Minimum Obligations
2020	\$ 5,990,401	25,824,839
2021	5,794,569	19,434,129
2022	970,404	10,564,460
2023	970,404	5,450,637
2024	-	3,471,375
2025-2029	-	17,343,500
2030-2034	-	17,338,375
2035-2039	-	3,469,625
Total minimum obligations	13,725,778	102,896,940
Portion representing interest	(591,916)	(19,613,659)
Present value of minimum obligations	\$ 13,133,862	83,283,281

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 \$38.2 million and unearned revenue in the amount of \$38.2 million is reported. Minimum lease payments for each of the five succeeding fiscal years are \$1,600,000; \$1,685,000; \$1,765,000; \$1,855,000, and \$1,955,000, 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 \$41.5 million for fiscal year 2019 was funded with \$11.6 million from bond premium credit memos at WMATA, \$24.3 million of County general obligation bond proceeds, and \$5.6 million of County funds. It is anticipated that the County's obligation for fiscal year 2020 will amount to \$30.6 million and be funded with \$25.0 million from County general obligation bond proceeds and \$5.6 million of County funds.

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 2019, the County's obligation of approximately \$140.2 million for operating subsidies was funded with \$12.4 million from the County's Metro Operations and Construction Fund and \$127.8 million from state aid and regional gasoline tax receipts provided through the NVTC. It is anticipated that the County's obligation for fiscal year 2020 will amount to \$155.9 million and be funded with \$120.4 million of state aid and regional gasoline tax receipts provided through the NVTC and \$35.5 million of County funds.

The state aid discussed in both Capital Contributions and Operating subsidies is shown passing through the County and Regional Transportation Projects Fund, but is transmitted to NVTC directly from the Commonwealth.

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 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, required 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 2019 contribution to the VRE was \$5.4 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 appropriating funds for each fiscal year's payments. For fiscal year 2019, the County's, Public Schools', and EDA's total expenditures for these operating leases were \$19.7 million, \$3.2 million, and \$0.7 million, respectively. At June 30, 2019, the minimum long-term lease commitments accounted for as operating leases are as follows:

Fiscal Year	Primary Government	Component Units	
	Governmental Activities	Public Schools	EDA
2020	\$ 16,658,091	5,314,578	758,251
2021	13,500,351	5,460,324	779,025
2022	12,632,571	5,612,182	800,462
2023	11,636,870	5,756,735	274,187
2024	11,026,338	5,913,024	-
2025-2029	18,911,713	6,088,720	-
2030-2034	1,061,433	-	-
2035-2039	703,066	-	-
2040-2044	842,108	-	-
Total	\$ 86,972,541	34,145,563	2,611,925

4. Intermunicipal Agreements

City of Alexandria, Virginia Renew Enterprises

The Sewer System is obligated under an agreement with the City of Alexandria, Alexandria Renew Enterprises (ARE) to share in the construction and operating costs and debt service requirements for ARE's 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. Although the Sewer System is allowed one nonvoting representative at the meetings of ARE, the Sewer System 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 ARE.

The ARE facility is currently undergoing major improvements to meet new water quality standards. The Sewer System paid ARE \$10.4 million for purchased capacity in fiscal year 2019 to fund its share of the construction and land acquisition costs. The Sewer System estimates its share of the remaining construction costs to be \$99.5 million, of which \$17.1 million is expected to be incurred in fiscal year 2020 and the balance over fiscal years 2021 to 2028. In addition, the Sewer System made payments of \$11.1 million to ARE during fiscal year 2019 for its share of ARE's operating costs.

District of Columbia Water and Sewer Authority

The Sewer System is obligated under the 2012 Blue Plains 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 nitrogen removal facilities along with the constructions of new wet weather flow facilities. The Sewer System paid DC Water \$7.7 million for purchased capacity during fiscal year 2019 to fund its share of construction costs. The Sewer System estimates its share of the remaining construction costs to be \$161.5 million, of which \$12.0 million is expected to be incurred in fiscal year 2020 and the balance over fiscal years

2021 to 2028. In addition, the Sewer System made payments of \$15.5 million to DC Water during fiscal year 2019 for its share of the Blue Plains 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 finance, construct, and operate the regional sewage treatment facility for the upper portion of the Occoquan Watershed. Currently, the Sewer System has a capacity entitlement of 22.6 MGD, which is approximately 42 percent of this facility's total capacity of 54.0 MGD. 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.

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 of \$13.0 million in fiscal year 2019 to pay its share of UOSA's operating costs.

Summarized UOSA financial information as of and for the years ended June 30, 2018 and 2017 (the most recent audited financial information available), is as follows:

	2018	2017
Total assets	\$ 562,632,163	588,237,582
Deferred outflows of resources	19,357,030	22,793,659
Total liabilities	(528,579,668)	(546,966,364)
Deferred inflows of resources	(2,557,139)	(230,926)
Net position	\$ 50,852,386	63,833,951
Operating revenues	\$ 28,768,098	28,328,572
Operating expenses	(58,667,527)	(59,709,789)
Nonoperating revenues, net	3,229,382	836,283
Capital contributions	17,830,318	17,229,657
Decrease in net position	\$ (8,839,729)	(13,315,277)
Total net position, beginning of year	63,833,951	77,149,228
Cumulative effect of change in accounting principle	(4,141,836)	-
Total net position, end of year	\$ 50,852,386	63,833,951

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 and no direct on-going equity interest in the facility's assets and liabilities.

The Arlington facility has recently completed a major upgrade to meet new water quality standards. The Sewer System paid Arlington \$0.4 million for purchased capacity in fiscal year 2019. The Sewer System estimates its share of the remaining construction costs to be \$15.9 million, of which \$0.8 million is expected to be incurred in fiscal year 2020 and the balance over fiscal years 2021 to 2028. In addition, the Sewer System made payments of \$2.6 million for contractual services to Arlington during fiscal year 2019 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 costs, operating costs, and debt service payments 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 and 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 2019. 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 2020.

5. Long-term Contracts

At June 30, 2019, the Primary Government had contractual commitments of \$102,481,663 in the capital projects funds and \$46,030,697 in the Sewer System for the construction of various sewer projects. At June 30, 2019, the component units had contractual commitments of \$262,480,306 and \$7,866,317 in the capital projects funds of the Public Schools and the Park Authority, respectively, for the 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, which benefit programs across many functional areas. 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. IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENTS

In Fiscal Year 2019 the County implemented the following GASB Standards:

No. 83, Certain Asset Retirement Obligations

No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements

No. 90, Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61

The implementation of these standards did not have a material impact on the County's financial statements.

N. FCPA – REVENUE RECOGNITION ERROR

As a result of an error identified by FCPA, the beginning net position was restated due to an entry made to unearned revenue related to classes paid for in fiscal year 2018 but rendered in fiscal year 2019. Beginning net position has been restated to decrease equity by \$5,070,285. This correction is reflected in the FCPA column in Exhibit A-9 and impacts the Total Component Units column of Exhibit A.



Required

Supplementary Information

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

COUNTY OF FAIRFAX, VIRGINIA
Budgetary Comparison Schedule - General Fund (Budget Basis)
For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,723,643,539	3,738,814,442	3,747,031,873	8,217,431
Permits, privilege fees, and regulatory licenses	53,009,977	54,055,534	55,874,600	1,819,066
Intergovernmental	345,147,740	348,223,608	351,392,050	3,168,442
Charges for services	81,868,225	82,845,373	85,476,153	2,630,780
Fines and forfeitures	12,178,536	12,438,697	12,258,740	(179,957)
Revenue from the use of money and property	49,159,119	69,585,705	71,181,118	1,595,413
Recovered costs	16,636,952	18,283,193	18,610,537	327,344
Total revenues	4,281,644,088	4,324,246,552	4,341,825,071	17,578,519
EXPENDITURES				
General government administration	117,952,036	125,196,292	116,413,765	8,782,527
Judicial administration	40,056,192	42,352,258	40,912,754	1,439,504
Public safety	510,383,677	523,619,191	505,142,691	18,476,500
Public works	78,841,337	82,607,637	78,446,921	4,160,716
Health and welfare	330,136,099	340,342,609	319,937,701	20,404,908
Community development	53,702,586	58,251,745	53,986,474	4,265,271
Parks, recreation, and cultural	55,954,588	57,313,047	55,673,484	1,639,563
Nondepartmental	393,283,870	403,166,606	381,035,013	22,131,593
Total expenditures	1,580,310,385	1,632,849,385	1,551,548,803	81,300,582
Excess of revenues over expenditures	2,701,333,703	2,691,397,167	2,790,276,268	98,879,101
OTHER FINANCING SOURCES (USES)				
Transfers in from other primary government funds	10,173,319	10,173,319	10,173,319	-
Transfers out to other primary government funds	(631,483,328)	(696,901,160)	(696,901,160)	-
Transfers out to component units	(2,069,121,929)	(2,069,121,929)	(2,069,121,929)	-
Total other financing (uses), net	(2,690,431,938)	(2,755,849,770)	(2,755,849,770)	-
Net change in fund balance	\$ 10,901,765	(64,452,603)	34,426,498	98,879,101

See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Changes in Net Pension Liability and Related Ratios - Employees' Retirement System
Last Ten Fiscal Years *
(Dollar amounts in thousands)

CAFR Reporting Year Measurement Date June 30 of prior year	2019	2018	2017	2016	2015
Total Pension Liability					
Service cost	\$ 96,662	93,128	85,499	84,154	84,075
Interest	385,505	367,586	361,074	353,622	340,920
Changes in benefit terms	603	582	773	1,463	-
Differences between expected and actual experience	41,363	74,948	(104,260)	(8,617)	-
Changes of assumptions	-	-	68,573	-	-
Benefit payments, including refunds of member contributions	(300,641)	(284,929)	(274,902)	(258,835)	(238,562)
Net change in total pension liability	223,492	251,315	136,757	171,787	186,433
Total pension liability - beginning	5,367,732	5,116,417	4,979,660	4,807,873	4,621,440
Total pension liability - ending	\$ 5,591,224	5,367,732	5,116,417	4,979,660	4,807,873
Plan Fiduciary Net Position					
Contributions - employer	\$ 188,578	167,312	155,780	138,493	129,618
Contributions - member	36,358	35,476	34,627	33,194	32,759
Net investment income	269,418	243,496	(16,668)	16,342	490,196
Benefit payments, including refunds of member contributions	(300,641)	(284,931)	(274,902)	(258,835)	(238,560)
Administrative expense	(2,171)	(2,050)	(2,112)	(1,897)	(1,885)
Net change in plan fiduciary net position	191,542	159,303	(103,275)	(72,703)	412,128
Plan fiduciary net position - beginning	3,749,385	3,590,082	3,693,357	3,766,060	3,353,932
Plan fiduciary net position - ending	\$ 3,940,927	3,749,385	3,590,082	3,693,357	3,766,060
Net pension liability - ending	\$ 1,650,297	1,618,347	1,526,335	1,286,303	1,041,813
Plan fiduciary net position as a percentage of the total pension liability	70.48 %	69.85 %	70.17 %	74.17 %	78.33 %
Covered payroll	\$ 745,664	730,618	708,415	686,289	671,597
Net pension liability as a percentage of covered payroll	221.32 %	221.50 %	215.46 %	187.43 %	155.12 %

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Changes in Net Pension Liability and Related Ratios - Police Officers Retirement System

Last Ten Fiscal Years *

(Dollar amounts in thousands)

CAFR Reporting Year Measurement Date June 30 of prior year	2019	2018	2017	2016	2015
Total Pension Liability					
Service cost	\$ 30,744	29,052	30,913	30,390	30,859
Interest	118,405	112,638	110,362	106,740	102,492
Differences between expected and actual experience	1,315	11,638	(30,821)	(11,516)	-
Changes in assumptions	-	-	9,895	-	-
Benefit payments, including refunds of member contributions	(77,838)	(73,175)	(70,750)	(67,757)	(62,288)
Net change in total pension liability	72,626	80,153	49,599	57,857	71,063
Total pension liability - beginning	1,640,669	1,560,516	1,510,917	1,453,060	1,381,997
Total pension liability - ending	<u>\$ 1,713,295</u>	<u>1,640,669</u>	<u>1,560,516</u>	<u>1,510,917</u>	<u>1,453,060</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 44,505	43,381	40,647	37,867	34,179
Contributions - member	9,896	9,632	9,324	8,890	10,091
Net investment income	94,135	116,099	10,764	41,601	176,684
Benefit payments, including refunds of member contributions	(77,838)	(73,176)	(70,750)	(67,757)	(62,288)
Administrative expense	(619)	(481)	(511)	(443)	(431)
Net change in plan fiduciary net position	70,079	95,455	(10,526)	20,158	158,235
Plan fiduciary net position - beginning	1,365,844	1,270,389	1,280,915	1,260,757	1,102,522
Plan fiduciary net position - ending	<u>\$ 1,435,923</u>	<u>1,365,844</u>	<u>1,270,389</u>	<u>1,280,915</u>	<u>1,260,757</u>
Net pension liability - ending	<u>\$ 277,372</u>	<u>274,825</u>	<u>290,127</u>	<u>230,002</u>	<u>192,303</u>
Plan fiduciary net position as a percentage of the total pension liability	83.81 %	83.25 %	81.41 %	84.78 %	86.77 %
Covered payroll	\$ 114,173	111,291	107,022	102,844	100,912
Net pension liability as a percentage of covered payroll	242.94 %	246.94 %	271.09 %	223.64 %	190.58 %

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Changes in Net Pension Liability and Related Ratios - Uniformed Retirement System

Last Ten Fiscal Years *

(Dollar amounts in thousands)

CAFR Reporting Year Measurement date June 30 of prior year	2019	2018	2017	2016	2015
Total Pension Liability					
Service cost	\$ 42,115	39,668	43,408	41,721	39,648
Interest	147,114	140,286	136,679	132,951	125,660
Changes in benefit terms	956	839	806	1,702	-
Differences between expected and actual experience	(1,128)	6,048	(54,054)	11,019	-
Changes in assumptions	-	-	20,479	-	-
Benefit payments, including refunds of member contributions	(96,896)	(93,609)	(90,536)	(84,849)	(78,918)
Net change in total pension liability	92,161	93,232	56,782	102,544	86,390
Total pension liability - beginning	2,033,689	1,940,457	1,883,675	1,781,131	1,694,741
Total pension liability - ending	\$ 2,125,850	2,033,689	1,940,457	1,883,675	1,781,131
Plan Fiduciary Net Position					
Contributions - employer	\$ 67,895	67,410	65,548	60,928	56,095
Contributions - member	12,262	12,223	12,020	11,473	10,906
Net investment income	131,997	161,014	(13,447)	21,800	210,256
Benefit payments, including refunds of member contributions	(96,896)	(93,609)	(90,536)	(84,849)	(78,917)
Administrative expense	(618)	(477)	(500)	(455)	(434)
Net change in plan fiduciary net position	114,640	146,561	(26,915)	8,897	197,906
Plan fiduciary net position - beginning	1,645,263	1,498,702	1,525,617	1,516,720	1,318,814
Plan fiduciary net position - ending	\$ 1,759,903	1,645,263	1,498,702	1,525,617	1,516,720
Net pension liability - ending	\$ 365,947	388,426	441,755	358,058	264,411
Plan fiduciary net position as a percentage of the total pension liability	82.79 %	80.90 %	77.23 %	80.99 %	85.15 %
Covered payroll	\$ 174,808	173,604	168,808	160,762	153,979
Net pension liability as a percentage of covered payroll	209.34 %	223.74 %	261.69 %	222.73 %	171.72 %

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Changes in Net Pension Liability and Related Ratios - Educational Employees Supplementary Retirement System

Last Ten Fiscal Years *

(Dollar amounts in thousands)

CAFR Reporting Year Measurement Date June 30 of prior year	2019	2018	2017	2016	2015
Total Pension Liability					
Service cost	\$ 88,599	78,926	77,761	77,494	75,788
Interest	221,107	209,516	205,720	198,939	192,724
Changes of benefit terms	-	(1,039)			
Differences between expected and actual experience	12,141	19,857	(11,012)	(17,051)	(19,052)
Changes of assumptions	-	23,334	45,752	-	-
Benefit payments, including refunds of member contributions	(177,720)	(173,386)	(170,348)	(167,843)	(167,050)
Net change in total pension liability	144,127	157,208	147,873	91,539	82,410
Total pension liability - beginning	3,094,309	2,937,101	2,789,228	2,697,689	2,615,279
Total pension liability - ending	<u>\$ 3,238,436</u>	<u>3,094,309</u>	<u>2,937,101</u>	<u>2,789,228</u>	<u>2,697,689</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 91,705	80,094	76,600	74,324	74,174
Contributions - member	44,169	43,063	41,384	39,983	40,018
Net investment income	188,145	250,982	(15,767)	32,085	304,641
Benefit payments, including refunds of member contributions	(177,720)	(173,386)	(170,348)	(167,843)	(167,050)
Administrative expense	(4,300)	(4,060)	(4,005)	(3,752)	(3,629)
Net change in plan fiduciary net position	141,999	196,693	(72,136)	(25,203)	248,154
Plan fiduciary net position - beginning	2,304,281	2,107,588	2,179,724	2,204,927	1,956,773
Plan fiduciary net position - ending	<u>\$ 2,446,280</u>	<u>2,304,281</u>	<u>2,107,588</u>	<u>2,179,724</u>	<u>2,204,927</u>
Net pension liability - ending	<u>\$ 792,156</u>	<u>790,028</u>	<u>829,513</u>	<u>609,504</u>	<u>492,762</u>
Plan fiduciary net position as a percentage of the total pension liability	75.54 %	74.47 %	71.76 %	78.15 %	81.73 %
Covered payroll	\$ 1,469,629	1,430,260	1,374,735	1,366,030	1,324,537
Net pension liability as a percentage of covered payroll	53.90 %	55.24 %	60.34 %	44.62 %	37.20 %

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Net Pension Liability-Single Employer Plans
Last Ten Fiscal Years *
(Dollar amounts in thousands)

CAFR Reporting Year Measurement Date June 30 of prior year	2019	2018	2017	2016	2015
Employees' Retirement System:					
Total pension liability	\$ 5,591,224	5,367,732	5,116,416	4,979,660	4,807,874
Pension plan's fiduciary net position	3,940,927	3,749,385	3,590,081	3,693,357	3,766,060
Net pension liability	\$ 1,650,297	1,618,347	1,526,335	1,286,303	1,041,814
Plan fiduciary net position as a percentage of the total pension liability	70.48 %	69.85 %	70.17 %	74.17 %	78.33 %
Covered payroll	\$ 745,664	730,618	708,415	686,289	671,597
Net pension liability as a percentage of covered payroll	221.32 %	221.50 %	215.46 %	187.43 %	155.12 %
Police Officers Retirement System:					
Total pension liability	\$ 1,713,295	1,640,669	1,560,516	1,510,917	1,453,060
Pension plan's fiduciary net position	1,435,923	1,365,844	1,270,389	1,280,915	1,260,757
Net pension liability	\$ 277,372	274,825	290,127	230,002	192,303
Plan fiduciary net position as a percentage of the total pension liability	83.81 %	83.25 %	81.41 %	84.78 %	86.77 %
Covered payroll	\$ 114,173	111,291	107,022	102,844	100,912
Net pension liability as a percentage of covered payroll	242.94 %	246.94 %	271.09 %	223.64 %	190.57 %
Uniformed Retirement System:					
Total pension liability	\$ 2,125,850	2,033,689	1,940,457	1,883,675	1,781,131
Pension plan's fiduciary net position	1,759,903	1,645,263	1,498,702	1,525,617	1,516,720
Net pension liability	\$ 365,947	388,426	441,755	358,058	264,411
Plan fiduciary net position as a percentage of the total pension liability	82.79 %	80.90 %	77.23 %	80.99 %	85.15 %
Covered payroll	\$ 174,808	173,604	168,808	160,762	153,979
Net pension liability as a percentage of covered payroll	209.34 %	223.74 %	261.69 %	222.73 %	171.72 %
Educational Employees' Supplementary Retirement System					
Total pension liability	\$ 3,238,436	3,094,309	2,937,101	2,789,228	2,697,689
Pension plan's fiduciary net position	2,446,280	2,304,281	2,107,588	2,179,724	2,204,927
Net pension liability	\$ 792,156	790,028	829,513	609,504	492,762
Plan fiduciary net position as a percentage of the total pension liability	75.54 %	74.47 %	71.76 %	78.15 %	81.73 %
Covered payroll	1,469,629	1,430,260	1,374,735	1,366,030	1,324,537
Net pension liability as a percentage of covered payroll	53.90 %	55.24 %	60.34 %	44.62 %	37.20 %

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Employer Contributions-Single Employer Plans
Last Ten Fiscal Years
(Dollar amounts in thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Employees' Retirement Systems:										
Actuarial Determined Contribution	\$ 210,964	188,578	167,312	155,780	138,493	129,618	127,448	114,683	96,608	64,069
Contributions in Relations to the										
Actuarial Determined Contribution	210,964	188,578	167,312	155,780	138,493	129,618	127,448	114,683	96,608	64,069
Contribution (Deficiency) Excess	\$ -	-	-	-	-	-	-	-	-	-
Covered Payroll	\$ 777,319	745,664	730,618	708,415	686,289	671,597	669,018	666,759	657,194	659,826
Contributions as a Percentage of										
Covered Payroll	27.14%	25.29%	22.90%	21.99%	20.18%	19.30%	19.05%	17.20%	14.70%	9.71%
Police Officers Retirement System:										
Actuarial Determined Contribution	\$ 47,183	44,505	43,381	40,647	37,867	34,179	34,011	31,701	29,175	23,767
Contributions in Relations to the										
Actuarial Determined Contribution	47,183	44,505	43,381	40,647	37,867	34,179	34,011	31,701	29,175	23,767
Contribution (Deficiency) Excess	\$ -	-	-	-	-	-	-	-	-	-
Covered Payroll	\$ 117,663	114,173	111,291	107,022	102,844	100,912	102,598	101,280	103,054	104,057
Contributions as a Percentage of										
Covered Payroll	40.10%	38.98%	38.98%	37.98%	36.82%	33.87%	33.15%	31.30%	28.31%	22.84%
Uniformed Retirement System:										
Actuarial Determined Contribution	\$ 69,246	67,895	67,410	65,548	60,929	56,095	53,722	50,351	45,817	40,771
Contributions in Relations to the										
Actuarial Determined Contribution	69,246	67,895	67,410	65,548	60,929	56,095	53,722	50,351	45,817	40,771
Contribution (Deficiency) Excess	\$ -	-	-	-	-	-	-	-	-	-
Covered Payroll	\$ 178,285	174,853	173,604	168,808	160,762	153,979	153,492	148,924	149,925	154,086
Contributions as a Percentage of										
Covered Payroll	38.84%	38.83%	38.83%	38.83%	37.90%	36.43%	35.00%	33.81%	30.56%	26.46%
Educational Employees' Supplementary Retirement System:										
Actuarial Determined Contribution	\$ 96,983	93,543	80,305	76,070	74,791	72,749	68,242	50,739	47,118	35,147
Contributions in Relations to the										
Actuarial Determined Contribution	96,983	91,705	80,146	76,600	74,324	74,174	67,735	52,934	47,118	37,869
Contribution (Deficiency) Excess	\$ -	(1,838)	(159)	530	(467)	1,425	(507)	2,195	-	2,722
Covered Payroll	\$ 1,549,248	1,469,629	1,430,260	1,374,735	1,328,420	1,324,537	1,268,439	1,219,683	1,166,290	1,183,394
Contributions as a Percentage of										
Covered Payroll	6.26%	6.24%	5.60%	5.57%	5.59%	5.60%	5.34%	4.34%	4.04%	3.20%

See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Proportionate Share of Net Pension Liability in VRS Pension Plan

Last Ten Fiscal Years *

(Dollar amounts in thousands)

	2019	2018	2017	2016	2015
Proportion of the net pension liability	18.19 %	18.16 %	17.95 %	17.89 %	18.15 %
Proportion share of the net pension liability	\$ 2,139,027	2,232,727	2,515,447	2,251,917	2,193,660
Covered payroll	1,470,716	1,432,051	1,368,572	1,330,241	1,327,488
Proportionate share of the net pension liability as a percentage of its covered payroll	145.44 %	155.91 %	183.80 %	169.29 %	165.25 %
Plan fiduciary net position as a percentage of the total pension liability	74.81 %	72.92 %	68.28 %	70.88 %	70.88 %

* The schedule is intended to show information for 10 years. 2015 is first year implemented, additional years will be displayed as they become available.

The amounts presented for each fiscal year were determined as of June 30th, year shown is fiscal year of presentation.

See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Contributions-VRS Pension Plan

Last Ten Fiscal Years*

(Dollar amounts in thousands)

	Actuarial Determined Contribution	Contributions in Relations to the Actuarial Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 192,885	192,885	-	1,330,245	14.50 %
2016	192,421	192,421	-	1,368,572	14.06
2017	233,711	209,939	23,772	1,432,051	14.66
2018	240,021	240,021	-	1,470,716	16.32
2019	242,912	242,912	-	1,549,185	15.68

* The schedule is intended to show information for 10 years. Fiscal year 2015 is the first year implemented, additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Changes in the Net OPEB Liability and Related Ratios*

Last Ten Fiscal Years **

(Dollar amounts in thousands)

	Fiscal Year Ending June 30		
	2019	2018	2017
Total OPEB Liability			
Service Cost	\$ 13,994	9,987	7,582
Interest	28,235	22,517	23,024
Changes of Benefit Terms	-	(387)	-
Differences Between Expected and Actual Experiences	17,956	(10,412)	3,389
Changes of Assumptions	32,078	78,188	(22,671)
Benefit Payments	(22,798)	(21,670)	(20,278)
Net Change in Total OPEB Liability	69,465	78,223	(8,954)
Total OPEB Liability (Beginning)	400,568	322,345	331,299
Total OPEB Liability (Ending)	\$ 470,033	400,568	322,345
Plan Fiduciary Net Position			
Contributions—Employer	\$ 25,659	24,367	27,992
Net Investment Income	13,837	26,160	30,711
Benefit Payments	(22,827)	(21,670)	(20,278)
Administrative Expense	(127)	(123)	(118)
Net Change in Plan Fiduciary Net Position	16,542	28,734	38,307
Plan Fiduciary Net Position (Beginning)	308,298	279,564	241,257
Plan Fiduciary Net Position (Ending)	324,840	308,298	279,564
Net OPEB Liability (Ending)	\$ 145,193	92,270	42,781
Net Position as a Percentage of the Total OPEB Liability	69.11%	76.96%	86.73%
Covered-Employee Payroll	\$ 932,764	911,923	908,162
Net OPEB Liability as a Percentage of Covered-Employee Payroll	15.57%	10.11%	4.71%

* Dates Presented are based on the Plan reporting year. One year prior represents the perspective of the reporting entity, therefore 11 years will be presented.

** The schedule is intended to show information for 10 year. Additional years will be displayed as they become available. See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Contributions-OPEB
Last Ten Fiscal Years *
(Dollar amounts in thousands)

	Fiscal Year Ending June 30		
	2019	2018	2017
Actuarially Determined Contribution	\$ 22,827	21,670	20,278
Contributions Made in Relation to the Actuarially Determined Contribution	25,659	24,367	27,992
Contribution Deficiency (Excess)	(2,832)	(2,697)	(7,714)
Covered-Employee Payroll	932,764	911,923	908,162
Contributions as a Percentage of Covered-Employee Payroll	2.75%	2.67%	3.08%

* The schedule is intended to show information for 10 year. Additional years will be displayed as they become available.
See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Investment Returns-OPEB
Last Ten Fiscal Years*

	Fiscal Year Ending June 30		
	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	4.57%	9.55%	12.85%

* The schedule is intended to show information for 10 year. Additional years will be displayed as they become available.
See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Changes in the Net OPEB Liability and Related Ratios - Public Schools OPEB Plan

Last Ten Fiscal Years **

(Dollar amounts in thousands)

CAFR Reporting Year Measurement Date June 30 of prior year	2019	2018	2017
Total OPEB Liability			
Service cost	\$ 5,221	\$ 8,320	N/A
Interest	17,157	29,187	N/A
Changes of benefit terms	(39,067)	-	N/A
Differences between expected and actual experience	(24,768)	33,884	N/A
Changes of assumptions	-	(170,068)	N/A
Benefit payments, including refunds of member contributions	(29,287)	(54,806)	N/A
Net change in total OPEB liability	(70,744)	(153,483)	N/A
Total OPEB liability - beginning	254,270	407,753	N/A
Total OPEB liability - ending	\$ 183,526	\$ 254,270	\$ 407,753
Plan Fiduciary Net Position			
Contributions - employer	\$ 34,287	59,806	\$ 22,404
Net investment income	6,423	11,565	13,289
Benefit payments, including refunds of member contributions	(29,287)	(54,806)	(17,404)
Administrative expense	(89)	(87)	(84)
Net change in plan fiduciary net position	11,334	16,478	18,205
Plan fiduciary net position - beginning	135,175	118,697	100,492
Plan fiduciary net position - ending	\$ 146,509	\$ 135,175	\$ 118,697
Net OPEB liability - ending	\$ 37,017	\$ 119,095	\$ 289,056
Plan fiduciary net position as a percentage of the total OPEB liability	79.83 %	53.16 %	29.11 %
Covered employee payroll	\$ 1,393,959	\$ 1,340,335	\$ 1,256,877
Net OPEB liability as a percentage of covered employee payroll	2.66 %	8.89 %	23.00 %

* See accompanying notes to required supplementary information. This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Public Schools' Proportionate Share of Net OPEB Liability
VRS HIC OPEB Plan
Last Ten Fiscal Years *
(Dollar amounts in thousands)

	2019	2018
Proportion of the net OPEB liability	18.18 %	18.15 %
Proportionate share of the net OPEB liability	\$ 230,889	\$ 230,217
Covered employee payroll	1,470,712	1,432,191
Proportionate share of the net OPEB liability as a percentage of its covered employee payroll	15.70 %	16.07 %
Plan fiduciary net position as a percentage of the total OPEB liability	8.08 %	7.04 %

* The schedule is intended to show information for 10 years. Fiscal year 2018 is first year implemented, additional years will be displayed as they become available. The amounts presented for each fiscal year were determined as of June 30 of the fiscal year shown.

See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Public Schools' Proportionate Share of Net OPEB Liability
VRS GLI OPEB Plan
Last Ten Fiscal Years *
(Dollar amounts in thousands)

	2019	2018
Proportion of the net OPEB liability	7.79 %	7.80 %
Proportionate share of the net OPEB liability	\$ 118,262	\$ 117,380
Covered employee payroll	1,480,801	1,438,996
Proportionate share of the net OPEB liability as a percentage of its covered employee payroll	7.99 %	8.16 %
Plan fiduciary net position as a percentage of the total OPEB liability	51.22 %	48.86 %

* The schedule is intended to show information for 10 years. Fiscal year 2018 is first year implemented, additional years will be displayed as they become available. The amounts presented for each fiscal year were determined as of June 30 of the fiscal year shown.

See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Contributions-Public Schools OPEB Plan
Last Ten Fiscal Years *
(Dollar amounts in thousands)

	Actuarial Determined Contribution	Contributions in Relations to the Actuarial Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2019	\$ 29,287	\$ 34,287	\$ (5,000)	\$ 1,393,959	2.46%
2018	54,806	59,806	(5,000)	1,340,335	4.46%

* The schedule is intended to show information for 10 years. 2017 is first year implemented, additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Contributions-Public Schools
VRS HIC OPEB Plan
Last Ten Fiscal Years *
(Dollar amounts in thousands)

	Contractually Required contribution	Contributions in Relations to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2019	\$ 18,590	\$ 18,590	\$ -	\$ 1,549,185	1.2%
2018	18,090	18,090	-	1,470,712	1.2%
2017	17,616	15,897	1,719	1,432,191	1.1%
2016	16,152	14,510	1,642	1,368,852	1.1%
2015	15,700	14,103	1,597	1,330,497	1.1%
2014	15,535	14,738	797	1,327,753	1.1%
2013	14,937	14,171	766	1,276,659	1.1%
2012	13,247	7,359	5,888	1,226,575	0.6%
2011	12,697	7,054	5,643	1,175,685	0.6%
2010	13,413	8,877	4,536	1,197,606	0.7%

The amounts presented for each fiscal year were determined as of June 30 of the fiscal year shown.

See accompanying notes to required supplementary information.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Contributions-Public Schools
VRS GLI OPEB Plan
Last Ten Fiscal Years *
(Dollar amounts in thousands)

	Contractually Required contribution	Contributions in Relations to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2019	\$ 8,117	\$ 8,117	\$ -	\$ 1,560,950	0.5%
2018	7,700	7,700	-	1,480,801	0.5%
2017	7,483	7,483	-	1,438,996	0.5%
2016	7,286	6,599	687	1,374,776	0.5%
2015	7,073	6,405	668	1,334,442	0.5%
2014	7,062	6,396	666	1,332,479	0.5%
2013	6,790	6,149	641	1,281,054	0.5%
2012	5,443	3,463	1,980	1,236,933	0.3%
2011	5,216	3,319	1,897	1,185,350	0.3%
2010	4,338	2,318	2,020	1,205,046	0.2%

The amounts presented for each fiscal year were determined as of June 30 of the fiscal year shown.
See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Investment Returns-Public Schools OPEB Plan
Last Ten Fiscal Years*

Annual money-weighted rate of return, net of investment expense	
2017	12.86%
2018	9.50%
2019	4.66%

* The schedule is intended to show information for 10 years. 2017 is first year implemented, additional years will be displayed as they become available.
See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019

A. BUDGETARY DATA

The Board of Supervisors adheres to the following procedures in establishing the annual 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:
 - 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, Contributory Fund, and the Revenue Stabilization Fund, which are included in the County's General Fund for reporting purposes, are budgeted as separate funds.

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)	\$ 34,426,498
Timing difference - Goods/Invoice Receipt	7,320
Basis difference - Accrued expenditures	123,375
Perspective differences:	
The Gift Fund and NOVARIS are treated as a separate fund for budget purposes	178,231
The Revenue Stabilization Fund is treated as a separate fund for budget purposes	13,881,305
The Consolidated Community Funding Pool Fund is treated as a separate fund for budget purposes	93,072
The Contributory Fund is treated as a separate fund for budget purposes	702,776
The Information Technology Fund is treated as a separate fund for budget purposes	6,572,995
Net change in fund balance (GAAP basis)	\$ 55,985,572

- 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

Ten-year historical trend information of the retirement systems administered by the County 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 fiduciary net position, total pension liability, and net pension liability in isolation can be misleading. Expressing plan net position as a percentage of the total pension liability provides one indication of each system's funding status. 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 net pension liability and covered payroll are both affected by inflation. Expressing the net pension liability as a percentage of covered payroll approximately adjusts for the effects of inflation and aids in the analysis of the systems' progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller the percentage is, the stronger the system.

The Schedule of Changes in Net Pension Liability and Related Ratios illustrates whether each plan's net position is increasing or decreasing over time relative to the total pension liability, and the net pension liability as it relates to covered payroll.

The Schedule of Employer Contributions provides historical context for the amount of contributions in the current period. The actuarially determined contribution rates are calculated as of June 30, one year prior to the beginning of the fiscal year in which contributions are reported. Significant methods and assumptions used to determine the contributions for County administered systems include:

Discount rate, net of plan investment expenses	7.25%
Inflation	2.75%
Salary increases, including inflation	2.75%
Investment rate of return, net of plan investment expenses	7.25%
Mortality	Sex Distinct RP-2014 Combined Mortality projected to RPEC-2015

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

C. OTHER POSTEMPLOYMENT 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 Changes in Net OPEB Liability and Related Ratios 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.

Beginning in fiscal year 2017, information provided in relation to the GASB 74 requirements include information related to the total and Net OPEB liability, information associated with the actuarially determined contribution, and investment returns. Significant methods and assumptions used to determine the contributions for net OPEB liability include:

Salary increases	3.00%
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation.
Retirement age	Varies by age and pension plan.
Mortality	RP-2014 Mortality table fully generational projected using scale MP-2016. Disabled mortality is assumed to be RP-2014.
Healthcare cost trend rate	7.7% - 9.1% decreasing to 4.5%

Disclosures associated with the County reporting of OPEB and OPEB Plan reporting are found in Note H to the financial statements.



Other

Supplementary Information

The Other Supplementary Information subsection includes the combining and individual fund statements and schedules for the following:

- Governmental Funds
- Internal Service Funds
- Fiduciary Funds
- Capital Assets
- Component Units:
 - Fairfax County Public Schools
 - Fairfax County Redevelopment and Housing Authority
 - Fairfax County Park Authority
 - Fairfax County Economic Development Authority

The **General Fund** is used to account for all revenues and expenditures of the County, which are not required to be accounted for in other funds.

Revenues are derived primarily from real estate and personal property taxes, local sales taxes, utility taxes, business, professional and occupational license taxes, the use of money and property, license and permit fees, and state shared taxes.

Expenditures and transfers out include the costs of the general County government and transfers to component units and other funds, principally made to fund the operations of the Public Schools, and the debt service requirements of the County and Public Schools.

The General Fund Group contains funds which are included in the General Fund for GAAP reporting purposes, but are budgeted separately. Prior to fiscal year 2017, these funds were included in the budget as special revenue funds:

Consolidated Community Funding Pool Fund is used to account for money awarded to community-based nonprofit organizations on a competitive basis to provide certain services to County citizens.

Contributory Fund is used to account for money awarded to certain contributory organizations to provide human services to County citizens.

Northern Virginia Regional Identification System (NOVARIS) is used to account for contributions received from the County and six other participating Northern Virginia jurisdictions to enhance the Northern Virginia Regional Identification System. Program operations are decentralized among the participating Northern Virginia jurisdictions.

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

Revenue Stabilization Fund is used to reserve funds that could be utilized in the event of a significant unexpected downturn in the economy.

COUNTY OF FAIRFAX, VIRGINIA
Budgetary Comparison Schedule Detail - General Fund (Budget Basis)
For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Taxes:				
Real property	\$ 2,790,371,574	2,790,371,574	2,796,959,177	6,587,603
Personal property	411,966,088	421,260,188	421,826,913	566,725
Business licenses	164,172,464	173,486,305	170,430,809	(3,055,496)
Local sales and use	251,723,565	251,015,054	252,542,036	1,526,982
Consumers utility	45,533,698	45,533,698	45,838,072	304,374
Recordation	24,196,659	21,697,038	23,536,391	1,839,353
Occupancy, tobacco, and other	35,679,491	35,450,585	35,898,475	447,890
Total taxes	3,723,643,539	3,738,814,442	3,747,031,873	8,217,431
Permits, privilege fees, and regulatory licenses	53,009,977	54,055,534	55,874,600	1,819,066
Intergovernmental	345,147,740	348,223,608	351,392,050	3,168,442
Charges for services	81,868,225	82,845,373	85,476,153	2,630,780
Fines and forfeitures	12,178,536	12,438,697	12,258,740	(179,957)
Revenue from the use of money and property	49,159,119	69,585,705	71,181,118	1,595,413
Recovered costs	16,636,952	18,283,193	18,610,537	327,344
Total revenues	4,281,644,088	4,324,246,552	4,341,825,071	17,578,519
EXPENDITURES				
General government administration:				
Board of Supervisors	6,126,534	6,168,990	5,320,888	848,102
Financial and Program Auditor	400,704	402,471	268,581	133,890
County Executive	7,061,851	7,133,263	6,925,329	207,934
Tax Administration	25,942,250	27,220,537	25,310,705	1,909,832
Finance	8,782,805	9,484,188	8,864,916	619,272
Human Resources	7,693,713	7,811,463	7,637,612	173,851
Procurement and Material Management	7,164,763	8,088,317	7,195,503	892,814
Public Affairs	1,722,104	1,881,231	1,539,248	341,983
Elections	4,169,525	5,426,493	4,362,730	1,063,763
County Attorney	7,825,694	8,995,367	7,501,490	1,493,877
Information Technology	35,088,139	35,750,532	35,405,844	344,688
Management and Budget	5,203,443	6,061,562	5,369,399	692,163
Civil Service Commission	454,134	454,134	394,141	59,993
Independent Police Auditor	316,377	317,744	317,379	365
Total general government administration	117,952,036	125,196,292	116,413,765	8,782,527
Judicial administration:				
Circuit Court and Records	11,763,757	11,786,163	11,681,719	104,444
Commonwealth Attorney	4,083,927	4,130,942	3,939,548	191,394
General District Court	4,231,416	4,595,653	3,903,874	691,779
Sheriff	19,977,092	21,839,500	21,387,613	451,887
Total judicial administration	40,056,192	42,352,258	40,912,754	1,439,504
Public safety:				
Cable and Consumer Services	860,438	860,594	771,763	88,831
Land Development Services	12,265,578	12,772,201	13,826,548	(1,054,347)
Juvenile and Domestic Relations District Court	24,479,926	26,007,801	24,195,433	1,812,368
Police Department	203,479,070	206,917,206	203,408,784	3,508,422
Sheriff	50,763,097	52,523,526	49,107,686	3,415,840
Fire and Rescue	209,376,423	214,603,010	205,305,971	9,297,039
Emergency Management	1,903,057	2,638,061	1,769,631	868,430
Animal Sheltering	2,625,643	2,647,625	2,302,336	345,289
Code Compliance	4,630,445	4,649,167	4,454,539	194,628
Total public safety	\$ 510,383,677	523,619,191	505,142,691	18,476,500

continued

EXHIBIT B

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
Public works:				
Facilities Management	\$ 59,200,956	62,145,524	59,609,373	2,536,151
Business Planning and Support	1,015,756	1,070,649	1,030,131	40,518
Capital Facilities	14,675,931	15,042,595	13,652,449	1,390,146
Unclassified Administrative Expenses	3,948,694	4,348,869	4,154,968	193,901
Total public works	78,841,337	82,607,637	78,446,921	4,160,716
Health and welfare:				
Family Services	218,353,739	223,483,048	208,647,459	14,835,589
Health Department	62,427,094	65,680,083	62,302,806	3,377,277
Office of Strategy Management for Health & Human Services	3,863,769	3,633,130	3,070,055	563,075
Office to Prevent and End Homelessness	14,354,529	15,062,439	14,125,964	936,475
Neighborhood and Community Services	31,136,968	32,483,909	31,791,417	692,492
Total health and welfare	330,136,099	340,342,609	319,937,701	20,404,908
Community development:				
Economic Development Authority	7,840,615	8,190,615	7,990,613	200,002
Land Development Services	16,160,968	17,219,721	15,998,443	1,221,278
Planning and Development	11,618,294	13,639,004	12,069,361	1,569,643
Planning Commission	857,046	860,561	833,400	27,161
Housing and Community Development	6,845,003	7,033,169	6,805,129	228,040
Human Rights and Equity Programs	1,797,169	1,963,159	1,660,154	303,005
Transportation	8,583,491	9,345,516	8,629,374	716,142
Total community development	53,702,586	58,251,745	53,986,474	4,265,271
Parks, recreation, and cultural:				
Park Authority	26,590,585	26,540,027	26,076,879	463,148
Public Library	29,364,003	30,773,020	29,596,605	1,176,415
Total parks, recreation, and cultural	55,954,588	57,313,047	55,673,484	1,639,563
Nondepartmental:				
Unclassified Administrative Expenses	1,973,787	12,775,526	1,159,101	11,616,425
Employee Benefits	391,310,083	390,391,080	379,875,912	10,515,168
Total nondepartmental	393,283,870	403,166,606	381,035,013	22,131,593
Total expenditures	1,580,310,385	1,632,849,385	1,551,548,803	81,300,582
Excess of revenues over expenditures	\$ 2,701,333,703	2,691,397,167	2,790,276,268	98,879,101

continued

COUNTY OF FAIRFAX, VIRGINIA
Budgetary Comparison Schedule Detail - General Fund (Budget Basis)
For the fiscal year ended June 30, 2019

EXHIBIT B
concluded

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget
				Positive
				(Negative)
OTHER FINANCING SOURCES (USES)				
Transfers in:				
From other Primary Government funds:				
Special Revenue Funds:				
Cable Communications	\$ 3,877,319	3,877,319	3,877,319	-
Integrated Pest Management	141,000	141,000	141,000	-
Stormwater Services	1,125,000	1,125,000	1,125,000	-
Refuse Collection and Recycling Operations	548,000	548,000	548,000	-
Refuse Disposal	626,000	626,000	626,000	-
I-95 Refuse Disposal	186,000	186,000	186,000	-
Enterprise Funds:				
Sewer Operation and Maintenance	2,850,000	2,850,000	2,850,000	-
Component Units	820,000	820,000	820,000	-
Total transfers in from other Primary Government funds	10,173,319	10,173,319	10,173,319	-
Transfers out:				
To other Primary Government funds:				
Special Revenue Funds:				
County Transit Systems	(36,151,131)	(36,151,131)	(36,151,131)	-
Federal/State Grants	(5,486,978)	(5,486,978)	(5,486,978)	-
Information Technology	(3,254,750)	(23,574,990)	(23,574,990)	-
Fairfax-Falls Church Community Services Board	(135,445,375)	(135,334,383)	(135,334,383)	-
Consolidated Community Funding Pool	(11,698,785)	(11,698,785)	(11,698,785)	-
Contributory Fund	(13,674,778)	(14,590,942)	(14,590,942)	-
Alcohol Safety Action Program	(684,916)	(684,916)	(684,916)	-
The Penny for Affordable Housing	-	(5,000,000)	(5,000,000)	-
Revenue Stabilization	(6,527,583)	(10,481,305)	(10,481,305)	-
Debt Service Fund:				
Debt Service Fund	(342,433,977)	(340,433,977)	(340,433,977)	-
Capital Projects Funds:				
General Construction and Contributions	(16,161,476)	(21,955,055)	(21,955,055)	-
Infrastructure Replacement and Upgrades	-	(26,685,901)	(26,685,901)	-
Metro Operations and Construction	(20,695,098)	(20,695,098)	(20,695,098)	-
Transportation Improvements	-	(45,000)	(45,000)	-
Pedestrian Walkway Improvements	(600,000)	(2,376,718)	(2,376,718)	-
Internal Service Funds:				
County Insurance	(24,236,650)	(24,236,650)	(24,236,650)	-
Document Services	(3,941,831)	(3,941,831)	(3,941,831)	-
Technology Infrastructure Services	-	(3,037,500)	(3,037,500)	-
OPEB Trust Fund	(10,490,000)	(10,490,000)	(10,490,000)	-
Total transfers out to other Primary Government funds	(631,483,328)	(696,901,160)	(696,901,160)	-
To component units:				
Public Schools:				
School Operation	(2,051,659,207)	(2,051,659,207)	(2,051,659,207)	-
School Construction	(15,600,000)	(15,600,000)	(15,600,000)	-
FCRHA - Elderly Housing Program	(1,862,722)	(1,862,722)	(1,862,722)	-
Total transfers out to component units	(2,069,121,929)	(2,069,121,929)	(2,069,121,929)	-
Total transfers out	(2,700,605,257)	(2,766,023,089)	(2,766,023,089)	-
Total other financing (uses), net	(2,690,431,938)	(2,755,849,770)	(2,755,849,770)	-
Net change in fund balance	\$ 10,901,765	(64,452,603)	34,426,498	98,879,101

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT B-1A

General Fund Group

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

For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget
				Positive
				(Negative)
EXPENDITURES				
Health and welfare	\$ 11,698,785	11,784,401	11,605,712	178,689
Total expenditures	11,698,785	11,784,401	11,605,712	178,689
Excess (deficiency) of revenues over (under) expenditures	(11,698,785)	(11,784,401)	(11,605,712)	178,689
OTHER FINANCING SOURCES				
Transfers in	11,698,785	11,698,785	11,698,785	-
Total other financing sources	11,698,785	11,698,785	11,698,785	-
Net change in fund balance	\$ -	(85,616)	93,073	178,689

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT B-1B

General Fund Group

Budgetary Comparison Schedule - Contributory Fund (Budget Basis)

For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget
				Positive
				(Negative)
EXPENDITURES				
General government administration	\$ 2,303,663	2,303,663	2,300,175	3,488
Public safety	19,577	19,577	19,577	-
Health and welfare	3,451,140	3,651,140	3,451,140	200,000
Community development	4,025,261	4,095,425	4,095,425	-
Parks, recreation, and cultural	3,750,191	4,396,191	3,896,191	500,000
Nondepartmental	125,657	125,657	125,657	-
Total expenditures	13,675,489	14,591,653	13,888,165	703,488
Excess (deficiency) of revenues over (under) expenditures	(13,675,489)	(14,591,653)	(13,888,165)	703,488
OTHER FINANCING SOURCES				
Transfers in	13,674,778	14,590,942	14,590,942	-
Total other financing sources	13,674,778	14,590,942	14,590,942	-
Net change in fund balance	\$ (711)	(711)	702,777	703,488

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT B-1c

General Fund Group

Budgetary Comparison Schedule - Northern Virginia Regional Identification System (Budget Basis)

For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Revenue from the use of money and property	\$ 206	206	1,097	891
Recovered costs	18,593	18,593	18,593	-
Total revenues	18,799	18,799	19,690	891
EXPENDITURES				
Public safety	18,799	60,444	10,608	49,836
Total expenditures	18,799	60,444	10,608	49,836
Excess (deficiency) of revenues over (under) expenditures	-	(41,645)	9,082	50,727
Net change in fund balance	\$ -	(41,645)	9,082	50,727

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT B-1d

General Fund Group

Budgetary Comparison Schedule - Information Technology Fund (Budget Basis)

For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ -	244,844	437,661	192,817
Charges for Services	-	527,811	799,609	271,798
Revenue from the use of money and property	100,000	300,000	474,863	174,863
Recovered costs	-	217,025	396,527	179,502
Total revenues	100,000	1,289,680	2,108,660	818,980
EXPENDITURES				
General government administration	3,604,750	59,293,211	19,360,656	39,932,555
Total expenditures	3,604,750	59,293,211	19,360,656	39,932,555
Excess (deficiency) of revenues over (under) expenditures	(3,504,750)	(58,003,531)	(17,251,996)	40,751,535
OTHER FINANCING SOURCES				
Transfers in	3,504,750	23,824,990	23,824,990	-
Total other financing sources	3,504,750	23,824,990	23,824,990	-
Net change in fund balance	\$ -	(34,178,541)	6,572,994	40,751,535

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT B-1E

General Fund Group

Budgetary Comparison Schedule - Revenue Stabilization Fund (Budget Basis)

For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Revenue from the use of money and property	\$ 3,400,000	3,400,000	3,400,000	-
Total revenues	3,400,000	3,400,000	3,400,000	-
Excess (deficiency) of revenues over (under) expenditures	3,400,000	3,400,000	3,400,000	-
OTHER FINANCING SOURCES				
Transfers in	6,527,583	10,481,305	10,481,305	-
Total other financing sources	6,527,583	10,481,305	10,481,305	-
Net change in fund balance	\$ 9,927,583	13,881,305	13,881,305	-



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

COUNTY OF FAIRFAX, VIRGINIA
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2019

EXHIBIT C

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Equity in pooled cash and temporary investments	\$ 711,731,046	7,077,196	229,928,502	948,736,744
Receivables (net of allowances):				
Accounts	13,430,352	-	107,831	13,538,183
Accrued interest	1,388,381	13,602	4,399,730	5,801,713
Loans	14,160,978	-	46,379,860	60,540,838
Due from intergovernmental units	58,466,059	-	745,295	59,211,354
Due from component units	-	2,003,300	-	2,003,300
Loan to component unit	-	10,711,200	-	10,711,200
Lease to component unit	-	38,210,000	-	38,210,000
Prepaid and other assets	316,588	-	-	316,588
Restricted assets:				
Equity in pooled cash and temporary investments	-	-	50,700,716	50,700,716
Cash with fiscal agents	103,582,435	7,440,891	17,804,364	128,827,690
Property held for sale	548,216	-	-	548,216
Total assets	903,624,055	65,456,189	350,066,298	1,319,146,542
DEFERRED OUTFLOWS OF RESOURCES				
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	\$ 903,624,055	65,456,189	350,066,298	1,319,146,542
LIABILITIES				
Accounts payable and accrued liabilities	\$ 42,855,957	45,400	8,710,378	51,611,735
Accrued salaries and benefits	14,120,045	-	-	14,120,045
Contract retainages	5,762,098	-	4,518,832	10,280,930
Due to intergovernmental units	6,475,044	-	-	6,475,044
Due to component units	1,057	-	862,362	863,419
Interfund payables	244,601	-	-	244,601
Unearned revenues	1,704,802	38,210,000	25,423,660	65,338,462
Performance and other deposits	513,600	-	23,415,471	23,929,071
Total liabilities	71,677,204	38,255,400	62,930,703	172,863,307
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	6,239,446	-	4,399,730	10,639,176
Total deferred inflows of resources	6,239,446	-	4,399,730	10,639,176
Total liabilities and deferred inflows of resources	77,916,650	38,255,400	67,330,433	183,502,483
FUND BALANCES				
Nonspendable:				
Prepaid amounts	316,588	-	-	316,588
Total Nonspendable	316,588	-	-	316,588
Restricted for:				
Public safety, courts, and judicial	31,712,797	-	-	31,712,797
General public works	123,694,486	-	-	123,694,486
Stormwater management	80,452,091	-	-	80,452,091
Transportation	450,189,900	-	-	450,189,900
Social services, health and welfare	20,538,836	-	-	20,538,836
Housing and community development	42,476,331	-	-	42,476,331
Parks, recreation, and cultural	12,710,436	-	-	12,710,436
Debt service	-	7,441,791	-	7,441,791
Capital projects	-	-	110,657,697	110,657,697
Other purposes	7,692,211	-	-	7,692,211
Total Restricted	769,467,088	7,441,791	110,657,697	887,566,576
Committed to:				
Public safety, courts, and judicial	2,334,021	-	-	2,334,021
Transportation	14,089,170	-	-	14,089,170
Social services, health and welfare	29,365,562	-	-	29,365,562
Housing and community development	10,134,976	-	-	10,134,976
Debt service	-	19,758,998	-	19,758,998
Capital projects	-	-	172,078,168	172,078,168
Total Committed	55,923,729	19,758,998	172,078,168	247,760,895
Total fund balances	825,707,405	27,200,789	282,735,865	1,135,644,059
Total liabilities, deferred inflows of resources, and fund balances	\$ 903,624,055	65,456,189	350,066,298	1,319,146,542

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT C-1

Nonmajor Governmental Funds

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

For the fiscal year ended June 30, 2019

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 49,856,704	-	12,300,000	62,156,704
Permits, privilege fees, and regulatory licenses	22,982,952	-	150,000	23,132,952
Intergovernmental	220,863,727	3,965,829	6,316,013	231,145,569
Charges for services	322,204,113	-	1,760,342	323,964,455
Fines and forfeitures	77,659	-	-	77,659
Developers' contributions	2,993,403	-	13,385,451	16,378,854
Revenue from the use of money and property	20,511,704	2,530,233	2,199,657	25,241,594
Recovered costs	2,011,635	-	3,185,560	5,197,195
Gifts, donations, and contributions	761,903	-	5,000	766,903
Total revenues	642,263,800	6,496,062	39,302,023	688,061,885
EXPENDITURES				
Current:				
General government administration	-	-	3,626,331	3,626,331
Judicial administration	1,141,172	-	-	1,141,172
Public safety	61,782,589	-	1,304,226	63,086,815
Public works	101,580,529	-	229,421	101,809,950
Health and welfare	242,810,587	-	4,061,906	246,872,493
Community development	206,258,272	-	19,789,242	226,047,514
Parks, recreation, and cultural	12,494,382	-	4,700,900	17,195,282
Intergovernmental:				
Community development	115,961,631	-	42,717,988	158,679,619
Parks, recreation, and cultural	-	-	33,980,404	33,980,404
Education - for Public Schools	4,227,319	-	180,000,000	184,227,319
Capital outlay:				
General government administration	-	-	14,948,487	14,948,487
Public safety	3,645,581	-	17,303,976	20,949,557
Public works	42,186,370	-	3,448,382	45,634,752
Health and welfare	39,834	-	14,682,887	14,722,721
Community development	20,543,693	-	13,421,124	33,964,817
Parks, recreation, and cultural	4,810,174	-	1,945,867	6,756,041
Debt service:				
Principal retirement	15,157,611	265,775,000	5,385,000	286,317,611
Interest and other charges	16,044,781	117,837,782	3,990,712	137,873,275
Total expenditures	848,684,525	383,612,782	365,536,853	1,597,834,160
Deficiency of revenues under expenditures	(206,420,725)	(377,116,720)	(326,234,830)	(909,772,275)
OTHER FINANCING SOURCES (USES)				
Transfers in	219,940,487	352,897,169	94,056,757	666,894,413
Transfers out	(61,576,269)	(12,100,000)	(9,836,408)	(83,512,677)
General obligation bonds issued	7,050,000	-	207,610,000	214,660,000
Premium on general obligation bonds issued	-	-	33,424,893	33,424,893
General obligation refunding bonds issued	-	54,945,000	-	54,945,000
Premium on general obligation refunding bonds issued	-	183,803	-	183,803
Lease revenue refunding bonds issued	-	18,125,000	-	18,125,000
Premium on lease revenue refunding bonds issued	-	2,710,889	-	2,710,889
Payments to refunded bonds escrow agent	-	(44,553,144)	-	(44,553,144)
Notes issued	75,016,193	-	-	75,016,193
Total other financing sources, net	240,430,411	372,208,717	325,255,242	937,894,370
Net change in fund balances	34,009,686	(4,908,003)	(979,588)	28,122,095
Fund balances, July 1, 2018	791,697,719	32,108,792	283,715,453	1,107,521,964
Fund balances, June 30, 2019	\$ 825,707,405	27,200,789	282,735,865	1,135,644,059



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 issued to 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.

Tysons Service District Fund is used to account for the special tax assessed on commercial and residential real estate in Fairfax County Tysons Service District. These revenues provide the district's share of funding for transportation infrastructure improvements in Tysons.

Reston Service District Fund is used to account for the special tax assessed on commercial and residential real estate in Fairfax County Reston Service District. These revenues provide the district's share of funding for transportation infrastructure improvements in Reston.

Metrorail Parking System Pledged Revenue Fund is used to collect and disburse funds related to revenue-generating activities at Metrorail parking facilities owned by and located within the County. These funds will be earned from fees paid at these parking facilities and used to pay operating, maintenance and debt expenses of the facilities.

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

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 (CDA) Fund is the main operating fund of the CDA. The CDA 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. 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.

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.

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, 2019

	County Transit Systems	Dulles Rail Phase I Transportation Improvement District	Dulles Rail Phase II Transportation Improvement District	County and Regional Transportation Projects	Tysons Service District
ASSETS					
Equity in pooled cash and temporary investments	\$ 21,932,194	31,105,208	89,129,196	180,516,707	34,844,146
Receivables (net of allowances):					
Accounts	2,604,208	39,102	20,362	246,549	16,654
Accrued interest	-	-	-	-	-
Loans	-	-	-	-	-
Due from intergovernmental units	-	-	-	18,612,693	-
Prepaid and other assets	-	-	-	-	-
Restricted assets - Cash with fiscal agents	-	34,495,264	14,749,704	13,301,461	-
Property held for sale	-	-	-	-	-
Total assets	24,536,402	65,639,574	103,899,262	212,677,410	34,860,800
DEFERRED OUTFLOWS OF RESOURCES					
Total deferred outflows of resources	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 24,536,402	65,639,574	103,899,262	212,677,410	34,860,800
LIABILITIES					
Accounts payable and accrued liabilities	\$ 10,447,232	3,718	11,129	2,264,958	3,638
Accrued salaries and benefits	-	-	-	265,891	-
Contract retainages	-	-	-	922,113	-
Due to intergovernmental units	-	-	-	6,162,356	-
Due to component units	-	-	-	-	-
Interfund payables	-	-	-	-	-
Unearned revenues	-	39,102	20,362	604,451	16,654
Performance and other deposits	-	-	-	-	-
Total liabilities	10,447,232	42,820	31,491	10,219,769	20,292
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Total liabilities and deferred inflows of resources	10,447,232	42,820	31,491	10,219,769	20,292
FUND BALANCES					
Nonspendable:					
Prepaid amounts	-	-	-	-	-
Total Nonspendable	-	-	-	-	-
Restricted for:					
Public safety, courts, and judicial	-	-	-	-	-
General public works	-	-	-	-	-
Stormwater management	-	-	-	-	-
Transportation	-	65,596,754	103,867,771	202,457,641	34,840,508
Social services, health and welfare	-	-	-	-	-
Housing and community development	-	-	-	-	-
Parks, recreation, and cultural	-	-	-	-	-
Other purposes	-	-	-	-	-
Total Restricted	-	65,596,754	103,867,771	202,457,641	34,840,508
Committed to:					
Public safety, courts, and judicial	-	-	-	-	-
Transportation	14,089,170	-	-	-	-
Social services, health and welfare	-	-	-	-	-
Housing and community development	-	-	-	-	-
Total Committed	14,089,170	-	-	-	-
Total fund balances	14,089,170	65,596,754	103,867,771	202,457,641	34,840,508
Total liabilities, deferred inflows of resources, and fund balances	\$ 24,536,402	65,639,574	103,899,262	212,677,410	34,860,800

EXHIBIT D

Reston Service District	Metrorail Parking System Pledged Revenue	Federal/ State Grant	Cable Communications	Fairfax-Falls Church Community Services Board	
					ASSETS
2,902,524	10,662,499	24,098,735	8,361,924	38,915,699	Equity in pooled cash and temporary investments
3,249	-	901,601	1,609,110	-	Receivables (net of allowances):
-	-	-	-	-	Accounts
-	-	-	-	-	Accrued interest
-	265,300	27,558,907	1,893,575	-	Loans
-	-	-	-	117,984	Due from intergovernmental units
-	33,623,464	-	-	-	Prepaid and other assets
-	-	-	-	-	Restricted assets - Cash with fiscal agents
-	-	-	-	-	Property held for sale
2,905,773	44,551,263	52,559,243	11,864,609	39,033,683	Total assets
					DEFERRED OUTFLOWS OF RESOURCES
-	-	-	-	-	Total deferred outflows of resources
2,905,773	44,551,263	52,559,243	11,864,609	39,033,683	Total assets and deferred outflows of resources
					LIABILITIES
4,268	2,430,449	4,887,339	474,949	5,951,161	Accounts payable and accrued liabilities
-	-	2,058,382	309,479	6,655,194	Accrued salaries and benefits
-	1,591,844	261,591	-	-	Contract retainages
-	-	312,688	-	-	Due to intergovernmental units
-	-	-	-	1,057	Due to component units
-	-	-	-	5,601	Interfund payables
3,249	-	-	-	-	Unearned revenues
-	-	-	-	-	Performance and other deposits
7,517	4,022,293	7,520,000	784,428	12,613,013	Total liabilities
					DEFERRED INFLOWS OF RESOURCES
-	-	-	945,205	-	Unavailable revenue
-	-	-	945,205	-	Total deferred inflows of resources
7,517	4,022,293	7,520,000	1,729,633	12,613,013	Total liabilities and deferred inflows of resources
					FUND BALANCES
-	-	-	-	117,984	Nonspendable:
-	-	-	-	117,984	Prepaid amounts
-	-	-	-	-	Total Nonspendable
-	-	15,579,732	-	-	Restricted for:
-	-	-	-	-	Public safety, courts, and judicial
-	-	-	-	-	General public works
-	-	-	-	-	Stormwater management
2,898,256	40,528,970	-	-	-	Transportation
-	-	18,501,888	-	-	Social services, health and welfare
-	-	362,930	-	-	Housing and community development
-	-	1,025	-	-	Parks, recreation, and cultural
-	-	7,692,211	-	-	Other purposes
2,898,256	40,528,970	42,137,786	-	-	Total Restricted
-	-	-	-	-	Committed to:
-	-	-	-	-	Public safety, courts, and judicial
-	-	-	-	-	Transportation
-	-	2,901,457	-	26,302,686	Social services, health and welfare
-	-	-	10,134,976	-	Housing and community development
-	-	2,901,457	10,134,976	26,302,686	Total Committed
2,898,256	40,528,970	45,039,243	10,134,976	26,420,670	Total fund balances
2,905,773	44,551,263	52,559,243	11,864,609	39,033,683	Total liabilities, deferred inflows of resources, and fund balances

continued

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Funds
Combining Balance Sheet
June 30, 2019

	Reston Community Center	Mosaic Community Development Authority	McLean Community Center	Burgundy Village Community Center	E-911
ASSETS					
Equity in pooled cash and temporary investments	\$ 8,517,172	-	6,156,058	180,664	16,711,039
Receivables (net of allowances):					
Accounts	24,824	-	25,413	515	-
Accrued interest	-	9,663	-	-	-
Loans	-	-	-	-	-
Due from intergovernmental units	-	-	-	-	8,056,107
Prepaid and other assets	3,933	-	110,490	-	-
Restricted assets - Cash with fiscal agents	-	5,433,094	-	-	-
Property held for sale	-	-	-	-	-
Total assets	8,545,929	5,442,757	6,291,961	181,179	24,767,146
DEFERRED OUTFLOWS OF RESOURCES					
Total deferred outflows of resources	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 8,545,929	5,442,757	6,291,961	181,179	24,767,146
LIABILITIES					
Accounts payable and accrued liabilities	\$ 637,604	21,035	401,025	200	825,411
Accrued salaries and benefits	288,956	-	194,618	774	1,559,126
Contract retainages	92,047	-	19,049	-	-
Due to intergovernmental units	-	-	-	-	-
Due to component units	-	-	-	-	-
Interfund payables	-	-	-	-	-
Unearned revenues	261,691	-	290,006	5,665	-
Performance and other deposits	3,600	-	-	-	-
Total liabilities	1,283,898	21,035	904,698	6,639	2,384,537
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	3,915,523
Total deferred inflows of resources	-	-	-	-	3,915,523
Total liabilities and deferred inflows of resources	1,283,898	21,035	904,698	6,639	6,300,060
FUND BALANCES					
Nonspendable:					
Prepaid amounts	3,933	-	110,490	-	-
Total Nonspendable	3,933	-	110,490	-	-
Restricted for:					
Public safety, courts, and judicial	-	-	-	-	16,133,065
General public works	-	-	-	-	-
Stormwater management	-	-	-	-	-
Transportation	-	-	-	-	-
Social services, health and welfare	-	-	-	-	-
Housing and community development	-	5,421,722	-	-	-
Parks, recreation, and cultural	7,258,098	-	5,276,773	174,540	-
Other purposes	-	-	-	-	-
Total Restricted	7,258,098	5,421,722	5,276,773	174,540	16,133,065
Committed to:					
Public safety, courts, and judicial	-	-	-	-	2,334,021
Transportation	-	-	-	-	-
Social services, health and welfare	-	-	-	-	-
Housing and community development	-	-	-	-	-
Total Committed	-	-	-	-	2,334,021
Total fund balances	7,262,031	5,421,722	5,387,263	174,540	18,467,086
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,545,929	5,442,757	6,291,961	181,179	24,767,146

EXHIBIT D

Integrated Pest Management Program	Stormwater Services	Leaf Collection	Refuse Collection and Recycling Operations	Refuse Disposal	
					ASSETS
3,770,975	91,591,527	5,690,842	6,985,589	72,303,308	Equity in pooled cash and temporary investments
10,713	312,594	10,917	145,561	6,745,372	Receivables (net of allowances):
-	-	-	-	-	Accounts
-	-	-	-	-	Accrued interest
-	1,466,372	-	75,138	273,005	Loans
-	84,181	-	-	-	Due from intergovernmental units
-	-	-	-	-	Prepaid and other assets
-	-	-	-	-	Restricted assets - Cash with fiscal agents
-	-	-	-	-	Property held for sale
3,781,688	93,454,674	5,701,759	7,206,288	79,321,685	Total assets
					DEFERRED OUTFLOWS OF RESOURCES
-	-	-	-	-	Total deferred outflows of resources
3,781,688	93,454,674	5,701,759	7,206,288	79,321,685	Total assets and deferred outflows of resources
					LIABILITIES
18,172	8,353,354	58,210	358,506	4,359,688	Accounts payable and accrued liabilities
117,037	1,046,944	-	503,239	707,505	Accrued salaries and benefits
-	2,760,166	-	-	81,169	Contract retainages
-	-	-	-	-	Due to intergovernmental units
-	-	-	-	-	Due to component units
-	-	-	-	-	Interfund payables
10,713	307,938	10,917	134,054	-	Unearned revenues
-	450,000	-	60,000	-	Performance and other deposits
145,922	12,918,402	69,127	1,055,799	5,148,362	Total liabilities
					DEFERRED INFLOWS OF RESOURCES
-	-	-	-	-	Unavailable revenue
-	-	-	-	-	Total deferred inflows of resources
145,922	12,918,402	69,127	1,055,799	5,148,362	Total liabilities and deferred inflows of resources
					FUND BALANCES
-	84,181	-	-	-	Nonspendable:
-	84,181	-	-	-	Prepaid amounts
-	-	-	-	-	Total Nonspendable
-	-	-	-	-	Restricted for:
-	-	5,632,632	6,150,489	74,173,323	Public safety, courts, and judicial
-	80,452,091	-	-	-	General public works
-	-	-	-	-	Stormwater management
-	-	-	-	-	Transportation
2,036,948	-	-	-	-	Social services, health and welfare
1,598,818	-	-	-	-	Housing and community development
-	-	-	-	-	Parks, recreation, and cultural
-	-	-	-	-	Other purposes
3,635,766	80,452,091	5,632,632	6,150,489	74,173,323	Total Restricted
-	-	-	-	-	Committed to:
-	-	-	-	-	Public safety, courts, and judicial
-	-	-	-	-	Transportation
-	-	-	-	-	Social services, health and welfare
-	-	-	-	-	Housing and community development
-	-	-	-	-	Total Committed
3,635,766	80,536,272	5,632,632	6,150,489	74,173,323	Total fund balances
3,781,688	93,454,674	5,701,759	7,206,288	79,321,685	Total liabilities, deferred inflows of resources, and fund balances

continued

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Funds
Combining Balance Sheet
June 30, 2019

	I-95 Refuse Disposal	Community Development Block Grant	Housing Trust	HOME Investment Partnerships Grant
ASSETS				
Equity in pooled cash and temporary investments	\$ 37,512,988	6,194,502	13,389,061	3
Receivables (net of allowances):				
Accounts	707,068	-	-	-
Accrued interest	-	-	1,378,718	-
Loans	-	2,661,150	8,740,922	2,758,906
Due from intergovernmental units	-	-	-	264,962
Prepaid and other assets	-	-	-	-
Restricted assets - Cash with fiscal agents	-	-	1,979,448	-
Property held for sale	-	-	548,216	-
Total assets	38,220,056	8,855,652	26,036,365	3,023,871
DEFERRED OUTFLOWS OF RESOURCES				
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	\$ 38,220,056	8,855,652	26,036,365	3,023,871
LIABILITIES				
Accounts payable and accrued liabilities	\$ 254,347	6,441	1,073,133	1,690
Accrued salaries and benefits	223,333	82,500	-	11,760
Contract retainages	4,334	11,515	18,270	-
Due to intergovernmental units	-	-	-	-
Due to component units	-	-	-	-
Interfund payables	-	-	-	239,000
Unearned revenues	-	-	-	-
Performance and other deposits	-	-	-	-
Total liabilities	482,014	100,456	1,091,403	252,450
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	1,378,718	-
Total deferred inflows of resources	-	-	1,378,718	-
Total liabilities and deferred inflows of resources	482,014	100,456	2,470,121	252,450
FUND BALANCES				
Nonspendable:				
Prepaid amounts	-	-	-	-
Total Nonspendable	-	-	-	-
Restricted for:				
Public safety, courts, and judicial	-	-	-	-
General public works	37,738,042	-	-	-
Stormwater management	-	-	-	-
Transportation	-	-	-	-
Social services, health and welfare	-	-	-	-
Housing and community development	-	8,755,196	23,566,244	2,771,421
Parks, recreation, and cultural	-	-	-	-
Other purposes	-	-	-	-
Total Restricted	37,738,042	8,755,196	23,566,244	2,771,421
Committed to:				
Public safety, courts, and judicial	-	-	-	-
Transportation	-	-	-	-
Social services, health and welfare	-	-	-	-
Housing and community development	-	-	-	-
Total Committed	-	-	-	-
Total fund balances	37,738,042	8,755,196	23,566,244	2,771,421
Total liabilities, deferred inflows of resources, and fund balances	\$ 38,220,056	8,855,652	26,036,365	3,023,871

EXHIBIT D
 concluded

Alcohol Safety Action Program	Total Special Revenue Funds	
		ASSETS
258,486	711,731,046	Equity in pooled cash and temporary investments
6,540	13,430,352	Receivables (net of allowances):
-	1,388,381	Accounts
-	14,160,978	Accrued interest
-	58,466,059	Loans
-	316,588	Due from intergovernmental units
-	103,582,435	Prepaid and other assets
-	548,216	Restricted assets - Cash with fiscal agents
265,026	903,624,055	Property held for sale
		Total assets
		DEFERRED OUTFLOWS OF RESOURCES
-	-	Total deferred outflows of resources
265,026	903,624,055	Total assets and deferred outflows of resources
		LIABILITIES
8,300	42,855,957	Accounts payable and accrued liabilities
95,307	14,120,045	Accrued salaries and benefits
-	5,762,098	Contract retainages
-	6,475,044	Due to intergovernmental unit
-	1,057	Due to component units
-	244,601	Interfund payables
-	1,704,802	Unearned revenues
-	513,600	Performance and other deposits
103,607	71,677,204	Total liabilities
		DEFERRED INFLOWS OF RESOURCES
-	6,239,446	Unavailable revenue
-	6,239,446	Total deferred inflows of resources
103,607	77,916,650	Total liabilities and deferred inflows of resources
		FUND BALANCES
		Nonspendable:
-	316,588	Prepaid amounts
-	316,588	Total Nonspendable
		Restricted for:
-	31,712,797	Public safety, courts, and judicial
-	123,694,486	General public works
-	80,452,091	Stormwater management
-	450,189,900	Transportation
-	20,538,836	Social services, health and welfare
-	42,476,331	Housing and community development
-	12,710,436	Parks, recreation, and cultural
-	7,692,211	Other purposes
-	769,467,088	Total Restricted
		Committed to:
-	2,334,021	Public safety, courts, and judicial
-	14,089,170	Transportation
161,419	29,365,562	Social services, health and welfare
-	10,134,976	Housing and community development
161,419	55,923,729	Total Committed
161,419	825,707,405	Total fund balances
265,026	903,624,055	Total liabilities, deferred inflows of resources, and fund balances

COUNTY OF FAIRFAX, VIRGINIA

Special Revenue Funds

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

For the fiscal year ended June 30, 2019

	County Transit Systems	Dulles Rail Phase I Transportation Improvement District	Dulles Rail Phase II Transportation Improvement District	County and Regional Transportation Projects	Tysons Service District
REVENUES					
Taxes	\$ -	-	-	-	-
Permits, privilege fees, and regulatory licenses	-	-	-	-	-
Intergovernmental	10,063,103	-	-	79,210,428	-
Charges for services	12,574,103	20,307,756	17,793,960	59,709,143	7,923,228
Fines and forfeitures	-	-	-	-	-
Developers' contributions	-	-	-	-	-
Revenue from the use of money and property	711,995	1,398,468	1,999,554	1,812,717	462,035
Recovered costs	8,918	-	-	-	-
Gifts, donations, and contributions	-	-	-	130,000	-
Total revenues	23,358,119	21,706,224	19,793,514	140,862,288	8,385,263
EXPENDITURES					
Current:					
Judicial administration	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community development	86,281,817	-	16,392,044	65,874,900	1,650,094
Parks, recreation, and cultural	-	-	-	-	-
Intergovernmental:					
Community development	5,496,265	-	-	109,483,985	-
Education - for Public Schools	-	-	-	-	-
Capital outlay:					
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community development	3,038,216	-	-	5,400,639	-
Parks, recreation, and cultural	-	-	-	-	-
Debt service:					
Principal retirement	-	7,205,000	-	-	-
Interest and other charges	-	8,370,650	-	-	-
Total expenditures	94,816,298	15,575,650	16,392,044	180,759,524	1,650,094
Excess (deficiency) of revenues over (under) expenditures	(71,458,179)	6,130,574	3,401,470	(39,897,236)	6,735,169
OTHER FINANCING SOURCES (USES)					
Transfers in	74,131,727	-	-	1,250,000	-
Transfers out	(1,250,000)	-	-	(38,117,549)	-
General obligation bonds issued	-	-	-	-	-
Notes issued	-	-	-	75,016,193	-
Total other financing sources	72,881,727	-	-	38,148,644	-
Net change in fund balances	1,423,548	6,130,574	3,401,470	(1,748,592)	6,735,169
Fund balances, July 1, 2018	12,665,622	59,466,180	100,466,301	204,206,233	28,105,339
Fund balances, June 30, 2019	\$ 14,089,170	65,596,754	103,867,771	202,457,641	34,840,508

EXHIBIT D-1

Reston Service District	Metrorail Parking system Pledged Revenue	Federal/ State Grant	Cable Communications	Fairfax- Falls Church Community Services Board	
REVENUES					
-	-	-	-	-	Taxes
-	-	-	22,875,249	-	Permits, privilege fees, and regulatory licenses
-	-	102,416,849	-	17,402,051	Intergovernmental
1,992,668	5,840,318	4,232,405	15	16,317,230	Charges for services
-	-	-	5,000	26,212	Fines and forfeitures
-	-	-	-	-	Developers' contributions
34,490	3,505,629	183,626	2,905	157,300	Revenue from the use of money and property
-	-	1,615,366	-	14,401	Recovered costs
-	-	631,903	-	-	Gifts, donations, and contributions
2,027,158	9,345,947	109,080,149	22,883,169	33,917,194	Total revenues
EXPENDITURES					
Current:					
-	-	1,141,172	-	-	Judicial administration
-	-	21,031,245	-	-	Public safety
-	-	-	-	-	Public works
-	-	72,713,455	-	167,322,925	Health and welfare
39,317	1,430,391	12,844,819	11,368,423	-	Community development
-	-	1,975	-	-	Parks, recreation, and cultural
Intergovernmental:					
-	-	-	-	-	Community development
-	-	-	4,227,319	-	Education - for Public Schools
Capital outlay:					
-	-	1,699,075	-	-	Public safety
-	-	-	-	-	Public works
-	-	-	-	39,834	Health and welfare
-	11,016,441	161,747	401,144	-	Community development
-	-	-	-	-	Parks, recreation, and cultural
Debt service:					
-	3,710,000	42,487	-	-	Principal retirement
-	7,158,163	2,394	-	-	Interest and other charges
39,317	23,314,995	109,638,369	15,996,886	167,362,759	Total expenditures
1,987,841	(13,969,048)	(558,220)	6,886,283	(133,445,565)	Excess (deficiency) of revenues over (under) expenditures
OTHER FINANCING SOURCES (USES)					
-	3,052,483	5,486,978	-	135,334,383	Transfers in
-	-	-	(8,841,421)	(5,000,000)	Transfers out
-	-	-	-	-	General obligation bonds issued
-	-	-	-	-	Notes issued
-	3,052,483	5,486,978	(8,841,421)	130,334,383	Total other financing sources
1,987,841	(10,916,565)	4,928,758	(1,955,138)	(3,111,182)	Net change in fund balances
910,415	51,445,535	40,110,485	12,090,114	29,531,852	Fund balances, July 1, 2018
2,898,256	40,528,970	45,039,243	10,134,976	26,420,670	Fund balances, June 30, 2019

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, 2019

	Reston Community Center	Mosaic Community Development Authority	McLean Community Center	Burgundy Village Community Center	E-911
REVENUES					
Taxes	\$ -	5,406,400	-	-	44,450,304
Permits, privilege fees, and regulatory licenses	-	-	-	-	-
Intergovernmental	-	-	-	-	3,467,848
Charges for services	8,624,050	-	5,683,192	30,186	5,006
Fines and forfeitures	-	-	-	-	-
Developers' contributions	-	-	-	-	-
Revenue from the use of money and property	465,680	136,848	166,564	29,804	162,421
Recovered costs	-	-	-	-	147,707
Gifts, donations, and contributions	-	-	-	-	-
Total revenues	9,089,730	5,543,248	5,849,756	59,990	48,233,286
EXPENDITURES					
Current:					
Judicial administration	-	-	-	-	-
Public safety	-	-	-	-	40,751,344
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community development	-	36,314	-	-	-
Parks, recreation, and cultural	7,220,371	-	5,236,431	35,605	-
Intergovernmental:					
Community development	-	-	-	-	-
Education - for Public Schools	-	-	-	-	-
Capital outlay:					
Public safety	-	-	-	-	1,946,506
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community development	-	-	-	-	-
Parks, recreation, and cultural	2,263,596	-	2,546,578	-	-
Debt service:					
Principal retirement	221,507	-	-	-	3,275,617
Interest and other charges	13,493	-	-	-	249,800
Total expenditures	9,718,967	36,314	7,783,009	35,605	46,223,267
Excess (deficiency) of revenues over (under) expenditures	(629,237)	5,506,934	(1,933,253)	24,385	2,010,019
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	(5,741,299)	-	-	-
General obligation bonds issued	-	-	-	-	-
Notes issued	-	-	-	-	-
Total other financing sources	-	(5,741,299)	-	-	-
Net change in fund balances	(629,237)	(234,365)	(1,933,253)	24,385	2,010,019
Fund balances, July 1, 2018	7,891,268	5,656,087	7,320,516	150,155	16,457,067
Fund balances, June 30, 2019	\$ 7,262,031	5,421,722	5,387,263	174,540	18,467,086

EXHIBIT D-1

Integrated Pest Management Program	Stormwater Services	Leaf Collection	Refuse Collection and Recycling Operations	Refuse Disposal	
-	-	-	-	-	REVENUES
-	-	-	-	-	Taxes
-	8,000	-	-	99,703	Permits, privilege fees, and regulatory licenses
-	2,694,886	-	134,787	-	Intergovernmental
2,438,730	79,549,686	2,193,300	17,104,958	49,163,776	Charges for services
-	-	-	-	46,447	Fines and forfeitures
-	157,358	-	-	-	Developers' contributions
56,943	6,475	86,030	268,853	2,268,071	Revenue from the use of money and property
-	75	-	32,466	2,812	Recovered costs
-	-	-	-	-	Gifts, donations, and contributions
2,495,673	82,416,480	2,279,330	17,541,064	51,580,809	Total revenues
EXPENDITURES					
Current:					
-	-	-	-	-	Judicial administration
-	-	-	-	-	Public safety
-	29,591,173	1,981,350	18,294,594	47,167,061	Public works
1,053,053	-	-	-	-	Health and welfare
823,489	-	-	-	-	Community development
-	-	-	-	-	Parks, recreation, and cultural
Intergovernmental:					
-	-	-	-	-	Community development
-	-	-	-	-	Education - for Public Schools
Capital outlay:					
-	-	-	-	-	Public safety
-	37,751,102	-	336,828	2,839,801	Public works
-	-	-	-	-	Health and welfare
9,581	-	-	-	-	Community development
-	-	-	-	-	Parks, recreation, and cultural
Debt service:					
-	-	-	-	-	Principal retirement
-	-	-	-	-	Interest and other charges
1,886,123	67,342,275	1,981,350	18,631,422	50,006,862	Total expenditures
609,550	15,074,205	297,980	(1,090,358)	1,573,947	Excess (deficiency) of revenues over (under) expenditures
OTHER FINANCING SOURCES (USES)					
-	-	-	-	-	Transfers in
(141,000)	(1,125,000)	-	(548,000)	(626,000)	Transfers out
-	7,050,000	-	-	-	General obligation bonds issued
-	-	-	-	-	Notes issued
(141,000)	5,925,000	-	(548,000)	(626,000)	Total other financing sources
468,550	20,999,205	297,980	(1,638,358)	947,947	Net change in fund balances
3,167,216	59,537,067	5,334,652	7,788,847	73,225,376	Fund balances, July 1, 2018
3,635,766	80,536,272	5,632,632	6,150,489	74,173,323	Fund balances, June 30, 2019

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, 2019

	I-95 Refuse Disposal	Community Development Block Grant	Housing Trust	HOME Investment Partnerships Grant
REVENUES				
Taxes	\$ -	-	-	-
Permits, privilege fees, and regulatory licenses	-	-	-	-
Intergovernmental	-	4,315,538	-	1,136,612
Charges for services	9,664,252	-	-	-
Fines and forfeitures	-	-	-	-
Developers' contributions	-	-	2,836,045	-
Revenue from the use of money and property	882,859	4,350,003	1,202,869	152,103
Recovered costs	-	-	189,890	-
Gifts, donations, and contributions	-	-	-	-
Total revenues	10,547,111	8,665,541	4,228,804	1,288,715
EXPENDITURES				
Current:				
Judicial administration	-	-	-	-
Public safety	-	-	-	-
Public works	4,546,351	-	-	-
Health and welfare	-	-	-	-
Community development	-	5,906,286	1,300,457	2,309,921
Parks, recreation, and cultural	-	-	-	-
Intergovernmental:				
Community development	-	-	981,381	-
Education - for Public Schools	-	-	-	-
Capital outlay:				
Public safety	-	-	-	-
Public works	1,258,639	-	-	-
Health and welfare	-	-	-	-
Community development	-	-	515,925	-
Parks, recreation, and cultural	-	-	-	-
Debt service:				
Principal retirement	-	703,000	-	-
Interest and other charges	-	250,281	-	-
Total expenditures	5,804,990	6,859,567	2,797,763	2,309,921
Excess (deficiency) of revenues over (under) expenditures	4,742,121	1,805,974	1,431,041	(1,021,206)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(186,000)	-	-	-
General obligation bonds issued	-	-	-	-
Notes issued	-	-	-	-
Total other financing sources	(186,000)	-	-	-
Net change in fund balances	4,556,121	1,805,974	1,431,041	(1,021,206)
Fund balances, July 1, 2018	33,181,921	6,949,222	22,135,203	3,792,627
Fund balances, June 30, 2019	\$ 37,738,042	8,755,196	23,566,244	2,771,421

EXHIBIT D-1

concluded

Alcohol Safety Action Program	Total Special Revenue Funds	
REVENUES		
-	49,856,704	Taxes
-		Permits, privilege fees, and regulatory
-	22,982,952	licenses
21,625	220,863,727	Intergovernmental
1,056,151	322,204,113	Charges for services
-	77,659	Fines and forfeitures
-	2,993,403	Developers' contributions
7,462	20,511,704	Revenue from the use of money and
-	2,011,635	property
-		Recovered costs
-	761,903	Gifts, donations, and contributions
1,085,238	642,263,800	Total revenues
EXPENDITURES		
Current:		
-	1,141,172	Judicial administration
-	61,782,589	Public safety
-	101,580,529	Public works
1,721,154	242,810,587	Health and welfare
-	206,258,272	Community development
-	12,494,382	Parks, recreation, and cultural
Intergovernmental:		
-	115,961,631	Community development
-	4,227,319	Education - for Public Schools
Capital outlay:		
-	3,645,581	Public safety
-	42,186,370	Public works
-	39,834	Health and welfare
-	20,543,693	Community development
-	4,810,174	Parks, recreation, and cultural
Debt service:		
-	15,157,611	Principal retirement
-	16,044,781	Interest and other charges
1,721,154	848,684,525	Total expenditures
Excess (deficiency) of revenues over		
(635,916)	(206,420,725)	(under) expenditures
OTHER FINANCING SOURCES (USES)		
684,916	219,940,487	Transfers in
-	(61,576,269)	Transfers out
-	7,050,000	General obligation bonds issued
-	75,016,193	Notes issued
684,916	240,430,411	Total other financing sources
49,000	34,009,686	Net change in fund balances
112,419	791,697,719	Fund balances, July 1, 2018
161,419	825,707,405	Fund balances, June 30, 2019

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Fund
Budgetary Comparison Schedule - County Transit Systems Fund (Budget Basis)
For the fiscal year ended June 30, 2019

EXHIBIT D-2A

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 19,535,033	18,821,527	10,063,103	(8,758,424)
Charges for services	7,150,000	7,150,000	7,419,421	269,421
Revenue from the use of money and property	370,000	370,000	711,995	341,995
Recovered costs	-	-	8,918	8,918
Total revenues	27,055,033	26,341,527	18,203,437	(8,138,090)
EXPENDITURES				
Community development	101,186,760	110,298,369	89,661,616	20,636,753
Total expenditures	101,186,760	110,298,369	89,661,616	20,636,753
Excess (deficiency) of revenues over (under) expenditures	(74,131,727)	(83,956,842)	(71,458,179)	12,498,663
OTHER FINANCING SOURCES				
Transfers in	74,131,727	74,131,727	74,131,727	-
Transfers out	-	-	(1,250,000)	(1,250,000)
Total other financing sources	74,131,727	74,131,727	72,881,727	(1,250,000)
Net change in fund balance	\$ -	(9,825,115)	1,423,548	11,248,663

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, 2019

EXHIBIT D-2B

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 20,447,085	20,447,085	20,307,756	(139,329)
Revenue from the use of money and property	-	-	1,398,467	1,398,467
Total revenues	20,447,085	20,447,085	21,706,223	1,259,138
EXPENDITURES				
Debt service:				
Principal retirement	7,205,000	27,205,000	7,205,000	20,000,000
Interest and other charges:				
Interest	8,370,650	8,370,650	8,370,650	-
Total expenditures	15,575,650	35,575,650	15,575,650	20,000,000
Excess (deficiency) of revenues over (under) expenditures	4,871,435	(15,128,565)	6,130,573	21,259,138
Net change in fund balance	\$ 4,871,435	(15,128,565)	6,130,573	21,259,138

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, 2019

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget
				Positive
				(Negative)
REVENUES				
Charges for services	\$ 17,872,062	17,872,062	17,793,960	(78,102)
Revenue from the use of money and property	-	-	1,399,087	1,399,087
Total revenues	17,872,062	17,872,062	19,193,047	1,320,985
EXPENDITURES				
Community development	-	30,000,000	16,392,044	13,607,956
Debt service:				
Interest and other charges:				
Interest	-	4,560,654	-	4,560,654
Bond issuance costs and other	500,000	500,000	-	500,000
Total expenditures	500,000	35,060,654	16,392,044	18,668,610
Excess (deficiency) of revenues over (under) expenditures	17,372,062	(17,188,592)	2,801,003	19,989,595
Net change in fund balance	\$ 17,372,062	(17,188,592)	2,801,003	19,989,595

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, 2019

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget
				Positive
				(Negative)
REVENUES				
Intergovernmental	\$ 42,487,967	71,287,921	46,033,558	(25,254,363)
Charges for services	54,614,297	54,614,297	59,709,143	5,094,846
Revenue from the use of money and property	-	-	1,892,840	1,892,840
Gifts, donations, and contributions	130,000	130,000	130,000	-
Total revenues	97,232,264	126,032,218	107,765,541	(18,266,677)
EXPENDITURES				
Community development	62,167,198	382,592,446	71,924,629	310,667,817
Total expenditures	62,167,198	382,592,446	71,924,629	310,667,817
Excess (deficiency) of revenues over (under) expenditures	35,065,066	(256,560,228)	35,840,912	292,401,140
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,250,000	1,250,000	-
Transfers out	(35,065,066)	(38,117,549)	(38,117,549)	-
Revenue bonds issued	-	100,000,000	-	(100,000,000)
Total other financing sources (uses), net	(35,065,066)	63,132,451	(36,867,549)	(100,000,000)
Net change in fund balance	\$ -	(193,427,777)	(1,026,637)	192,401,140

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2E

Special Revenue Fund

Budgetary Comparison Schedule - Tysons Service District Fund (Budget Basis)

For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 7,967,957	7,967,957	7,923,228	(44,729)
Revenue from the use of money and property	-	-	462,035	462,035
Total revenues	7,967,957	7,967,957	8,385,263	417,306
EXPENDITURES				
Community development	-	20,397,116	1,650,094	18,747,022
Total expenditures	-	20,397,116	1,650,094	18,747,022
Net change in fund balance	\$ 7,967,957	(12,429,159)	6,735,169	19,164,328

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2F

Special Revenue Fund

Budgetary Comparison Schedule - Reston Service District (Budget Basis)

For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 1,984,998	1,984,998	1,992,668	7,670
Revenue from the use of money and property	-	-	34,491	34,491
Total revenues	1,984,998	1,984,998	2,027,159	42,161
EXPENDITURES				
Community development	-	500,000	39,317	460,683
Total expenditures	-	500,000	39,317	460,683
Net change in fund balance	\$ 1,984,998	1,484,998	1,987,842	502,844

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2G

Special Revenue Fund

Budgetary Comparison Schedule - Metrorail Parking System Pledged Revenue (Budget Basis)

For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget
REVENUES				
Charges for services	\$ 2,000,000	2,400,000	5,840,318	3,440,318
Revenue from the use of money and property	5,533,430	5,533,430	3,505,629	(2,027,801)
Total revenues	7,533,430	7,933,430	9,345,947	1,412,517
EXPENDITURES				
Community development	1,675,948	26,750,989	12,446,833	14,304,156
Debt service:				
Principal retirement	3,710,000	3,710,000	3,710,000	-
Interest and other charges:				
Interest	3,675,913	10,640,413	7,158,163	3,482,250
Total expenditures	9,061,861	41,101,402	23,314,996	17,786,406
Excess (deficiency) of revenues over (under) expenditures	(1,528,431)	(33,167,972)	(13,969,049)	19,198,923
OTHER FINANCING SOURCES				
Transfers in	-	3,052,483	3,052,483	-
Total other financing sources	-	3,052,483	3,052,483	-
Net change in fund balance	\$ (1,528,431)	(30,115,489)	(10,916,566)	19,198,923

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2H

Special Revenue Fund

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

For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 114,580,911	326,577,905	102,416,849	(224,161,056)
Charges for services	-	-	4,232,405	4,232,405
Revenue from the use of money and property	-	-	183,626	183,626
Recovered costs	-	6,222,526	1,615,366	(4,607,160)
Gifts, donations, and contributions	-	624,000	631,903	7,903
Total revenues	114,580,911	333,424,431	109,080,149	(224,344,282)
EXPENDITURES				
General government administration	120,067,889	43,666,371	-	43,666,371
Judicial administration	-	1,686,937	863,902	823,035
Public safety	-	56,984,758	23,052,472	33,932,286
Health and welfare	-	112,280,732	72,713,454	39,567,278
Community development	-	163,657,827	13,006,566	150,651,261
Parks, recreation, and cultural	-	3,000	1,975	1,025
Total expenditures	120,067,889	378,279,625	109,638,369	268,641,256
Excess (deficiency) of revenues over (under) expenditures	(5,486,978)	(44,855,194)	(558,220)	44,296,974
OTHER FINANCING SOURCES				
Transfers in	5,486,978	5,486,978	5,486,978	-
Total other financing sources	5,486,978	5,486,978	5,486,978	-
Net change in fund balance	\$ -	(39,368,216)	4,928,758	44,296,974

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2I

Special Revenue Fund

Budgetary Comparison Schedule - Cable Communications Fund (Budget Basis)

For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Permits, privilege fees, and regulatory licenses	\$ 26,015,876	23,746,091	22,875,249	(870,842)
Charges for services	-	-	15	15
Fines and forfeitures	-	-	5,000	5,000
Revenue from the use of money and property	-	-	2,905	2,905
Total revenues	26,015,876	23,746,091	22,883,169	(862,922)
EXPENDITURES				
Community development	15,068,001	22,660,362	11,769,567	10,890,795
Total expenditures	15,068,001	22,660,362	11,769,567	10,890,795
Excess of revenues over expenditures	10,947,875	1,085,729	11,113,602	10,027,873
OTHER FINANCING USES				
Transfers out	(8,841,421)	(8,841,421)	(8,841,421)	-
Transfers out to component units	(4,227,319)	(4,227,319)	(4,227,319)	-
Total other financing uses	(13,068,740)	(13,068,740)	(13,068,740)	-
Net change in fund balance	\$ (2,120,865)	(11,983,011)	(1,955,138)	10,027,873

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2J

Special Revenue Fund

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

For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 18,708,790	18,708,790	17,402,053	(1,306,737)
Charges for services	15,778,948	15,778,948	16,317,230	538,282
Fines and forfeitures	14,100	14,100	26,212	12,112
Revenue from the use of money and property	-	-	157,300	157,300
Recovered costs	-	-	14,401	14,401
Total revenues	34,501,838	34,501,838	33,917,196	(584,642)
EXPENDITURES				
Health and welfare	169,947,213	179,201,805	167,364,733	11,837,072
Total expenditures	169,947,213	179,201,805	167,364,733	11,837,072
Excess (deficiency) of revenues over (under) expenditures	(135,445,375)	(144,699,967)	(133,447,537)	11,252,430
OTHER FINANCING SOURCES				
Transfers in	135,445,375	135,334,383	135,334,383	-
Transfers out	-	(5,000,000)	(5,000,000)	-
Total other financing sources	135,445,375	130,334,383	130,334,383	-
Net change in fund balance	\$ -	(14,365,584)	(3,113,154)	11,252,430

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2K

Special Revenue Fund

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

For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget
				Positive
				(Negative)
REVENUES				
Charges for services	\$ 8,386,622	8,768,386	8,624,050	(144,336)
Revenue from the use of money and property	232,450	232,450	465,680	233,230
Total revenues	8,619,072	9,000,836	9,089,730	88,894
EXPENDITURES				
Parks, recreation, and cultural	8,304,386	15,163,393	9,718,967	5,444,426
Total expenditures	8,304,386	15,163,393	9,718,967	5,444,426
Net change in fund balance	\$ 314,686	(6,162,557)	(629,237)	5,533,320

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2L

Special Revenue Fund

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

For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget
				Positive
				(Negative)
REVENUES				
Charges for services	\$ 5,623,801	5,623,801	5,683,192	59,391
Revenue from the use of money and property	88,000	88,000	166,564	78,564
Total revenues	5,711,801	5,711,801	5,849,756	137,955
EXPENDITURES				
Parks, recreation, and cultural	5,614,079	8,931,764	7,783,009	1,148,755
Total expenditures	5,614,079	8,931,764	7,783,009	1,148,755
Excess (deficiency) of revenues over				
(under) expenditures	97,722	(3,219,963)	(1,933,253)	1,286,710
Net change in fund balance	\$ 97,722	(3,219,963)	(1,933,253)	1,286,710

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2M

Special Revenue Fund

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

For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 31,816	31,816	30,186	(1,630)
Revenue from the use of money and property	35,550	35,550	29,804	(5,746)
Total revenues	67,366	67,366	59,990	(7,376)
EXPENDITURES				
Parks, recreation, and cultural	46,163	66,601	35,605	30,996
Total expenditures	46,163	66,601	35,605	30,996
Net change in fund balance	\$ 21,203	765	24,385	23,620

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2N

Special Revenue Fund

Budgetary Comparison Schedule - E-911 Fund (Budget Basis)

For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Local sales and use taxes	\$ 44,450,304	44,450,304	44,450,303	(1)
Intergovernmental	3,396,251	3,396,251	3,467,848	71,597
Charges for Services	-	-	5,006	5,006
Revenue from the use of money and property	10,000	10,000	162,421	152,421
Recovered costs	150,000	150,000	147,707	(2,293)
Total revenues	48,006,555	48,006,555	48,233,285	226,730
EXPENDITURES				
Public safety	50,049,843	61,605,402	46,223,267	15,382,135
Total expenditures	50,049,843	61,605,402	46,223,267	15,382,135
Net change in fund balance	\$ (2,043,288)	(13,598,847)	2,010,018	15,608,865

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2o

Special Revenue Fund

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

For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 2,455,953	2,455,953	2,438,730	(17,223)
Revenue from the use of money and property	7,691	7,691	56,943	49,252
Total revenues	2,463,644	2,463,644	2,495,673	32,029
EXPENDITURES				
Health and welfare	2,092,155	2,123,738	1,053,004	1,070,734
Community development	1,170,423	1,180,016	833,070	346,946
Total expenditures	3,262,578	3,303,754	1,886,074	1,417,680
Excess (deficiency) of revenues over (under) expenditures	(798,934)	(840,110)	609,599	1,449,709
OTHER FINANCING USES				
Transfers out	(141,000)	(141,000)	(141,000)	-
Total other financing uses	(141,000)	(141,000)	(141,000)	-
Net change in fund balance	\$ (939,934)	(981,110)	468,599	1,449,709

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2p

Special Revenue Fund

Budgetary Comparison Schedule - Stormwater Services Fund (Budget Basis)

For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Permits, privilege fees, and regulatory licenses	\$ -	-	8,000	8,000
Intergovernmental	-	4,825,166	2,694,886	(2,130,280)
Charges for services	77,886,250	77,886,250	79,549,686	1,663,436
Developers' contributions	-	-	157,358	157,358
Revenue from the use of money and property	-	-	6,475	6,475
Recovered costs	-	-	75	75
Total revenues	77,886,250	82,711,416	82,416,480	(294,936)
EXPENDITURES				
Public works	76,761,250	148,091,239	67,342,182	80,749,057
Total expenditures	76,761,250	148,091,239	67,342,182	80,749,057
Excess (deficiency) of revenues over (under) expenditures	1,125,000	(65,379,823)	15,074,298	80,454,121
OTHER FINANCING SOURCES (USES)				
General obligation bonds issued	-	7,050,000	7,050,000	-
Transfers out	-	-	(1,125,000)	(1,125,000)
Total other financing sources (uses), net	-	7,050,000	5,925,000	(1,125,000)
Net change in fund balance	\$ 1,125,000	(58,329,823)	20,999,298	79,329,121

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2Q

Special Revenue Fund

Budgetary Comparison Schedule - Leaf Collection Fund (Budget Basis)

For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive
REVENUES				
Charges for services	\$ 2,152,896	2,152,896	2,193,300	40,404
Revenue from the use of money and property	36,820	36,820	86,030	49,210
Total revenues	2,189,716	2,189,716	2,279,330	89,614
EXPENDITURES				
Public works	1,883,766	2,168,766	1,981,341	187,425
Total expenditures	1,883,766	2,168,766	1,981,341	187,425
Net change in fund balance	\$ 305,950	20,950	297,989	277,039

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2R

Special Revenue Fund

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

For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 124,726	124,726	134,787	10,061
Charges for services	16,925,120	16,925,120	17,104,958	179,838
Revenue from the use of money and property	187,000	187,000	268,853	81,853
Recovered costs	26,836	26,836	32,466	5,630
Total revenues	17,263,682	17,263,682	17,541,064	277,382
EXPENDITURES				
Public works	18,558,146	20,505,661	18,631,422	1,874,239
Total expenditures	18,558,146	20,505,661	18,631,422	1,874,239
Excess (deficiency) of revenues over (under) expenditures	(1,294,464)	(3,241,979)	(1,090,358)	2,151,621
OTHER FINANCING USES				
Transfers out	(548,000)	(548,000)	(548,000)	-
Total other financing uses	(548,000)	(548,000)	(548,000)	-
Net change in fund balance	\$ (1,842,464)	(3,789,979)	(1,638,358)	2,151,621

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2s

Special Revenue Fund

Budgetary Comparison Schedule - Refuse Disposal Fund (Budget Basis)

For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Permits, privilege fees, and regulatory licenses	\$ 79,380	79,380	99,703	20,323
Charges for services	49,054,522	49,054,522	49,163,776	109,254
Revenue from the use of money and property	2,222,000	2,222,000	2,268,071	46,071
Recovered costs	10,000	10,000	2,812	(7,188)
Fines and forfeitures	-	-	46,447	46,447
Total revenues	51,365,902	51,365,902	51,580,809	214,907
EXPENDITURES				
Public works	54,158,191	58,971,280	50,006,862	8,964,418
Total expenditures	54,158,191	58,971,280	50,006,862	8,964,418
Excess (deficiency) of revenues over (under) expenditures	(2,792,289)	(7,605,378)	1,573,947	9,179,325
OTHER FINANCING USES				
Transfers out	(626,000)	(626,000)	(626,000)	-
Total other financing uses	(626,000)	(626,000)	(626,000)	-
Net change in fund balance	\$ (3,418,289)	(8,231,378)	947,947	9,179,325

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2t

Special Revenue Fund

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

For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 9,143,000	9,143,000	9,664,252	521,252
Revenue from the use of money and property	556,000	556,000	882,859	326,859
Total revenues	9,699,000	9,699,000	10,547,111	848,111
EXPENDITURES				
Public works	8,008,360	15,475,155	5,804,990	9,670,165
Total expenditures	8,008,360	15,475,155	5,804,990	9,670,165
Excess (deficiency) of revenues over (under) expenditures	1,690,640	(5,776,155)	4,742,121	10,518,276
OTHER FINANCING USES				
Transfers out	(186,000)	(186,000)	(186,000)	-
Total other financing uses	(186,000)	(186,000)	(186,000)	-
Net change in fund balance	\$ 1,504,640	(5,962,155)	4,556,121	10,518,276

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2u

Special Revenue Fund

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

For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget
				Positive
				(Negative)
REVENUES				
Intergovernmental	\$ -	6,178,958	4,315,538	(1,863,420)
Charges for services	-	2,813	-	(2,813)
Revenue from the use of money and property	4,974,689	8,849,882	8,594,690	(255,192)
Total revenues	4,974,689	15,031,653	12,910,228	(2,121,425)
EXPENDITURES				
Community development	4,021,408	14,109,430	5,906,286	8,203,144
Debt service:				
Principal retirement	703,000	703,000	703,000	-
Interest and other charges:				
Interest	250,281	250,281	250,281	-
Total expenditures	4,974,689	15,062,711	6,859,567	8,203,144
Net change in fund balance	\$ -	(31,058)	6,050,661	6,081,719

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2v

Special Revenue Fund

Budgetary Comparison Schedule - Housing Trust Fund (Budget Basis)

For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget
				Positive
				(Negative)
REVENUES				
Developers' contributions	\$ -	-	2,836,045	2,836,045
Revenue from the use of money and property	64,163	64,163	238,514	174,351
Other Revenue	625,791	625,791	1,189,966	564,175
Total revenues	689,954	689,954	4,264,525	3,574,571
EXPENDITURES				
Community development	689,954	11,316,893	2,662,436	8,654,457
Total expenditures	689,954	11,316,893	2,662,436	8,654,457
Net change in fund balance	\$ -	(10,626,939)	1,602,089	12,229,028

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2W

Special Revenue Fund

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

For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget
				Positive
				(Negative)
REVENUES				
Intergovernmental	\$ -	1,932,356	1,136,612	(795,744)
Revenue from the use of money and property	1,530,449	2,219,669	370,427	(1,849,242)
Total revenues	1,530,449	4,152,025	1,507,039	(2,644,986)
EXPENDITURES				
Community development	1,530,449	4,967,724	2,309,920	2,657,804
Total expenditures	1,530,449	4,967,724	2,309,920	2,657,804
Excess (deficiency) of revenues over				
(under) expenditures	-	(815,699)	(802,881)	12,818
Net change in fund balance	\$ -	(815,699)	(802,881)	12,818



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. This fund is not appropriated in the County's operating budget.

COUNTY OF FAIRFAX, VIRGINIA
Debt Service Funds
Combining Balance Sheet
June 30, 2019

EXHIBIT E

	Debt Service	Mosaic Community Development Authority	Total Debt Service Funds
ASSETS			
Equity in pooled cash and temporary investments	\$ 7,077,196	-	7,077,196
Accrued interest	-	13,602	13,602
Due from component units	2,003,300	-	2,003,300
Loan to component unit	10,711,200	-	10,711,200
Lease to component unit	38,210,000	-	38,210,000
Restricted assets:			
Restricted assets - Cash with fiscal agents	12,702	7,428,189	7,440,891
Investments			
Total assets	58,014,398	7,441,791	65,456,189
DEFERRED OUTFLOWS OF RESOURCES			
Total deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	\$ 58,014,398	7,441,791	65,456,189
LIABILITIES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 45,400	-	45,400
Unearned revenues	38,210,000	-	38,210,000
Total liabilities	38,255,400	-	38,255,400
DEFERRED INFLOWS OF RESOURCES			
Total deferred inflows of resources	-	-	-
Total liabilities and deferred inflows of resources	38,255,400	-	38,255,400
FUND BALANCES			
Restricted for:			
Debt service	-	7,441,791	7,441,791
Total Restricted	-	7,441,791	7,441,791
Committed to:			
Debt service	19,758,998	-	19,758,998
Total Committed	19,758,998	-	19,758,998
Total fund balance	19,758,998	7,441,791	27,200,789
Total liabilities, deferred inflows of resources, and fund balance	\$ 58,014,398	7,441,791	65,456,189

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, 2019

	Debt Service	Mosaic Community Development Authority	Total Debt Service Funds
REVENUES			
Intergovernmental	\$ 3,965,829	-	3,965,829
Revenue from the use of money and property	2,378,673	151,560	2,530,233
Total revenues	6,344,502	151,560	6,496,062
EXPENDITURES			
Principal retirement:			
County	125,207,100	955,000	126,162,100
Schools	139,612,900	-	139,612,900
Interest:			
County	48,066,614	4,451,400	52,518,014
Schools	63,159,084	-	63,159,084
Other charges:			
Bond issuance costs and other	2,159,884	-	2,159,884
Arbitrage rebate payments	800	-	800
Total expenditures	378,206,382	5,406,400	383,612,782
Deficiency of revenues under expenditures	(371,861,880)	(5,254,840)	(377,116,720)
OTHER FINANCING SOURCES (USES)			
Transfers in from:			
General Fund	340,433,977	-	340,433,977
Special revenue funds	-	5,741,299	5,741,299
Capital projects funds	6,721,893	-	6,721,893
Transfers out	(12,100,000)	-	(12,100,000)
General obligation refunding bonds issued	54,945,000	-	54,945,000
Premium on general obligation refunding bonds issued	183,803	-	183,803
Lease revenue refunding bonds issued	18,125,000	-	18,125,000
Premium on lease revenue refunding bonds issued	2,710,889	-	2,710,889
General obligation payments to refunded bonds escrow agent	(44,553,144)	-	(44,553,144)
Total other financing sources	366,467,418	5,741,299	372,208,717
Net change in fund balance	(5,394,462)	486,459	(4,908,003)
Fund balances, July 1, 2018	25,153,460	6,955,332	32,108,792
Fund balances, June 30, 2019	\$ 19,758,998	7,441,791	27,200,789

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, 2019

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 2,680,000	2,680,000	2,444,555	(235,445)
Total revenues	2,680,000	2,680,000	2,444,555	(235,445)
EXPENDITURES				
Principal retirement:				
County	97,987,100	102,212,100	102,212,100	-
Schools	125,327,900	132,087,900	132,087,900	-
Interest:				
County	53,974,198	49,438,758	47,977,957	1,460,801
Schools	70,684,233	63,203,131	63,032,531	170,600
Bond issuance costs and other	2,000,000	2,288,914	1,325,105	963,809
Total expenditures	349,973,431	349,230,803	346,635,593	2,595,210
Excess (deficiency) of revenues over (under) expenditures	(347,293,431)	(346,550,803)	(344,191,038)	2,359,765
OTHER FINANCING SOURCES (USES)				
General obligation bonds issued	500,000	500,000	568,816	68,816
Transfers in from:				
General Fund	342,433,977	340,433,977	340,433,977	-
Other funds	4,359,454	10,359,454	10,359,454	-
Transfers out	-	(14,100,000)	(14,100,000)	-
Total other financing sources, net	347,293,431	337,193,431	337,262,247	68,816
Net change in fund balance, net	\$ -	(9,357,372)	(6,928,791)	2,428,581



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 FCPS 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 WMATA 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 amount dedicated by the Board; original method to determine the amount of dedication was the value of one penny of the real estate tax rate.

COUNTY OF FAIRFAX, VIRGINIA
Capital Projects Funds
Combining Balance Sheet
June 30, 2019

	Contributed Roadway Improvement	Library Construction	County Construction	Capital Renewal Construction
ASSETS				
Equity in pooled cash and temporary investments	\$ 63,706,044	1,388,704	58,234,223	43,117,489
Receivables:				
Accounts	-	-	107,831	-
Accrued interest	-	-	-	-
Loans	-	-	-	-
Due from intergovernmental units	-	-	-	-
Restricted assets:				
Equity in pooled cash and temporary investments	-	7,161,032	-	327,093
Cash with fiscal agents	-	-	3,836,081	-
Total assets	<u>63,706,044</u>	<u>8,549,736</u>	<u>62,178,135</u>	<u>43,444,582</u>
DEFERRED OUTFLOWS OF RESOURCES				
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 63,706,044</u>	<u>8,549,736</u>	<u>62,178,135</u>	<u>43,444,582</u>
LIABILITIES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 53,799	160,409	3,030,967	883,090
Contract retainages	-	213,297	1,128,866	-
Due to component units	-	-	862,362	-
Unearned revenues	-	-	25,423,660	-
Performance and other deposits	22,022,695	724	1,207,330	-
Total liabilities	<u>22,076,494</u>	<u>374,430</u>	<u>31,653,185</u>	<u>883,090</u>
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Total liabilities and deferred inflows of resources	<u>22,076,494</u>	<u>374,430</u>	<u>31,653,185</u>	<u>883,090</u>
FUND BALANCES				
Restricted for:				
Capital projects	41,629,550	8,175,306	-	-
Total Restricted	<u>41,629,550</u>	<u>8,175,306</u>	<u>-</u>	<u>-</u>
Committed to:				
Capital projects	-	-	30,524,950	42,561,492
Total Committed	<u>-</u>	<u>-</u>	<u>30,524,950</u>	<u>42,561,492</u>
Total fund balances	<u>41,629,550</u>	<u>8,175,306</u>	<u>30,524,950</u>	<u>42,561,492</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 63,706,044</u>	<u>8,549,736</u>	<u>62,178,135</u>	<u>43,444,582</u>

EXHIBIT F

Transportation Improvements	Pedestrian Walkway Improvements	Metro Operations and Construction	
-	3,400,432	12,101,004	ASSETS
-	-	-	Equity in pooled cash and temporary investments
-	-	-	Receivables:
-	-	-	Accounts
-	-	-	Accrued interest
-	-	-	Loans
-	17,516	-	Due from intergovernmental units
17,224,430	-	22,901	Restricted assets:
-	-	-	Equity in pooled cash and temporary investments
17,224,430	3,417,948	12,123,905	Cash with fiscal agents
			Total assets
-	-	-	DEFERRED OUTFLOWS OF RESOURCES
			Total deferred outflows of resources
17,224,430	3,417,948	12,123,905	Total assets and deferred outflows of resources
			LIABILITIES
1,630,067	71,667	-	Liabilities:
453,668	28,566	-	Accounts payable and accrued liabilities
-	-	-	Contract retainages
-	-	-	Due to component units
-	-	-	Unearned revenues
-	128,722	-	Performance and other deposits
2,083,735	228,955	-	Total liabilities
			DEFERRED INFLOW OF RESOURCES
-	-	-	Unavailable revenue
-	-	-	Total deferred inflows of resources
2,083,735	228,955	-	Total liabilities and deferred inflows of resources
			FUND BALANCES
15,140,695	-	-	Restricted for:
15,140,695	-	-	Capital projects
-	3,188,993	12,123,905	Total Restricted
-	3,188,993	12,123,905	Committed to:
15,140,695	3,188,993	12,123,905	Capital projects
17,224,430	3,417,948	12,123,905	Total Committed
			Total fund balances
			Total liabilities, deferred inflows of resources, and fund balances

continued

COUNTY OF FAIRFAX, VIRGINIA
Capital Projects Funds
Combining Balance Sheet
June 30, 2019

	Public Safety Construction	Commercial Revitalization Program	Pro Rata Drainage Construction
ASSETS			
Equity in pooled cash and temporary investments	\$ 5,750,000	152,637	2,865,899
Receivables:			
Accounts	-	-	-
Accrued interest	-	-	-
Loans	-	-	-
Due from intergovernmental units	-	727,779	-
Restricted assets:			
Equity in pooled cash and temporary investments	22,384,461	-	-
Cash with fiscal agents	13,968,283	-	-
Total assets	42,102,744	880,416	2,865,899
DEFERRED OUTFLOWS OF RESOURCES			
Total deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	\$ 42,102,744	880,416	2,865,899
LIABILITIES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 2,419,906	167,349	-
Contract retainages	2,687,181	7,254	-
Due to component units	-	-	-
Unearned revenues	-	-	-
Performance and other deposits	-	-	56,000
Total liabilities	5,107,087	174,603	56,000
DEFERRED INFLOW OF RESOURCES			
Unavailable revenue	-	-	-
Total deferred inflows of resources	-	-	-
Total liabilities and deferred inflows of resources	5,107,087	174,603	56,000
FUND BALANCES			
Restricted for:			
Capital projects	36,995,657	705,813	2,809,899
Total Restricted	36,995,657	705,813	2,809,899
Committed to:			
Capital projects	-	-	-
Total Committed	-	-	-
Total fund balances	36,995,657	705,813	2,809,899
Total liabilities, deferred inflows of resources, and fund balances	\$ 42,102,744	880,416	2,865,899

EXHIBIT F

concluded

Housing Assistance Program	The Penny for Affordable Housing	Total Capital Projects Funds	
1,632,578	37,579,492	229,928,502	ASSETS
-	-	107,831	Equity in pooled cash and temporary investments
-	4,399,730	4,399,730	Receivables:
-	46,379,860	46,379,860	Accounts
-	-	745,295	Accrued interest
3,580,799	-	50,700,716	Loans
-	-	17,804,364	Due from intergovernmental units
5,213,377	88,359,082	350,066,298	Restricted assets:
			Equity in pooled cash and temporary investments
			Cash with fiscal agents
			Total assets
			DEFERRED OUTFLOWS OF RESOURCES
-	-	-	Total deferred outflows of resources
5,213,377	88,359,082	350,066,298	Total assets and deferred outflows of resources
			LIABILITIES AND FUND BALANCES
12,600	280,524	8,710,378	Liabilities:
-	-	4,518,832	Accounts payable and accrued liabilities
-	-	862,362	Contract retainages
-	-	25,423,660	Due to component units
-	-	23,415,471	Unearned revenues
12,600	280,524	62,930,703	Performance and other deposits
			Total liabilities
			DEFERRED INFLOW OF RESOURCES
-	4,399,730	4,399,730	Unavailable revenue
-	4,399,730	4,399,730	Total deferred inflows of resources
12,600	4,680,254	67,330,433	Total liabilities and deferred inflows of resources
			FUND BALANCES
5,200,777	-	110,657,697	Restricted for:
5,200,777	-	110,657,697	Capital projects
			Total Restricted
-	83,678,828	172,078,168	Committed to:
-	83,678,828	172,078,168	Capital projects
5,200,777	83,678,828	282,735,865	Total Committed
5,213,377	88,359,082	350,066,298	Total fund balances
			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, 2019

	Contributed Roadway Improvement	Library Construction	County Construction	Capital Renewal Construction
REVENUES				
Taxes	\$ -	-	-	-
Permits, privilege fees, and regulatory licenses	-	-	-	-
Intergovernmental	-	-	-	379,698
Charges for services	-	-	1,760,342	-
Developers' contributions	11,677,444	-	476,161	-
Revenue from the use of money and property	862,890	-	548,679	-
Recovered costs	-	-	959,113	-
Gifts, donations, and contributions	-	-	-	-
Total revenues	12,540,334	-	3,744,295	379,698
EXPENDITURES				
Current:				
General government administration	-	-	627,666	2,998,665
Public safety	-	-	-	-
Public works	-	-	229,421	-
Health and welfare	-	-	4,061,906	-
Community development	1,100,614	-	5,478,162	-
Parks, recreation, and cultural	-	124,106	4,576,794	-
Intergovernmental:				
Community development	-	-	-	-
Parks, recreation, and cultural	-	-	32,465,798	1,514,606
Education - for Public Schools	-	-	180,000,000	-
Capital outlay:				
General government administration	-	-	6,099,876	8,848,611
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	14,682,887	-
Community development	-	-	7,231,255	-
Parks, recreation, and cultural	-	1,233,449	712,418	-
Debt service:				
Principal retirement	-	-	645,000	-
Interest and other charges	-	-	195,145	-
Total expenditures	1,100,614	1,357,555	257,006,328	13,361,882
Excess (Deficiency of) revenues over (under) expenditures	11,439,720	(1,357,555)	(253,262,033)	(12,982,184)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	26,955,055	26,685,901
Transfers out	(198,985)	-	(721,893)	-
General obligation bonds issued	-	-	176,090,000	-
Premium on general obligation bonds issued	-	-	27,631,893	-
Total other financing sources (uses), net	(198,985)	-	229,955,055	26,685,901
Net change in fund balances	11,240,735	(1,357,555)	(23,306,978)	13,703,717
Fund balances, July 1, 2018	30,388,815	9,532,861	53,831,928	28,857,775
Fund balances, June 30, 2019	\$ 41,629,550	8,175,306	30,524,950	42,561,492

EXHIBIT F-1

Transportation Improvements	Pedestrian Walkway Improvements	Metro Operations and Construction	
REVENUES			
-	-	-	- Taxes
-	-	-	- Permits, privilege fees, and regulatory licenses
-	-	-	- Intergovernmental
-	-	-	- Charges for services
-	5,444	-	- Developers' contributions
-	-	-	- Revenue from the use of money and property
-	-	-	- Recovered costs
-	5,000	-	- Gifts, donations, and contributions
-	10,444	-	Total revenues
EXPENDITURES			
Current:			
-	-	-	- General government administration
-	-	-	- Public safety
-	-	-	- Public works
-	-	-	- Health and welfare
8,862,391	657,554	-	- Community development
-	-	-	- Parks, recreation, and cultural
-	-	42,267,318	Intergovernmental:
-	-	-	- Community development
-	-	-	- Parks, recreation, and cultural
-	-	-	- Education - for Public Schools
Capital outlay:			
-	-	-	- General government administration
-	-	-	- Public safety
-	-	-	- Public works
-	-	-	- Health and welfare
3,497,725	1,096,901	-	- Community development
-	-	-	- Parks, recreation, and cultural
Debt service:			
-	-	-	- Principal retirement
-	-	-	- Interest and other charges
12,360,116	1,754,455	42,267,318	Total expenditures
(12,360,116)	(1,744,011)	(42,267,318)	Deficiency of revenues under expenditures
OTHER FINANCING SOURCES (USES)			
45,000	2,376,718	32,994,083	Transfers in
-	-	(2,915,530)	Transfers out
6,800,000	-	20,470,000	General obligation bonds issued
1,200,000	-	3,843,000	Premium on general obligation bonds issued
8,045,000	2,376,718	54,391,553	Total other financing sources (uses), net
(4,315,116)	632,707	12,124,235	Net change in fund balances
19,455,811	2,556,286	(330)	Fund balances, July 1, 2018
15,140,695	3,188,993	12,123,905	Fund balances, June 30, 2019

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, 2019

	Public Safety Construction	Commercial Revitalization Program	Pro Rata Drainage Construction
REVENUES			
Taxes	\$ -	-	-
Permits, privilege fees, and regulatory licenses	-	-	-
Intergovernmental	-	736,315	-
Charges for services	-	-	-
Developers' contributions	1,226,402	-	-
Revenue from the use of money and property	379,393	-	-
Recovered costs	-	-	2,226,447
Gifts, donations, and contributions	-	-	-
Total revenues	1,605,795	736,315	2,226,447
EXPENDITURES			
Current:			
General government administration	-	-	-
Public safety	1,304,226	-	-
Public works	-	-	-
Health and welfare	-	-	-
Community development	-	-	-
Parks, recreation, and cultural	-	-	-
Intergovernmental:			
Community development	-	-	-
Parks, recreation, and cultural	-	-	-
Education - for Public Schools	-	-	-
Capital outlay:			
General government administration	-	-	-
Public safety	17,303,976	-	-
Public works	-	-	3,448,382
Health and welfare	-	-	-
Community development	-	933,365	-
Parks, recreation, and cultural	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and other charges	-	-	-
Total expenditures	18,608,202	933,365	3,448,382
Excess (Deficiency of) revenues over (under) expenditures	(17,002,407)	(197,050)	(1,221,935)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(6,000,000)	-	-
General obligation bonds issued	4,250,000	-	-
Premium on general obligation bonds issued	750,000	-	-
Total other financing sources (uses), net	(1,000,000)	-	-
Net change in fund balances	(18,002,407)	(197,050)	(1,221,935)
Fund balances, July 1, 2018	54,998,064	902,863	4,031,834
Fund balances, June 30, 2019	\$ 36,995,657	705,813	2,809,899

EXHIBIT F-1

concluded

Housing Assistance Program	The Penny for Affordable Housing	Total Capital Projects Funds	
			REVENUES
-	12,300,000	12,300,000	Taxes
-	150,000	150,000	Permits, privilege fees, and regulatory licenses
-	5,200,000	6,316,013	Intergovernmental
-	-	1,760,342	Charges for services
-	-	13,385,451	Developers' contributions
-	408,695	2,199,657	Revenue from the use of money and property
-	-	3,185,560	Recovered costs
-	-	5,000	Gifts, donations, and contributions
-	18,058,695	39,302,023	Total revenues
			EXPENDITURES
			Current:
-	-	3,626,331	General government administration
-	-	1,304,226	Public safety
-	-	229,421	Public works
-	-	4,061,906	Health and welfare
-	3,690,521	19,789,242	Community development
-	-	4,700,900	Parks, recreation, and cultural
			Intergovernmental:
-	450,670	42,717,988	Community development
-	-	33,980,404	Parks, recreation, and cultural
-	-	180,000,000	Education - for Public Schools
			Capital outlay:
-	-	14,948,487	General government administration
-	-	17,303,976	Public safety
-	-	3,448,382	Public works
-	-	14,682,887	Health and welfare
545,942	115,936	13,421,124	Community development
-	-	1,945,867	Parks, recreation, and cultural
			Debt service:
-	4,740,000	5,385,000	Principal retirement
-	3,795,567	3,990,712	Interest and other charges
545,942	12,792,694	365,536,853	Total expenditures
(545,942)	5,266,001	(326,234,830)	Excess (Deficiency of) revenues over (under) expenditures
			OTHER FINANCING SOURCES (USES)
-	5,000,000	94,056,757	Transfers in
-	-	(9,836,408)	Transfers out
-	-	207,610,000	General obligation bonds issued
-	-	33,424,893	Premium on general obligation bonds issued
-	5,000,000	325,255,242	Total other financing sources (uses), net
(545,942)	10,266,001	(979,588)	Net change in fund balances
5,746,719	73,412,827	283,715,453	Fund balances, July 1, 2018
5,200,777	83,678,828	282,735,865	Fund balances, June 30, 2019



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, 2019

	Vehicle Services	Self- Insurance	Document Services
ASSETS			
Current assets:			
Equity in pooled cash and temporary investments	\$ 54,375,328	95,694,419	2,048,256
Accounts receivable	70,217	-	238
Due from intergovernmental units	336	-	3,461
Interfund receivables	-	-	-
Inventories of supplies	3,822,729	-	-
Total current assets	58,268,610	95,694,419	2,051,955
Long-term assets:			
Capital assets:			
Non-depreciable/non-amortizable:			
Land	1,938,688	-	-
Construction in progress	12,488,374	-	-
Equipment under construction	3,394,209	-	-
Depreciable:			
Vehicles and equipment	151,116,498	-	5,118,502
Software	-	-	-
Buildings and improvements	20,855,984	-	-
Infrastructure	4,564,606	-	-
Accumulated depreciation	(107,259,074)	-	(2,882,306)
Accumulated amortization	-	-	-
Total capital assets, net	87,099,285	-	2,236,196
Total assets	145,367,895	95,694,419	4,288,151
DEFERRED OUTFLOWS OF RESOURCES			
Total deferred outflows of resources	-	-	-
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	3,030,866	181,212	202,587
Accrued salaries and benefits	1,339,389	79,145	107,253
Due to component units	-	-	-
Compensated absences payable	1,039,955	79,644	100,204
Obligations under capital leases	-	-	1,094,743
Insurance and benefit claims payable	-	11,765,000	-
Total current liabilities	5,410,210	12,105,001	1,504,787
Long-term liabilities:			
Compensated absences payable	1,253,509	-	47,186
Obligations under capital leases	-	-	1,199,341
Insurance and benefit claims payable	-	49,833,000	-
Total long-term liabilities	1,253,509	49,833,000	1,246,527
Total liabilities	6,663,719	61,938,001	2,751,314
DEFERRED INFLOWS OF RESOURCES			
Total deferred inflows of resources	-	-	-
NET POSITION			
Net investment in capital assets	87,099,285	-	(57,888)
Unrestricted	51,604,891	33,756,418	1,594,725
Net position	\$ 138,704,176	33,756,418	1,536,837

EXHIBIT G

Technology Infrastructure Services	Health Benefits	Total Internal Service Funds	
			ASSETS
			Current assets:
14,095,378	91,721,725	257,935,106	Equity in pooled cash and temporary investments
-	-	70,455	Accounts receivable
-	-	3,797	Due from intergovernmental units
-	1,496,650	1,496,650	Interfund receivables
-	-	3,822,729	Inventories of supplies
14,095,378	93,218,375	263,328,737	Total current assets
			Long-term assets:
			Capital assets:
			Non-depreciable/non-amortizable:
-	-	1,938,688	Land
-	-	12,488,374	Construction in progress
5,030,285	-	8,424,494	Equipment under construction
			Depreciable:
29,665,742	42,795	185,943,537	Equipment
2,200,587	-	2,200,587	Software
1,077,510	273,548	22,207,042	Buildings and improvements
-	-	4,564,606	Infrastructure
(24,542,315)	(70,794)	(134,754,489)	Accumulated depreciation
(1,501,603)	-	(1,501,603)	Accumulated amortization
11,930,206	245,549	101,511,236	Total capital assets, net
26,025,584	93,463,924	364,839,973	Total assets
			DEFERRED OUTFLOWS OF RESOURCES
-	-	-	Total deferred outflows of resources
			LIABILITIES
			Current liabilities:
4,412,278	7,474,371	15,301,314	Accounts payable and accrued liabilities
486,769	16,596	2,029,152	Accrued salaries and benefits
-	6,694	6,694	Due to component units
438,073	-	1,657,876	Compensated absences payable
-	-	1,094,743	Obligations under capital leases
-	12,311,000	24,076,000	Insurance and benefit claims payable
5,337,120	19,808,661	44,165,779	Total current liabilities
			Long-term liabilities:
574,419	-	1,875,114	Compensated absences payable
-	-	1,199,341	Obligations under capital leases
-	-	49,833,000	Insurance and benefit claims payable
574,419	-	52,907,455	Total long-term liabilities
5,911,539	19,808,661	97,073,234	Total liabilities
			DEFERRED INFLOWS OF RESOURCES
-	-	-	Total deferred inflows of resources
			NET POSITION
11,930,206	245,549	99,217,152	Net investment in capital assets
8,183,839	73,409,714	168,549,587	Unrestricted
20,114,045	73,655,263	267,766,739	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, 2019

	Vehicle Services	Self- Insurance	Document Services
OPERATING REVENUES:			
Charges for services	\$ 89,188,610	24,841,481	5,451,466
Recovered costs	110,085	-	-
Total operating revenues	89,298,695	24,841,481	5,451,466
OPERATING EXPENSES:			
Personnel services	24,137,594	1,379,840	1,972,721
Materials and supplies	2,240,061	118,091	2,746,334
Equipment operation and maintenance	33,744,444	171,951	1,271,132
Risk financing and benefit payments	-	18,743,103	-
Depreciation	13,326,980	-	1,072,263
Professional consultant and contractual services	5,074,890	254,611	1,923,897
Other	57,273	98,146	40,931
Total operating expenses	78,581,242	20,765,742	9,027,278
Operating income (loss)	10,717,453	4,075,739	(3,575,812)
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	-	1,457,238	-
Interest expense	-	-	(259,469)
Gain (loss) on disposal of capital assets	(246,217)	-	-
Total nonoperating revenues (expenses), net	(246,217)	1,457,238	(259,469)
Income (loss) before transfers and contributions	10,471,236	5,532,977	(3,835,281)
Capital contributions	829,598	-	-
Transfers in	-	-	3,941,831
Change in net position	11,300,834	5,532,977	106,550
Net position, July 1, 2018	127,403,342	28,223,441	1,430,287
Net position, June 30, 2019	\$ 138,704,176	33,756,418	1,536,837

EXHIBIT G-1

Technology Infrastructure Services	Health Benefits	Total Internal Service Funds	
			OPERATING REVENUES:
37,750,699	188,705,880	345,938,136	Charges for services
-	-	110,085	Recovered costs
37,750,699	188,705,880	346,048,221	Total operating revenues
			OPERATING EXPENSES:
7,515,800	-	35,005,955	Personnel services
277,128	51,008	5,432,622	Materials and supplies
6,983,541	155,459	42,326,527	Equipment operation and maintenance
-	167,646,547	186,389,650	Risk financing and benefit payments
3,744,854	16,458	18,160,555	Depreciation
27,164,184	62,646	34,480,228	Professional consultant and contractual services
149,810	12,622,792	12,968,952	Other
45,835,317	180,554,910	334,764,489	Total operating expenses
(8,084,618)	8,150,970	11,283,732	Operating income (loss)
			NONOPERATING REVENUES (EXPENSES):
-	1,214,816	2,672,054	Interest revenue
-	-	(259,469)	Interest expense
-	-	(246,217)	Gain (loss) on disposal of capital assets
-	1,214,816	2,166,368	Total nonoperating revenues (expenses), net
(8,084,618)	9,365,786	13,450,100	Income (loss) before transfers and contributions
-	-	829,598	Capital contributions
7,751,602	-	11,693,433	Transfers in
(333,016)	9,365,786	25,973,131	Change in net position
20,447,061	64,289,477	241,793,608	Net position, July 1, 2018
20,114,045	73,655,263	267,766,739	Net position, June 30, 2019

COUNTY OF FAIRFAX, VIRGINIA
Internal Service Funds
Combining Statement of Cash Flows
For the fiscal year ended June 30, 2019

	Vehicle Services	Self- Insurance	Document Services
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 89,239,069	24,841,481	5,474,229
Payments to suppliers and contractors	(39,409,322)	-	(5,879,127)
Payments to employees	(24,048,785)	(1,376,125)	(1,989,726)
Claims and benefits paid	-	(21,526,329)	-
Payments for interfund services used	(2,624,797)	(642,799)	-
Net cash provided by (used in) operating activities	23,156,165	1,296,228	(2,394,624)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	-	3,941,831
Net cash provided by noncapital financing activities	-	-	3,941,831
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of capital assets	422,737	-	-
Purchase of capital assets	(21,442,922)	-	-
Principal payments on obligations under capital leases	-	-	(996,200)
Interest payments on obligations under capital leases	-	-	(259,469)
Net cash used in capital and related financing activities	(21,020,185)	-	(1,255,669)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	1,457,754	-
Net cash provided by investing activities	-	1,457,754	-
Net increase (decrease) in cash and cash equivalents	2,135,980	2,753,982	291,538
Cash and cash equivalents, July 1, 2018	52,239,348	92,940,437	1,756,718
Cash and cash equivalents, June 30, 2019	\$ 54,375,328	95,694,419	2,048,256
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 10,717,453	4,075,739	(3,575,812)
Adjustments to reconcile operating income (loss) by operating activities:			
Depreciation and amortization	13,326,980	-	1,072,263
Change in assets and liabilities:			
(Increase) Decrease in accounts receivable	(59,290)	-	23,424
(Increase) Decrease in intergovernmental receivables	(336)	-	(661)
Decrease in interfund receivables	-	-	-
(Increase) in inventories of supplies	(679,404)	-	-
Increase (Decrease) in accounts payable and accrued liabilities	(238,047)	(2,783,226)	103,167
Increase (Decrease) in accrued salaries and benefits	88,809	3,715	(17,005)
Increase in due to component units	-	-	-
Total adjustments to operating income	12,438,712	(2,779,511)	1,181,188
Net cash provided by (used in) operating activities	23,156,165	1,296,228	(2,394,624)
Noncash capital and financing activities:			
Initiation of an obligation under capital lease	\$ -	-	10,569
Capital contributions - equipment	829,598	-	-
Loss on disposal of capital assets	(246,217)	-	-

EXHIBIT G-2

Technology Infrastructure Services	Health Benefits	Total Internal Service Funds	
CASH FLOWS FROM OPERATING ACTIVITIES			
37,755,499	188,728,305	346,038,583	Receipts from interfund services provided
(30,814,273)	(5,943,633)	(82,046,355)	Payments to suppliers and contractors
(7,331,802)	-	(34,746,438)	Payments to employees
-	(172,519,366)	(194,045,695)	Claims and benefits paid
-	-	(3,267,596)	Payments for interfund services used
(390,576)	10,265,306	31,932,499	Net cash provided by (used in) operating activities
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
7,751,602	-	11,693,433	Transfers from other funds
7,751,602	-	11,693,433	Net cash provided by noncapital financing activities
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
-	-	422,737	Proceeds from sale of capital assets
(4,270,060)	-	(25,712,982)	Purchase of capital assets
-	-	(996,200)	Principal payments on obligations under capital leases
-	-	(259,469)	Interest payments on obligations under capital leases
(4,270,060)	-	(26,545,914)	Net cash used in capital and related financing activities
CASH FLOWS FROM INVESTING ACTIVITIES			
-	1,215,169	2,672,923	Interest received
-	1,215,169	2,672,923	Net cash provided by investing activities
3,090,966	11,480,475	19,752,941	Net increase (decrease) in cash and cash equivalents
11,004,412	80,241,250	238,182,165	Cash and cash equivalents, July 1, 2018
14,095,378	91,721,725	257,935,106	Cash and cash equivalents, June 30, 2019
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: by operating activities:			
(8,084,618)	8,150,970	11,283,732	Operating income (loss)
			Adjustments to reconcile operating income (loss) by operating activities:
3,744,854	16,458	18,160,555	Depreciation and amortization
			Change in assets and liabilities:
-	-	(35,866)	(Increase) Decrease in accounts receivable
4,800	-	3,803	(Increase) Decrease in intergovernmental receivables
-	22,425	22,425	Decrease in interfund receivables
-	-	(679,404)	(Increase) in inventories of supplies
3,760,390	2,072,625	2,914,909	Increase (Decrease) in accounts payable and accrued liabilities
183,998	(3,866)	255,651	Increase (Decrease) in accrued salaries and benefits
-	6,694	6,694	Increase in due to component units
7,694,042	2,114,336	20,648,767	Total adjustments to operating income
(390,576)	10,265,306	31,932,499	Net cash provided by (used in) operating activities
Noncash capital and financing activities:			
-	-	10,569	Initiation of an obligation under capital lease
-	-	829,598	Capital contributions - equipment
-	-	(246,217)	Loss on disposal of capital assets

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.

Friends of Library Fund is an agency fund used to account for the collection and reimbursement of Friends of Library's portion of book sale proceeds.

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, 2019

	Uniformed Retirement	Employees' Retirement	Police Officers Retirement
ASSETS			
Equity in pooled cash and temporary investments	\$ 2,970,571	9,574,892	1,936,086
Cash collateral for securities lending	13,851,978	90,947,924	12,860,224
Contributions receivable	4,422,971	10,558,268	3,238,922
Accrued interest and dividends receivable	3,476,861	10,979,923	2,041,438
Receivable from sale of pension investments	29,579,765	79,161,312	6,698,867
Buildings and improvements	4,430	20,670	4,429
Vehicles and Equipment	6,083	28,386	6,083
Investments:			
U.S. Government securities	43,215,007	291,174,296	47,811,358
Asset-backed securities	75,975,545	134,624,752	50,353,187
Corporate and other bonds	113,408,686	244,940,950	46,233,412
Common and preferred stock	288,513,712	830,416,016	184,205,033
Short-term investments	138,257,366	314,310,897	80,557,263
Investment in pooled funds	1,150,347,965	2,296,046,669	1,068,793,388
Total assets	1,864,030,940	4,312,784,955	1,504,739,690
DEFERRED OUTFLOWS OF RESOURCES			
Total deferred outflows of resources	-	-	-
LIABILITIES			
Accounts payable and accrued liabilities	3,292,787	9,083,399	3,245,528
Payable for purchase of pension investments	33,096,554	110,851,008	4,902,772
Liabilities for collateral received under securities lending agreements	13,851,978	90,947,924	12,860,224
Compensated absences, short term	29,056	110,349	25,337
Long-term liabilities:			
Compensated absences, long-term	27,789	154,929	31,508
Total liabilities	50,298,164	211,147,609	21,065,369
DEFERRED INFLOW OF RESOURCES			
Total deferred inflows of resources	-	-	-
NET POSITION			
Net Position restricted for pension/OPEB benefits	\$ 1,813,732,776	4,101,637,346	1,483,674,321

EXHIBIT H

Total Pension Trust Funds	OPEB Trust Fund	Total Trust Funds	
14,481,549	7,336,171	21,817,720	ASSETS
117,660,126	-	117,660,126	Equity in pooled cash and temporary investments
18,220,161	44,421	18,264,582	Cash collateral for securities lending
16,498,222	43,077	16,541,299	Contributions receivable
115,439,944	-	115,439,944	Accrued interest and dividends receivable
29,529	-	29,529	Receivable from sale of pension investments
40,552	-	40,552	Buildings and improvements
			Equipment
			Investments:
382,200,661	-	382,200,661	U.S. Government securities
260,953,484	-	260,953,484	Asset-backed securities
404,583,048	-	404,583,048	Corporate and other bonds
1,303,134,761	-	1,303,134,761	Common and preferred stock
533,125,526	-	533,125,526	Short-term investments
4,515,188,022	318,917,256	4,834,105,278	Investment in pooled funds
7,681,555,585	326,340,925	8,007,896,510	Total assets
-	-	-	DEFERRED OUTFLOWS OF RESOURCES
			Total deferred outflows of resources
15,621,714	1,501,291	17,123,005	LIABILITIES
148,850,334	-	148,850,334	Accounts payable and accrued liabilities
			Payable for purchase of pension investments
117,660,126	-	117,660,126	Liabilities for collateral received under securities
164,742	-	164,742	lending agreements
			Compensated absences, short term
214,226	-	214,226	Long-term liabilities:
282,511,142	1,501,291	284,012,433	Compensated absences, long-term
			Total liabilities
-	-	-	DEFERRED INFLOW OF RESOURCES
			Total deferred inflows of resources
7,399,044,443	324,839,634	7,723,884,077	NET POSITION
			Net Position restricted 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, 2019

	Uniformed Retirement	Employees' Retirement	Police Officers Retirement
ADDITIONS			
Contributions:			
Employer	\$ 69,246,070	210,964,436	47,182,840
Plan members	12,605,683	37,915,769	10,176,811
Other	-	-	-
Total contributions	81,851,753	248,880,205	57,359,651
Investment income:			
From investment activities:			
Net appreciation in fair value of investments	66,076,422	228,540,384	71,898,600
Interest	13,845,692	32,818,208	10,218,071
Dividends	13,760,379	19,461,562	3,590,390
Total income from investment activities	93,682,493	280,820,154	85,707,061
Less investment activities expenses:			
Management fees	14,718,694	36,562,038	13,597,676
Other	960,480	1,676,163	621,963
Total investment activities expenses	15,679,174	38,238,201	14,219,639
Net income from investment activities	78,003,319	242,581,953	71,487,422
From securities lending activities:			
Securities lending income	613,397	4,380,486	510,261
Less securities lending expenses:			
Management fees	474,911	3,416,894	419,194
Total securities lending activities expenses	474,911	3,416,894	419,194
Net income from securities lending activities	138,486	963,592	91,067
Net investment income	78,141,805	243,545,545	71,578,489
Total additions	159,993,558	492,425,750	128,938,140
DEDUCTIONS			
Benefits	104,632,253	325,167,739	80,116,433
Refunds of contributions	911,127	4,349,488	459,698
Administrative expenses	620,136	2,197,893	610,711
Total deductions	106,163,516	331,715,120	81,186,842
Net increase	53,830,042	160,710,630	47,751,298
Net position, July 1, 2018	1,759,902,734	3,940,926,716	1,435,923,023
Net position, June 30, 2019	\$ 1,813,732,776	4,101,637,346	1,483,674,321

EXHIBIT H-1

Total Pension Trust Funds	OPEB Trust Fund	Total Trust Funds	
327,393,346	25,316,090	352,709,436	ADDITIONS
60,698,263	-	60,698,263	Contributions:
-	342,491	342,491	Employer
388,091,609	25,658,581	413,750,190	Plan members
			Other
			Total contributions
			Investment income:
			From investment activities:
366,515,406	13,915,680	380,431,086	Net appreciation in fair value
56,881,971	158,486	57,040,457	of investments
36,812,331	-	36,812,331	Interest
460,209,708	14,074,166	474,283,874	Dividends
			Total income from investment activities
			Less investment activities expenses:
64,878,408	236,569	65,114,977	Management fees
3,258,606	500	3,259,106	Other
68,137,014	237,069	68,374,083	Total investment activities expenses
392,072,694	13,837,097	405,909,791	Net income from investment activities
			From securities lending activities:
5,504,144	-	5,504,144	Securities lending income
			Less securities lending expenses:
4,310,999	-	4,310,999	Management fees
4,310,999	-	4,310,999	Total securities lending activities expenses
1,193,145	-	1,193,145	Net income from securities lending activities
393,265,839	13,837,097	407,102,936	Net investment income
781,357,448	39,495,678	820,853,126	Total additions
			DEDUCTIONS
509,916,425	22,826,808	532,743,233	Benefits
5,720,313	-	5,720,313	Refunds of contributions
3,428,740	127,259	3,555,999	Administrative expenses
519,065,478	22,954,067	542,019,545	Total deductions
262,291,970	16,541,611	278,833,581	Net increase
7,136,752,473	308,298,023	7,445,050,496	Net position, July 1, 2018
7,399,044,443	324,839,634	7,723,884,077	Net position, June 30, 2019

COUNTY OF FAIRFAX, VIRGINIA**Agency Funds****Combining Statement of Fiduciary Assets and Liabilities****June 30, 2019**

	Sanitary Reimbursement	Special Welfare	State Taxes	Route 28
ASSETS				
Equity in pooled cash and temporary investments	\$ 1,703,293	548,923	432,133	2,949
Accounts receivable	-	-	-	124,723
Total assets	1,703,293	548,923	432,133	127,672
LIABILITIES				
Liabilities under reimbursement agreements	1,703,293	548,923	432,133	127,672
Total liabilities	\$ 1,703,293	548,923	432,133	127,672

EXHIBIT H-2

Lake Barcroft	Friends of Library	Toll Road Violations Penalties	Total Agency Funds	
ASSETS				
456	9,890	1,421	2,699,065	Equity in pooled cash and temporary investments
586	-	-	125,309	Accounts receivable
1,042	9,890	1,421	2,824,374	Total assets
LIABILITIES				
1,042	9,890	1,421	2,824,374	Liabilities under reimbursement agreements
1,042	9,890	1,421	2,824,374	Total liabilities

COUNTY OF FAIRFAX, VIRGINIA
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the fiscal year ended June 30, 2019

EXHIBIT H-3

	Balances June 30, 2018	Additions	Deductions	Balances June 30, 2019
Sanitary Reimbursement				
Assets:				
Equity in pooled cash and temporary investments	\$ 1,679,878	27,258	3,843	1,703,293
Total assets	1,679,878	27,258	3,843	1,703,293
Liabilities:				
Liabilities under reimbursement agreements	1,679,878	27,258	3,843	1,703,293
Total liabilities	1,679,878	27,258	3,843	1,703,293
Special Welfare				
Assets:				
Equity in pooled cash and temporary investments	536,437	1,629,658	1,617,172	548,923
Total assets	536,437	1,629,658	1,617,172	548,923
Liabilities:				
Liabilities under reimbursement agreements	536,437	1,629,658	1,617,172	548,923
Total liabilities	536,437	1,629,658	1,617,172	548,923
State Taxes				
Assets:				
Equity in pooled cash and temporary investments	73,994	15,076,882	14,718,743	432,133
Total assets	73,994	15,076,882	14,718,743	432,133
Liabilities:				
Liabilities under reimbursement agreements	73,994	15,076,882	14,718,743	432,133
Total liabilities	73,994	15,076,882	14,718,743	432,133
Route 28				
Assets:				
Equity in pooled cash and temporary investments	315	11,226,740	11,224,106	2,949
Accounts receivable	251,480	12,164,652	12,291,409	124,723
Total assets	251,795	23,391,392	23,515,515	127,672
Liabilities:				
Liabilities under reimbursement agreements	251,795	23,391,392	23,515,515	127,672
Total liabilities	251,795	23,391,392	23,515,515	127,672
Lake Barcroft				
Assets:				
Equity in pooled cash and temporary investments	1,719	1,189,156	1,190,419	456
Accounts receivable	239	1,220,190	1,219,843	586
Total assets	1,958	2,409,346	2,410,262	1,042
Liabilities:				
Liabilities under reimbursement agreements	1,958	2,409,346	2,410,262	1,042
Total liabilities	1,958	2,409,346	2,410,262	1,042
Friends of Library				
Assets:				
Equity in pooled cash and temporary investments	7,642	95,728	93,480	9,890
Total assets	7,642	95,728	93,480	9,890
Liabilities:				
Liabilities under reimbursement agreements	7,642	95,728	93,480	9,890
Total liabilities	7,642	95,728	93,480	9,890
Toll Road Violation Penalties Fund				
Assets:				
Equity in pooled cash and temporary investments	1,525	1,591,158	1,591,262	1,421
Total assets	1,525	1,591,158	1,591,262	1,421
Liabilities:				
Liabilities under reimbursement agreements	1,525	1,591,158	1,591,262	1,421
Total liabilities	1,525	1,591,158	1,591,262	1,421
Total Agency Funds:				
Assets:				
Equity in pooled cash and temporary investments	2,301,510	30,836,580	30,439,025	2,699,065
Accounts receivable	251,719	13,384,842	13,511,252	125,309
Total assets	2,553,229	44,221,422	43,950,277	2,824,374
Liabilities:				
Liabilities under reimbursement agreements	2,553,229	44,221,422	43,950,277	2,824,374
Total liabilities	\$ 2,553,229	44,221,422	43,950,277	2,824,374



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.

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.

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.

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 workers' 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 postemployment 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, 2019

			Nonmajor Governmental	
			Special Revenue	
	General Fund	Capital Projects Fund	Food and Nutrition Services	Grants and Self-Supporting Programs
ASSETS				
Equity in pooled cash and temporary investments	\$ 194,916,021	36,757	18,955,821	10,641,762
Cash with fiscal agents	90,676	-	-	-
Receivables:				
Accounts	37,200	-	47,321	11,085
Accrued interest	90	-	37,668	15,790
Due from intergovernmental units	25,940,648	-	1,640,298	16,553,646
Due from Primary Government	89,500	-	237,758	23,798
Interfund receivables	10,950,000	-	-	-
Inventories of supplies	-	-	928,689	-
Prepaid and other assets	664,478	-	29,292	-
Restricted assets - investments	-	76,710,356	-	-
Total assets	232,688,613	76,747,113	21,876,847	27,246,081
DEFERRED OUTFLOWS OF RESOURCES				
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	\$ 232,688,613	76,747,113	21,876,847	27,246,081
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 13,149,068	24,417,384	793,253	260,284
Accrued salaries and benefits	84,147,020	11,391	800,249	84,622
Contract retainages	-	12,854,649	-	-
Interfund payables	-	10,950,000	-	-
Due to component unit - Primary Government	14,400	-	-	-
Unearned revenues	248,659	-	2,366,431	2,985,683
Performance and other deposits	-	4,124,886	-	-
Total liabilities	97,559,147	52,358,310	3,959,933	3,330,589
DEFERRED INFLOWS OF RESOURCES				
Total deferred inflows of resources	-	-	-	-
Total liabilities and deferred inflows of resources	97,559,147	52,358,310	3,959,933	3,330,589
FUND BALANCES				
Nonspendable	664,478	-	957,981	-
Restricted	-	24,388,803	16,958,933	23,915,492
Committed	39,292,079	-	-	-
Assigned	95,081,955	-	-	-
Unassigned	90,954	-	-	-
Total fund balances	135,129,466	24,388,803	17,916,914	23,915,492
Total liabilities, deferred inflows of resources, and fund balances	\$ 232,688,613	76,747,113	21,876,847	27,246,081
Reconciliation of the Balance Sheet to the Statement of Net Position				
Fund balances - Total governmental funds				\$ 201,359,812
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 \$4,749,387,159 and accumulated depreciation/amortization is \$2,166,445,024.				2,582,942,135
OPEB liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds. The deferred outflow related to OPEB is \$63,123,491 and the net OPEB liability is \$386,167,039. The deferred inflow related to OPEB liability is \$157,625,737.				(480,669,285)
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 \$13,260,834 and accumulated amortization is \$7,551,678.				5,709,156
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.				81,275,676
Compensated absences and accrued interests on long-term debt related to governmental fund activities are not due and payable in the current periods, and, therefore, are not reported in the funds.				(35,377,963)
Capital leases are not due and payable in the current periods and, therefore, are not reported in the funds.				(83,283,281)
Accrued rent				(4,192,215)
Revisions of capital lease agreement resulting in a reduction of capital lease obligation are reported as deferred inflows in the Statement of Net Position.				(3,503,688)
Pension liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds. The deferred outflow related to pensions is \$691,514,569, and the net pension liability is \$3,375,593,256. The deferred inflow related to pension liability is \$355,976,711.				(3,040,055,398)
Net position of governmental activities				<u>\$ (775,795,051)</u>

EXHIBIT I

Funds		
Funds		
Adult and Community Education	Total Governmental Funds	
		ASSETS
343,003	224,893,364	Equity in pooled cash and temporary investments
-	90,676	Cash with fiscal agents
		Receivables:
56,622	152,228	Accounts
15,904	69,452	Accrued interest
304,812	44,439,404	Due from intergovernmental units
-	351,056	Due from Primary Government
-	10,950,000	Interfund receivables
-	928,689	Inventories of supplies
29,459	723,229	Prepaid and other assets
-	76,710,356	Restricted assets - investments
749,800	359,308,454	Total assets
		DEFERRED OUTFLOWS OF RESOURCES
-	-	Total deferred outflows of resources
749,800	359,308,454	Total assets and deferred outflows of resources
		LIABILITIES AND FUND BALANCES
		Liabilities:
41,948	38,661,937	Accounts payable and accrued liabilities
437,577	85,480,859	Accrued salaries and benefits
-	12,854,649	Contract retainages
-	10,950,000	Interfund payables
-	14,400	Due to component unit - Primary Government
261,138	5,861,911	Unearned revenues
-	4,124,886	Performance and other deposits
740,663	157,948,642	Total liabilities
		DEFERRED INFLOWS OF RESOURCES
-	-	Total deferred inflows of resources
740,663	157,948,642	Total liabilities and deferred inflows of resources
		FUND BALANCES
29,459	1,651,918	Nonspendable
-	65,263,228	Restricted
-	39,292,079	Committed
-	95,081,955	Assigned
(20,322)	70,632	Unassigned
9,137	201,359,812	Total fund balances
749,800	359,308,454	Total liabilities, deferred inflows of resources, and fund balances

COUNTY OF FAIRFAX, VIRGINIA

Fairfax County Public Schools

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

For the fiscal year ended June 30, 2019

		Nonmajor Governmental		
			Special Revenue	
	General Fund	Capital Projects Fund	Food and Nutrition Services	Grants and Self-Supporting Programs
REVENUES				
Intergovernmental	\$ 2,780,856,589	196,560,217	41,058,930	53,679,955
Charges for services	10,974,500	-	40,864,765	2,682,716
Revenue from the use of money and property	4,260,700	-	247,276	111,131
Recovered costs	47,158,189	294,984	-	-
Other	9,010,700	5,668,201	48,953	1,190,470
Total revenues	2,852,260,678	202,523,402	82,219,924	57,664,272
EXPENDITURES				
Current:				
Education	2,791,504,383	20,097,897	83,252,697	72,686,177
Capital outlay	26,609,454	210,230,949	225,033	512,431
Debt service:				
Principal retirement	19,770,632	-	15,732	2,966
Interest and other charges	3,188,479	-	525	385
Total expenditures	2,841,072,948	230,328,846	83,493,987	73,201,959
Excess (deficiency) of revenues over (under) expenditures	11,187,730	(27,805,444)	(1,274,063)	(15,537,687)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	12,146,072	-	18,209,261
Transfers out	(30,676,817)	-	-	-
Capital leases and installment purchases	16,017,504	-	23,960	-
Total other financing sources (uses), net	(14,659,313)	12,146,072	23,960	18,209,261
Net change in fund balances	(3,471,583)	(15,659,372)	(1,250,103)	2,671,574
Fund balances, July 1, 2018	138,601,049	40,048,175	19,371,675	21,243,918
Decrease in reserve for inventories of supplies	-	-	(204,658)	-
Fund balances, June 30, 2019	\$ 135,129,466	24,388,803	17,916,914	23,915,492

EXHIBIT I-1

Funds		
Funds		
Adult and Community Education	Total Governmental Funds	
		REVENUES
1,979,034	3,074,134,725	Intergovernmental
5,041,836	59,563,817	Charges for services
69,479	4,688,586	Revenue from the use of money and property
-	47,453,173	Recovered costs
55,934	15,974,258	Other
7,146,283	3,201,814,559	Total revenues
		EXPENDITURES
		Current:
7,369,436	2,974,910,590	Education
-	237,577,867	Capital outlay
		Debt service:
2,299	19,791,629	Principal retirement
409	3,189,798	Interest and other charges
7,372,144	3,235,469,884	Total expenditures
(225,861)	(33,655,325)	Excess (deficiency) of revenues over (under) expenditures
		OTHER FINANCING SOURCES (USES)
321,484	30,676,817	Transfers in
-	(30,676,817)	Transfers out
-	16,041,464	Capital leases and installment purchases
321,484	16,041,464	Total other financing sources (uses), net
95,623	(17,613,861)	Net change in fund balances
(86,486)	219,178,331	Fund balances, July 1, 2018
-	(204,658)	Decrease in reserve for inventories of supplies
9,137	201,359,812	Fund balances, June 30, 2019

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, 2019

EXHIBIT I-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 \$ (17,613,861)

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	\$ 237,577,867	
Less depreciation/amortization expense	<u>(153,354,390)</u>	84,223,477

Losses 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. (1,074,228)

Capital lease obligation is reported as expenditure in governmental funds when they are due. In the government-wide statements, the effects of deferred inflows relating to capital lease obligation reductions is amortized over the life of each lease and expensed. 229,750

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. 19,791,629

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. (1,315,373)

Internal service funds are used by management to provide certain goods and services to governmental funds. The change in net position of these funds is reported within governmental activities in the Statement of Activities. 1,425,703

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. 16,506

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. (16,041,464)

Rent abatement charges reduce deferred rent in government-wide statements, but do not use current resources so are not reported in governmental funds. (124,460)

Inventory changes impact net position in government-wide statements, but are recorded as expenditures when purchase in governmental fund statements. (204,658)

Contributions for pension benefits are reported as expenditure in governmental funds when they are due. In the government-wide statements, the effects of net pensions liability, deferred outflows and inflows relating to pension accounting are expensed. 64,252,105

Contributions for OPEB benefits are reported as expenditure in governmental funds when they are due. In the government-wide statements, the effects of net OPEB liability, deferred outflows and inflows relating to OPEB accounting are expensed. 90,046,020

Change in net position of governmental activities \$ 223,611,146

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Public Schools
Budgetary Comparison Schedule - General Fund (Budget Basis)
For the fiscal year ended June 30, 2019

EXHIBIT I-2

	<u>Budgeted Amounts</u>		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 719,584,098	727,157,897	728,322,382	1,164,485
Charges for services	11,186,922	11,186,922	10,974,500	(212,422)
Revenue from the use of money and property	3,686,259	3,686,259	4,260,700	574,441
Recovered costs	46,874,813	46,874,813	47,158,189	283,376
Other	8,238,584	8,238,584	9,010,700	772,116
Total revenues	789,570,676	797,144,475	799,726,471	2,581,996
EXPENDITURES				
Education	2,841,339,670	2,924,812,026	2,821,584,344	103,227,682
Total expenditures	2,841,339,670	2,924,812,026	2,821,584,344	103,227,682
Excess (deficiency) of revenues over (under) expenditures	(2,051,768,994)	(2,127,667,551)	(2,021,857,873)	105,809,678
OTHER FINANCING SOURCES (USES)				
Transfers in	2,052,534,207	2,052,534,207	2,052,534,207	-
Transfers out	(30,510,463)	(34,147,917)	(34,147,917)	-
Total other financing sources, net	2,022,023,744	2,018,386,290	2,018,386,290	-
Net change in fund balance	\$ (29,745,250)	(109,281,261)	(3,471,583)	105,809,678

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, 2019

EXHIBIT I-3A

	<u>Budgeted Amounts</u>		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 41,009,760	41,009,760	41,058,930	49,170
Charges for services	44,288,020	44,288,020	40,864,765	(3,423,255)
Revenue from the use of money and property	53,248	53,248	247,276	194,028
Other	-	50,000	48,953	(1,047)
Total revenues	85,351,028	85,401,028	82,219,924	(3,181,104)
EXPENDITURES				
Education	101,967,724	104,772,703	83,470,027	21,302,676
Total expenditures	101,967,724	104,772,703	83,470,027	21,302,676
Net change in fund balance	\$ (16,616,696)	(19,371,675)	(1,250,103)	18,121,572

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT I-3B

Fairfax County Public Schools

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

For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 48,164,209	60,370,780	50,327,636	(10,043,144)
Charges for services	2,646,625	2,646,625	2,682,716	36,091
Revenue from the use of money and property	-	-	111,131	111,131
Other	380,107	1,385,491	1,190,470	(195,021)
Total revenues	51,190,941	64,402,896	54,311,953	(10,090,943)
EXPENDITURES				
Education	73,237,715	107,208,393	73,201,959	34,006,434
Total expenditures	73,237,715	107,208,393	73,201,959	34,006,434
Excess (deficiency) of revenues over (under) expenditures	(22,046,774)	(42,805,497)	(18,890,006)	23,915,491
OTHER FINANCING SOURCES				
Transfers in from other governmental funds	18,209,261	18,209,261	18,209,261	-
Transfers in from Primary Government	3,352,319	3,352,319	3,352,319	-
Total other financing sources	21,561,580	21,561,580	21,561,580	-
Net change in fund balance	\$ (485,194)	(21,243,917)	2,671,574	23,915,491

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT I-3C

Fairfax County Public Schools

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

For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 2,549,394	1,830,961	1,979,034	148,073
Charges for services	6,532,878	6,532,878	5,041,836	(1,491,042)
Revenue from the use of money and property	39,976	39,976	69,479	29,503
Other	186,274	186,274	55,934	(130,340)
Total revenues	9,308,522	8,590,089	7,146,283	(1,443,806)
EXPENDITURES				
Education	8,608,860	8,825,089	7,372,144	1,452,945
Total expenditures	8,608,860	8,825,089	7,372,144	1,452,945
Excess (deficiency) of revenues over (under) expenditures	699,662	(235,000)	(225,861)	9,139
OTHER FINANCING SOURCES				
Transfers in	235,000	321,484	321,484	-
Total other financing sources	235,000	321,484	321,484	-
Net change in fund balance	\$ 934,662	86,484	95,623	9,139

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Public Schools
Combining Statement of Net Position - Internal Service Funds
June 30, 2019

EXHIBIT I-4

	Health Benefits Trust	Insurance	Total Internal Service Funds
ASSETS			
Current assets:			
Equity in pooled cash and temporary investments	\$ 111,279,456	50,859,627	162,139,083
Accounts receivable	6,378,366	-	6,378,366
Accrued interest receivable	142,176	-	142,176
Total current assets	117,799,998	50,859,627	168,659,625
Long-term assets - Capital assets:			
Equipment	-	27,111	27,111
Accumulated depreciation	-	(27,111)	(27,111)
Total assets	117,799,998	50,859,627	168,659,625
DEFERRED OUTFLOW OF RESOURCES			
Total deferred outflows of resources	-	-	-
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	10,260,855	223,453	10,484,308
Compensated absences payable	148,220	42,369	190,589
Insurance and benefit claims payable	18,856,550	8,943,350	27,799,900
Unearned revenue	12,061,621	-	12,061,621
Total current liabilities	41,327,246	9,209,172	50,536,418
Long-term liabilities:			
Compensated absences payable	63,523	18,158	81,681
Insurance and benefit claims payable	992,450	35,773,400	36,765,850
Total long-term liabilities	1,055,973	35,791,558	36,847,531
Total liabilities	42,383,219	45,000,730	87,383,949
DEFERRED INFLOWS OF RESOURCES			
Total deferred inflows of resources	-	-	-
NET POSITION			
Unrestricted	75,416,779	5,858,897	81,275,676
Net position	\$ 75,416,779	5,858,897	81,275,676

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT I-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, 2019

	Health Benefits Trust	Insurance	Total Internal Service Funds
OPERATING REVENUES:			
Charges for services	\$ 418,345,394	14,181,307	432,526,701
Total operating revenues	418,345,394	14,181,307	432,526,701
OPERATING EXPENSES:			
Personnel services	2,950,505	1,098,981	4,049,486
Claims and benefit payments	403,272,507	12,709,582	415,982,089
Professional consultant and contractual services	10,603,258	1,416,409	12,019,667
Other	33,202	357,337	390,539
Total operating expenses	416,859,472	15,582,309	432,441,781
Operating gain / (loss)	1,485,922	(1,401,002)	84,920
NONOPERATING REVENUES:			
Interest revenue	1,340,783	-	1,340,783
Loss on disposal of capital assets	-	(16,276)	(16,276)
Total nonoperating revenues	1,340,783	(16,276)	1,324,507
Change in net position	2,826,705	(1,417,278)	1,409,427
Net position, July 1, 2018	72,590,074	7,276,175	79,866,249
Net position, June 30, 2019	\$ 75,416,779	5,858,897	81,275,676

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Public Schools
Combining Statement of Cash Flows - Internal Service Funds
For the fiscal year ended June 30, 2019

EXHIBIT I-6

	Health Benefits Trust	Insurance	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 420,950,772	14,181,307	435,132,079
Payments to employees	(2,950,505)	(1,098,981)	(4,049,486)
Claims and benefits paid	(402,956,091)	(11,798,310)	(414,754,401)
Payments for professional services	(9,337,312)	(1,458,920)	(10,796,232)
Payments for other operating expenses	(33,201)	(354,833)	(388,034)
Net cash provided by (used in) operating activities	5,673,663	(529,737)	5,143,926
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	1,296,458	-	1,296,458
Net cash provided by investing activities	1,296,458	-	1,296,458
Net increase in cash and cash equivalents	6,970,121	(529,737)	6,440,384
Cash and cash equivalents, July 1, 2018	104,309,335	51,389,364	155,698,699
Cash and cash equivalents, June 30, 2019	111,279,456	50,859,627	162,139,083
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating gain (loss)	1,485,922	(1,401,002)	84,920
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	-	2,504	2,504
Change in assets and liabilities:			
Decrease in accounts receivable	2,195,877	-	2,195,877
Increase(decrease) in accounts payable and accrued liabilities	1,265,946	(42,511)	1,223,435
Increase in actuarial claims payable	329,000	919,038	1,248,038
Decrease in compensated absences	(12,584)	(7,766)	(20,350)
Increase in unearned revenues	409,502	-	409,502
Total adjustments to operating loss	4,187,741	871,265	5,059,006
Net cash provided by (used in) operating activities	\$ 5,673,663	(529,737)	5,143,926
Noncash capital activities:			
Capital contributions - capital assets			-

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Public Schools
Statement of Fiduciary Net Position
June 30, 2019

EXHIBIT I-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	\$ 2,654,854	-	2,654,854
Cash with fiscal agents	400,175	-	400,175
Cash collateral for securities lending	143,637,529	-	143,637,529
Short-term investments	63,034,618	-	63,034,618
Accounts receivable	-	37,200	37,200
Accrued interest and dividends receivable	3,809,682	-	3,809,682
Receivable from sale of pension investments	8,109,883	1,009,123	9,119,006
Investments:			
Commingled funds	843,001,917	-	843,001,917
U.S. government obligations	20,877,635	-	20,877,635
Asset and mortgage-backed securities	1,153,618	-	1,153,618
Corporate and international bonds	78,177,072	-	78,177,072
Convertible and preferred securities	9,310,085	-	9,310,085
Stocks	670,619,312	-	670,619,312
Real estate	218,025,785	-	218,025,785
Global asset allocation	247,355,510	-	247,355,510
Better beta derivatives	130,756,594	-	130,756,594
Hedge funds	117,526,120	-	117,526,120
Private equity	115,300,063	-	115,300,063
Investment in pooled funds	-	145,499,842	145,499,842
Prepaid items and other assets	4,772	-	4,772
Equipment, net of depreciation	38,238	-	38,238
Total assets	2,673,793,462	146,546,165	2,820,339,627
DEFERRED OUTFLOWS OF RESOURCES			
Total deferred outflows of resources	-	-	-
LIABILITIES			
Accounts payable and accrued liabilities	2,095,788	37,200	2,132,988
Payable for purchase of pension investments	6,606,218	-	6,606,218
Liabilities for collateral received under securities lending agreements	143,637,529	-	143,637,529
Capital leases	12,455	-	12,455
Total liabilities	152,351,990	37,200	152,389,190
DEFERRED INFLOWS OF RESOURCES			
Total deferred inflows of resources	-	-	-
NET POSITION			
Held in trust for pension/OPEB benefits	\$ 2,521,441,472	146,508,965	2,667,950,437

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Public Schools
Statement of Changes in Plan Net Position - Trust Funds
For the fiscal year ended June 30, 2019

EXHIBIT I-8

	Pension Trust Fund - Educational Employees' Supplementary Retirement System	OPEB Trust Fund	Total Pension and OPEB Trust Funds
ADDITIONS			
Contributions:			
Employer	\$ 96,982,911	34,286,809	131,269,720
Plan members	46,645,396	-	46,645,396
Total contributions	143,628,307	34,286,809	177,915,116
Investment income:			
From investment activities:			
Net appreciation in fair value of investments	96,217,852	6,423,927	102,641,779
Interest and dividends	30,432,169	4,612	30,436,781
Real estate income	4,227,412	-	4,227,412
Total gain from investment activities	130,877,433	6,428,539	137,305,972
Less investment activities expenses:			
Management fees	12,983,544	94,503	13,078,047
Other	784,631	500	785,131
Total investment activities expenses	13,768,175	95,003	13,863,178
Net gain from investment activities	117,109,258	6,333,536	123,442,794
From securities lending activities:			
Securities lending income	3,849,455	-	3,849,455
Less securities lending expenses:			
Management fees	(3,231,213)	-	(3,231,213)
Total securities lending activities expenses	(3,231,213)	-	(3,231,213)
Net income from securities lending activities	618,242	-	618,242
Net investment gain	117,727,500	6,333,536	124,061,036
Total additions	261,355,807	40,620,345	301,976,152
DEDUCTIONS			
Benefits payments	177,422,308	29,286,809	206,709,117
Refunds of contributions	4,509,765	-	4,509,765
Administrative expenses	4,262,159	-	4,262,159
Total deductions	186,194,232	29,286,809	215,481,041
Change in net position	75,161,575	11,333,536	86,495,111
Net position, July 1, 2018	2,446,279,897	135,175,429	2,581,455,326
Net position, June 30, 2019	\$ 2,521,441,472	146,508,965	2,667,950,437

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Public Schools
Statement of Changes in Assets and Liabilities - Agency Fund
For the fiscal year ended June 30, 2019

EXHIBIT I-9

	Balances June 30, 2018	Additions	Deductions	Balances June 30, 2019
Student Activity Fund:				
Assets:				
Cash with fiscal agents	\$ 22,807,048	47,626,168	(47,217,945)	23,215,271
Accounts receivable	643,830	201,867	(302,355)	543,342
Total assets	23,450,878	47,828,035	(47,520,300)	23,758,613
Liabilities:				
Accounts payable and accrued liabilities	283,942	193,323	120,421	356,844
Due to student groups	23,166,936	8,002,545	7,767,712	23,401,769
Total liabilities	\$ 23,450,878	8,195,868	7,888,133	23,758,613

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, 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, 2019

EXHIBIT J

	Housing Authority	Component Units	Total Entity
ASSETS			
Current assets:			
Equity in pooled cash and temporary investments	\$ 33,285,826	-	33,285,826
Cash in bank	27,598,783	7,498,012	35,096,795
Investments	4,900,000	-	4,900,000
Receivables (net of allowances):			
Accounts	1,386,748	50,175	1,436,923
Accrued interest	699,624	-	699,624
Notes	325,041	14,403	339,444
Property held for sale	514,851	-	514,851
Prepaid and other assets	455,575	10,966	466,541
Restricted assets:			
Cash reserves	12,805,157	-	12,805,157
Performance and other deposits	3,868,538	370,833	4,239,371
Investments	3,119,466	-	3,119,466
Total current assets	88,959,609	7,944,389	96,903,998
Long-term assets:			
Restricted assets:			
Cash reserves	21,902,872	24,118,480	46,021,352
Total restricted assets	21,902,872	24,118,480	46,021,352
Capital assets:			
Non-depreciable/non-amortizable:			
Land	39,064,907	7,830,684	46,895,591
Construction in progress	2,862,278	1,525,738	4,388,016
Depreciable/amortizable:			
Vehicles and equipment	813,864	1,055,944	1,869,808
Buildings and improvements	181,460,134	43,381,361	224,841,495
Accumulated depreciation	(129,732,246)	(16,981,275)	(146,713,521)
Total capital assets, net	94,468,937	36,812,452	131,281,389
Other long-term assets:			
Notes receivable	49,724,213	-	49,724,213
Prepaid and other assets	1,199,204	38,848	1,238,052
Total other long-term assets	50,923,417	38,848	50,962,265
Total long-term assets	167,295,226	60,969,780	228,265,006
Total assets	256,254,835	68,914,169	325,169,004
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow for pensions	9,100,716	-	9,100,716
Deferred outflow for OPEB	1,639,734	-	1,639,734
Total deferred outflows of resources	10,740,450	-	10,740,450
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	3,076,989	2,562,679	5,639,668
Accrued salaries and benefits	964,090	-	964,090
Due to primary government	-	-	-
Unearned revenues	982,570	152,777	1,135,347
Performance and other deposits	1,692,149	279,685	1,971,834
Loans, notes and bonds payable, net of deferred financing fees	1,318,391	447,955	1,766,346
Compensated absences payable	562,706	-	562,706
Total current liabilities	8,596,895	3,443,096	12,039,991
Long-term liabilities:			
Loans, notes and bonds payable, net of deferred financing fees	56,799,766	63,060,185	119,859,951
Compensated absences payable	671,034	-	671,034
Net OPEB liability	1,577,823	-	1,577,823
Net pension liability	28,246,002	-	28,246,002
Other accrued long-term interest	8,561,299	3,996,650	12,557,949
Total long-term liabilities	95,855,924	67,056,835	162,912,759
Total liabilities	104,452,819	70,499,931	174,952,750
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow for pension	1,108,369	-	1,108,369
Deferred inflow for OPEB	767,647	-	767,647
Total deferred inflows of resources	1,876,016	-	1,876,016
NET POSITION			
Net investment in capital assets	74,898,616	-	74,898,616
Restricted	27,198,727	-	27,198,727
Unrestricted	58,569,107	(1,585,762)	56,983,345
Net Position	\$ 160,666,450	(1,585,762)	159,080,688

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT J-1

Fairfax County Redevelopment and Housing Authority
Statement of Revenues, Expenses, and Changes in Net Position
For the fiscal year ended June 30, 2019

	Housing Authority	Component Units	Total Entity
OPERATING REVENUES:			
Dwelling rentals	\$ 40,145,131	3,457,307	43,602,438
Other	7,105,603	508,493	7,614,096
Total operating revenues	47,250,734	3,965,800	51,216,534
OPERATING EXPENSES:			
Personnel services	19,840,139	795,612	20,635,751
Materials and supplies	5,948,910	1,485,714	7,434,624
Repairs and maintenance	7,140,002	734,560	7,874,562
Housing assistance payments	61,035,107	-	61,035,107
Depreciation and amortization	4,218,538	1,351,352	5,569,890
Contractual services	335,766	60,180	395,946
Utilities	5,138,545	454,056	5,592,601
Total operating expenses	103,657,007	4,881,474	108,538,481
Operating loss	(56,406,273)	(915,674)	(57,321,947)
NONOPERATING REVENUES (EXPENSES):			
Intergovernmental revenue	74,463,064	1,702,360	76,165,424
Owner Distribution	(11,383)	-	(11,383)
Interest revenue	1,541,598	18,590	1,560,188
Interest expense	(1,114,648)	(2,101,479)	(3,216,127)
Other nonoperating expense	2,600	-	2,600
Gain on sale of limited partnership	9,877,961	-	9,877,961
Contribution from County	6,661,415	-	6,661,415
Contribution to County	(7,050,487)	-	(7,050,487)
Total nonoperating revenues (expenses), net	84,370,120	(380,529)	83,989,591
Income (loss) before contributions	27,963,847	(1,296,203)	26,667,644
CONTRIBUTIONS:			
Component unit adjustment	-	(3,217,879)	(3,217,879)
Total capital contributions	-	(3,217,879)	(3,217,879)
Change in net position	27,963,847	(4,514,082)	23,449,765
Net Position, July 1, 2018	132,702,603	2,928,320	135,630,923
Net Position, June 30, 2019	\$ 160,666,450	(1,585,762)	159,080,688

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Redevelopment and Housing Authority
Statement of Cash Flows
For the fiscal year ended June 30, 2019

EXHIBIT J-2

	Housing Authority	Component Units	Total Entity
CASH FLOWS FROM OPERATING ACTIVITIES			
Rental receipts	\$ 39,182,211	3,464,964	42,647,175
Other operating cash receipts	2,288,139	508,493	2,796,632
Payments to employees for services	(19,540,649)	(795,612)	(20,336,261)
Payments made for housing assistance	(61,035,107)	-	(61,035,107)
Payments to suppliers for goods and services	(14,443,754)	(2,455,869)	(16,899,623)
Purchase of property held for sale	(1,860,524)	-	(1,860,524)
Receipts from sale of property held for sale	2,194,615	-	2,194,615
Net cash provided by (used) in operating activities	(53,215,069)	721,976	(52,493,093)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Owner Distribution	(11,383)	-	(11,383)
Transfer of limited partnership	(2,373,357)	2,373,357	-
Sale of limited partnership	15,538,926	-	15,538,926
Contribution from partners	-	2,507,400	2,507,400
Purchase of limited partnership	-	(11,939,879)	(11,939,879)
Intergovernmental revenue received	74,558,938	1,702,360	76,261,298
Contribution from County	(2,863,859)	-	(2,863,859)
Net cash provided by (used) in noncapital financing activities	84,849,265	(5,356,762)	79,492,503
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(3,550,040)	(1,180,253)	(4,730,293)
Proceeds from issuance of debt	20,000,000	35,800,000	55,800,000
Interest payments	(630,549)	(2,151,072)	(2,781,621)
Debt principal payments	(2,896,548)	(3,491,417)	(6,387,965)
Net cash provided by capital and related financing activities	12,922,863	28,977,258	41,900,121
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of loan and advance repayments	500,611	-	500,611
Disbursement of loans and advances receivable	(27,860,621)	-	(27,860,621)
Maturity of investments	15,847	-	15,847
Acquisition of investments	(735,000)	-	(735,000)
Interest received	1,541,598	18,590	1,560,188
Net cash provided by (used) in investing activities	(26,537,565)	18,590	(26,518,975)
Net increase in cash and cash equivalents	18,019,494	24,361,062	42,380,556
Cash and cash equivalents, July 1, 2018	81,441,682	7,626,263	89,067,945
Cash and cash equivalents, June 30, 2019	\$ 99,461,176	31,987,325	131,448,501
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating income loss	\$ (56,406,273)	(915,674)	(57,321,947)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	4,218,538	1,351,352	5,569,890
Provision for doubtful accounts	186,122	-	186,122
Loss on sale of assets	34,076	-	34,076
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	249,023	(88,003)	161,020
(Increase) decrease in prepaid and other assets	(1,170)	311,801	310,631
Net Pension Liability and related outflows/inflows	1,017,419	-	1,017,419
Decrease in accounts payable and accrued liabilities	(703,713)	(38,173)	(741,886)
Net OPEB liability and related outflows/inflows	(548,133)	-	(548,133)
Increase in performance and other deposits	2,574	5,013	7,587
Unearned revenues	(1,263,532)	95,660	(1,167,872)
Total adjustments to operating income	3,191,204	1,637,650	4,828,854
Net cash provided by (used in) operating activities	\$ (53,215,069)	721,976	(52,493,093)
Noncash investing, capital, and financing activities:			
Contributions from County, net	\$ 2,476,365	-	2,476,365

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 is 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 and Operating Fund.

Financed from County Capital Renewal Construction Fund accounts for infrastructure replacement and upgrades, supports the long-term needs of the county's capital assets, and provides for planned repairs, improvements and restorations.

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Park Authority
Balance Sheet
June 30, 2019

	General Fund (Financed from County General Fund)	Special Revenue Fund - Park Revenue	Major Governmental Capital Financed from County Construction Fund
ASSETS			
Equity in pooled cash and temporary investments	\$ -	16,096,054	-
Receivables:			
Accounts	-	47,414	-
Accrued interest	-	-	-
Due from primary government	1,878,946	25,189	862,362
Due from intergovernmental units	-	-	32,996
Prepaid and other asset	85,999	212,898	38,751
Restricted assets:			
Equity in pooled cash and temporary investments	-	-	-
Cash with fiscal agents	-	578,519	-
Total assets	1,964,945	16,960,074	934,109
DEFERRED OUTFLOWS OF RESOURCES			
Total deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	\$ 1,964,945	16,960,074	934,109
LIABILITIES			
Accounts payable and accrued liabilities	\$ 300,564	1,489,680	934,109
Accrued salaries and benefits	1,664,286	2,153,308	-
Due to primary government	95	2,003,300	-
Contract retainages	-	-	-
Unearned revenues	-	11,700,693	-
Performance and other deposits	-	60,938	-
Total liabilities	1,964,945	17,407,919	934,109
DEFERRED INFLOWS OF RESOURCES			
Total deferred inflows of resources	-	-	-
Total liabilities and deferred inflows of resources	1,964,945	17,407,919	934,109
FUND BALANCES			
Nonspendable:			
Prepaid	85,999	16,815	38,751
Inventory	-	196,083	-
E.C.Lawrence Trust	-	-	-
Restricted for:			
Capital projects	-	-	-
Repair and replacement	-	-	-
Committed to:			
Revenue and operating fund stabilization	-	1,182,462	-
Donation	-	1,350,000	-
Debt service	-	578,519	-
Other capital projects	-	-	-
Unassigned:	(85,999)	(3,771,724)	(38,751)
Total fund balances	-	(447,845)	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,964,945	16,960,074	934,109

Reconciliation of the Balance Sheet to the Statement of Net Position

Fund balances - Total governmental funds \$ 32,922,510

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 \$913,692,621 and the accumulated depreciation is \$259,518,046. 654,174,575

For debt refundings resulting in defeasance of debt, the difference between the reacquisition price and carrying amount of the old debt should be reported as deferred outflow of resources. 77,984

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	\$ (1,568,406)	
Compensated absences payable	(5,142,044)	
Loan from Primary Government	(10,711,200)	
Accrued interest payable	(18,161)	(17,439,811)

Pension and other postemployment benefit liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds. The deferred outflow related to pensions is \$17,616,047, and the net pension liability is \$56,569,917. The deferred inflow related to pension is \$3,719,895. The deferred outflow related to OPEB is \$4,561,205, and the net OPEB liability is \$4,059,895. The deferred inflow related to OPEB is \$1,720,920. (43,893,375)

Net position of governmental activities \$ 625,841,883

EXHIBIT K

Funds			
Projects Funds			
Park Construction Bond	Park Capital Improvement	Total Governmental Funds	
-	22,509,528	38,605,582	ASSETS
-	925	48,339	Equity in pooled cash and temporary investments
-	76,255	76,255	Receivables:
-	-	2,766,497	Accounts
396,181	1,716	430,893	Accrued interest
-	-	337,648	Due from primary government
10,389,425	2,207,926	12,597,351	Due from intergovernmental units
-	-	578,519	Prepaid and other asset
10,785,606	24,796,350	55,441,084	Restricted assets:
			Equity in pooled cash and temporary investments
			Cash with fiscal agents
			Total assets
-	-	-	DEFERRED OUTFLOWS OF RESOURCES
			Total deferred outflows of resources
10,785,606	24,796,350	55,441,084	Total assets and deferred outflows of resources
804,284	163,670	3,692,307	LIABILITIES
-	-	3,817,594	Accounts payable and accrued liabilities
-	-	2,003,395	Accrued salaries and benefits
54,551	-	54,551	Due to primary government
-	309,037	12,009,730	Contract retainages
-	880,059	940,997	Unearned revenues
858,835	1,352,766	22,518,574	Performance and other deposits
			Total liabilities
-	-	-	DEFERRED INFLOWS OF RESOURCES
			Total deferred inflows of resources
858,835	1,352,766	22,518,574	Total liabilities and deferred inflows of resources
-	-	141,565	FUND BALANCES
-	-	196,083	Nonspendable:
-	1,507,926	1,507,926	Prepaid
9,926,771	13,369,341	23,296,112	Inventory
-	700,000	700,000	E.C.Lawrence Trust
-	-	1,182,462	Restricted for:
-	-	1,350,000	Capital projects
-	-	578,519	Repair and replacement
-	7,866,317	7,866,317	Committed to:
-	-	(3,896,474)	Revenue and operating fund stabilization
9,926,771	23,443,584	32,922,510	Donation
10,785,606	24,796,350	55,441,084	Debt service
			Other capital projects
			Unassigned:
			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, 2019

		Major Governmental Capital	
	General Fund (Financed from County General Fund)	Special Revenue Fund - Park Revenue	Financed from County Construction Fund
REVENUES			
Intergovernmental	\$ 35,656,838	-	12,465,798
Charges for services	690,614	43,131,613	-
Developers' contributions	-	-	-
Revenue from the use of money and property	-	2,455,074	-
Gifts, donations, and contributions	-	636,667	50,000
Other	-	822,370	-
Total revenues	36,347,452	47,045,724	12,515,798
EXPENDITURES			
Current:			
Parks, recreation, and cultural	36,135,828	43,662,640	7,971,053
Intergovernmental	-	820,000	-
Capital outlay	211,624	52,293	4,544,745
Debt service:			
Principal retirement	-	1,176,400	-
Interest and other charges	-	508,213	-
Total expenditures	36,347,452	46,219,546	12,515,798
Excess (deficiency) of revenues over (under) expenditures	-	826,178	-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	(160,000)	-
Total other financing sources (uses), net	-	(160,000)	-
Net change in fund balances	-	666,178	-
Fund balances, July 1, 2018 as restated	-	(981,324)	-
Decrease in reserve for inventories	-	(132,699)	-
Fund balances, June 30, 2019	\$ -	(447,845)	-

EXHIBIT K-1

Funds				
Projects Funds				
Financed from County Capital Renewal Construction Fund	Park Construction Bond	Park Capital Improvement	Total Governmental Funds	
1,514,606	20,000,000	884,178	70,521,420	REVENUES
-	-	-	43,822,227	Intergovernmental
-	-	3,161,034	3,161,034	Charges for services
-	-	1,271,577	3,726,651	Developers' contributions
-	-	733,741	1,420,408	Revenue from the use of money and property
-	-	-	822,370	Gifts, donations and contributions
1,514,606	20,000,000	6,050,530	123,474,110	Other
				Total revenues
				EXPENDITURES
-	864,950	1,430,956	90,065,427	Current:
-	-	-	820,000	Parks, recreation, and cultural
1,514,606	15,933,243	1,993,289	24,249,800	Intergovernmental
-	-	-	1,176,400	Capital outlay
-	-	-	508,213	Debt service:
1,514,606	16,798,193	3,424,245	116,819,840	Principal retirement
				Interest and other charges
				Total expenditures
-	3,201,807	2,626,285	6,654,270	Excess (deficiency) of revenues over (under) expenditures
				OTHER FINANCING SOURCES (USES)
-	-	160,000	160,000	Transfers in
-	-	-	(160,000)	Transfers out
-	-	160,000	-	Total other financing sources (uses), net
-	3,201,807	2,786,285	6,654,270	Net change in fund balances
-	6,724,964	20,657,299	26,400,939	Fund balances, July 1, 2018 as restated
-	-	-	(132,699)	Decrease in reserve for inventories
-	9,926,771	23,443,584	32,922,510	Fund balances, June 30, 2019

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, 2019****EXHIBIT K-1**

concluded

Net change in fund balances - Total governmental funds \$ 6,654,270

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 outlay exceeds depreciation expense in the current period.

Capital outlays	\$ 24,249,800	
Depreciation expense	<u>(16,315,859)</u>	7,933,941

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. 4,201,184

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 increases fund balance. Thus, the difference is the depreciated cost of the capital assets dispositions. (101,418)

Decrease in fund balance reserve (132,699)

Repayment of the principal amount 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 payment reduces the liabilities in the Statement of Net Position and do not result in the Statement of Activities.

Principal payments of bonds and notes		1,176,400
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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 item as are amortized. This difference in interest reporting is as follows:

Interest expense	\$ 7,417	
Amortized premium and deferred loss	<u>(14,406)</u>	(6,989)

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		(442,967)
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Pension liability does not require the use of current financial resources and, therefore, is not reported in governmental funds:

Pension expense		(1,106,621)
Other postemployment benefit expense		1,471,599

Change in net position of governmental activities		<u>\$ 19,646,700</u>
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COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT K-2A

Fairfax County Park Authority

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

For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 25,884,785	25,923,320	25,386,265	(537,055)
Charges for services	705,800	616,707	690,614	73,907
Total revenues	26,590,585	26,540,027	26,076,879	(463,148)
EXPENDITURES				
Current:				
Parks, recreation, and cultural	26,590,585	26,540,027	26,076,879	463,148
Total expenditures	26,590,585	26,540,027	26,076,879	463,148
Net change in fund balance	\$ -	-	-	-

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT K-2B

Fairfax County Park Authority

Budgetary Comparison Schedule - Park Revenue Fund (Budget Basis)

For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 46,102,604	42,102,604	43,843,813	1,741,209
Revenue from the use of money and property	2,695,597	2,695,597	2,454,192	(241,405)
Gifts, donations, and contributions	900,434	900,434	1,277,777	377,343
Other	27,238	27,238	182,142	154,904
Total revenues	49,725,873	45,725,873	47,757,924	2,032,051
EXPENDITURES				
Parks, recreation, and cultural	49,714,218	48,771,070	46,219,546	2,551,524
Total expenditures	49,714,218	48,771,070	46,219,546	2,551,524
Excess of revenues over expenditures	11,655	(3,045,197)	1,538,378	4,583,575
OTHER FINANCING USES				
Transfers out	-	(160,000)	(160,000)	-
Total other financing uses	-	(160,000)	(160,000)	-
Net change in fund balance	\$ 11,655	(3,205,197)	1,378,378	4,583,575

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, which appoints the seven members of EDA's Commission and 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, 2019

EXHIBIT L

	Governmental Funds (Financed from County Funds)
ASSETS	
Restricted cash and cash equivalents	\$ 5,750,000
Due from primary government	339,631
Total assets	<u>6,089,631</u>
DEFERRED OUTFLOWS OF RESOURCES	
Total deferred outflows of resources	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 6,089,631</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 91,200
Accrued salaries and benefits	248,431
Unearned revenue	5,750,000
Total liabilities	<u>6,089,631</u>
DEFERRED INFLOWS OF RESOURCES	
Total deferred inflows of resources	<u>-</u>
Total liabilities and deferred inflows of resources	<u>6,089,631</u>
FUND BALANCE	
Unassigned	<u>-</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 6,089,631</u>
Reconciliation of the Balance Sheet to the Statement of Net Position	
Fund balance - Governmental Funds	\$ -
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 the governmental funds. The cost of the assets is \$1,206,870 and the accumulated depreciation and amortization is \$839,136.	367,734
Long-term liabilities, including compensated absences payable of \$338,081 and unearned rent of \$614,861, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(952,942)
Pension liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. The deferred outflow related to pensions is \$2,445,516 and the net pension liability is \$7,995,642. The deferred inflow related to pensions is \$274,555.	(5,824,681)
OPEB liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. The deferred outflow related to OPEB is \$259,715 and the net OPEB liability is \$249,130. The deferred inflow related to OPEB is \$287,770.	<u>(277,185)</u>
Net position of governmental activities	<u>\$ (6,687,074)</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, 2019

EXHIBIT L-1

	Governmental Funds (Financed from County Funds)
REVENUES	
Intergovernmental	\$ 9,761,996
Total revenues	9,761,996
EXPENDITURES	
Current:	
Community development	9,761,996
Total expenditures	9,761,996
Excess of revenues over expenditures	-
Fund balance, July 1, 2018	-
Fund balance, June 30, 2019	\$ -

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

Net change in fund balance - governmental funds \$ -

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	\$ (111,437)	
Decrease in liability for compensated absences	80,429	
Unearned rent	138,800	
Pension expense	(566,188)	
OPEB expense	82,421	(375,975)
Change in net position of governmental activities		\$ (375,975)

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT L-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, 2019

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 7,840,615	8,190,615	7,990,613	(200,002)
Total revenues	7,840,615	8,190,615	7,990,613	(200,002)
EXPENDITURES				
Community development	7,840,615	8,190,615	7,990,613	200,002
Total expenditures	7,840,615	8,190,615	7,990,613	200,002
Net change in fund balance	\$ -	-	-	-



Statistical Section

The Statistical Section provides financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, including the accompanying notes, and required supplementary information to understand and assess the County's economic condition. Information is presented in the following five categories:

- 1.0 Financial trends information
- 2.0 Revenue capacity information
- 3.0 Debt capacity information
- 4.0 Demographic and economic information
- 5.0 Operating information



1.0 - Financial trends information is intended to assist users in understanding and assessing how the County's financial position has changed over time. There are four tables presented in this section.

COUNTY OF FAIRFAX, VA
TABLE 1.1 - Net Position by Component
Last Ten Fiscal Years

	Fiscal Year				
	2019	2018	2017 ⁽⁴⁾	2016	2015
<i>Governmental activities:</i>					
Net investment in capital assets	\$ 2,213,668,557	2,070,863,206	2,001,991,926	1,913,173,352	1,875,208,103
Restricted	475,424,529	456,321,016	388,129,831	355,513,953	318,966,582
Unrestricted (deficit) ⁽¹⁾	(3,038,583,029)	(3,045,029,065)	(2,881,760,586)	(2,732,479,263)	(2,802,308,892)
Net position, governmental activities	\$ (349,489,943)	(517,844,843)	(491,638,829)	(463,791,958)	(608,134,207)
<i>Business-type activities:</i>					
Net investment in capital assets	\$ 1,065,086,054	1,038,360,082	1,003,960,254	940,641,576	892,414,328
Restricted	19,398,343	18,178,132	14,185,711	73,853,503	66,038,662
Unrestricted	119,690,633	99,372,962	90,123,639	38,417,623	66,651,531
Net position, business-type activities	\$ 1,204,175,030	1,155,911,176	1,108,269,604	1,052,912,702	1,025,104,521
<i>Total Primary government:</i>					
Net investment in capital assets	\$ 3,278,754,611	3,109,223,288	3,005,952,180	2,853,814,928	2,767,622,431
Restricted	494,822,872	474,499,148	402,315,542	429,367,456	385,005,244
Unrestricted (deficit)	(2,918,892,396)	(2,945,656,103)	(2,791,636,947)	(2,694,061,640)	(2,735,657,361)
Net position, Primary Government	\$ 854,685,087	638,066,333	616,630,775	589,120,744	416,970,314

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 position 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				
	2019	2018	2017	2016	2015
\$	1,715,069,054	1,726,348,892	1,715,069,179	1,674,949,073	1,616,079,489

- (2) Fiscal Year 2012 net position restated in Fiscal Year 2013 due to the implementation of GASB statement 65.

- (3) Fiscal Year 2014 net position restated in Fiscal Year 2015 due to the implementation of GASB statement 68.

- (4) Fiscal Year 2017 net position restated in Fiscal Year 2018 due to the implementation of GASB statement 75.

Fiscal Year					
2014 ⁽³⁾	2013	2012 ⁽²⁾	2011	2010	
					<i>Governmental activities:</i>
1,861,776,623	1,736,906,426	1,695,143,766	1,540,962,447	1,458,369,495	Net investment in capital assets
286,196,280	214,950,085	226,409,285	308,394,968	210,842,044	Restricted
(2,960,996,275)	(1,657,422,986)	(1,581,687,019)	(1,370,285,300)	(1,112,442,403)	Unrestricted (deficit)(1)
(813,023,372)	294,433,525	339,866,032	479,072,115	556,769,136	Net position, governmental activities
					<i>Business-type activities:</i>
843,276,715	778,825,722	769,135,097	722,703,848	748,697,093	Net investment in capital assets
43,116,468	44,113,954	51,055,374	93,427,366	44,371,666	Restricted
100,358,086	147,119,567	116,578,189	81,180,178	76,855,173	Unrestricted
986,751,269	970,059,243	936,768,660	897,311,392	869,923,932	Net position, business-type activities
					<i>Total Primary government:</i>
2,705,053,338	2,515,732,148	2,464,278,863	2,263,666,295	2,207,066,588	Net investment in capital assets
329,312,748	259,064,039	277,464,659	401,822,334	255,213,710	Restricted
(2,860,638,189)	(1,510,303,419)	(1,465,108,830)	(1,289,105,122)	(1,035,587,230)	Unrestricted
173,727,897	1,264,492,768	1,276,634,692	1,376,383,507	1,426,693,068	Net position, Primary Government

Fiscal Year				
2014	2013	2012	2011	2010
1,625,585,624	1,596,333,283	1,453,383,980	1,431,198,421	1,371,914,260

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

	Fiscal Year				
	2019	2018	2017	2016	2015
Expenses					
<i>Governmental activities:</i>					
General government administration	\$ 200,274,042	190,974,147	199,163,586	188,767,791	183,647,484
Judicial administration	65,346,777	64,060,042	62,157,826	58,125,849	55,830,358
Public safety	780,408,993	783,282,501	743,811,404	702,043,058	670,432,665
Public works	251,705,576	255,772,468	220,029,595	204,873,695	204,114,861
Health and welfare	660,919,624	641,619,815	621,738,349	589,307,995	557,312,024
Community development	442,747,859	553,891,606	449,963,548	373,621,317	352,960,858
Parks, recreation, and cultural	133,504,969	132,413,348	124,438,465	112,957,367	112,338,852
Education - for Public Schools	2,251,573,120	2,139,229,138	2,085,926,217	1,998,723,980	1,936,673,334
Interest on long-term debt	114,012,753	113,312,939	108,077,416	94,644,722	101,276,354
Total expenses, governmental activities	4,900,493,713	4,874,556,004	4,615,306,406	4,323,065,774	4,174,586,790
<i>Business-type activities:</i>					
Public works - Sewer	\$ 188,706,778	188,232,208	177,630,559	183,076,813	174,932,128
Total expenses, business-type activities	188,706,778	188,232,208	177,630,559	183,076,813	174,932,128
Total expenses, Primary Government	5,089,200,491	5,062,788,212	4,792,936,965	4,506,142,587	4,349,518,918
Program Revenues					
<i>Governmental activities:</i>					
Charges for services:					
Public safety	\$ 73,816,732	74,116,426	70,562,165	70,934,542	71,729,966
Public works	170,109,205	158,834,077	129,171,598	139,528,323	141,711,640
Health and welfare	86,877,525	77,063,723	80,070,825	69,250,901	70,951,265
Other activities	375,485,955	345,815,823	335,242,533	301,673,838	309,689,155
Operating grants and contributions	274,272,173	273,051,191	264,019,862	250,208,494	243,282,980
Capital grants and contributions	45,889,290	49,319,980	22,209,405	29,020,526	34,407,375
Total program revenues, governmental activities	1,026,450,880	978,201,220	901,276,388	860,616,624	871,772,381
<i>Business-type activities:</i>					
Charges for services:					
Public works - Sewer	\$ 232,435,065	225,733,347	220,959,308	205,115,248	209,227,867
Capital grants and contributions	859,618	7,614,925	12,513,674	4,598,439	3,277,159
Total program revenues, business-type activities	233,294,683	233,348,272	233,472,982	209,713,687	212,505,026
Total program revenues, Primary Government	1,259,745,563	1,211,549,492	1,134,749,370	1,070,330,311	1,084,277,407
Net (Expense) Revenue					
Governmental activities	(3,874,042,833)	(3,896,354,784)	(3,714,030,018)	(3,462,449,150)	(3,302,814,409)
Business-type activities	44,587,905	45,116,064	55,842,423	26,636,874	37,572,898
Total Primary Government	\$ (3,829,454,928)	(3,851,238,720)	(3,658,187,595)	(3,435,812,276)	(3,265,241,511)

Fiscal Year					
2014	2013	2012	2011	2010	
					Expenses
					<i>Governmental activities:</i>
201,180,941	201,445,282	201,444,643 ⁽³⁾	138,976,659	148,730,289	General government administration
54,913,419	46,336,343	54,731,149	52,295,620	40,825,671	Judicial administration
695,690,761	658,186,021	621,850,677	618,789,976	604,822,717	Public safety
195,014,404	185,250,816	176,714,926	192,081,461	198,458,714	Public works
551,586,755	542,052,102	562,237,332	546,852,765	495,727,107	Health and welfare
352,759,047	387,551,012	393,528,633	378,565,455	232,156,056	Community development
107,762,594	112,057,718	114,767,984	105,293,977	123,549,652	Parks, recreation, and cultural
1,883,055,936	1,843,611,090	1,769,700,781	1,744,248,387	1,784,128,380	Education - for Public Schools
109,563,020	117,251,705	112,604,312	98,596,584	97,587,106	Interest on long-term debt
4,151,526,877	4,093,742,089	4,007,580,437	3,875,700,884	3,725,985,692	Total expenses, governmental activities
					<i>Business-type activities:</i>
174,845,675	169,212,487	163,955,907 ⁽³⁾	156,989,198	155,490,570	Public works - Sewer
174,845,675	169,212,487	163,955,907	156,989,198	155,490,570	Total expenses, business-type activities
4,326,372,552	4,262,954,576	4,171,536,344	4,032,690,082	3,881,476,262	Total expenses, Primary Government
					Program Revenues
					<i>Governmental activities:</i>
					Charges for services:
58,202,390	58,883,550	62,860,108	74,126,570	67,562,279	Public safety
131,355,271	117,037,898	110,804,240	113,296,977	95,740,931	Public works
69,351,107	64,938,672	68,152,942	70,834,601	63,641,537	Health and welfare
334,124,545	287,013,174	191,091,722	137,393,757	136,293,136	Other activities
222,115,446	239,536,892	256,182,164	292,921,660	440,962,393	Operating grants and contributions
22,578,476	22,312,264	29,696,488	17,033,448	45,298,191	Capital grants and contributions
837,727,235	789,722,450	718,787,664	705,607,013	849,498,467	Total program revenues, governmental activities
					<i>Business-type activities:</i>
					Charges for services:
212,175,672	194,030,949	188,917,214	154,118,716	137,350,273	Public works - Sewer
4,074,576	7,062,744	13,974,206	12,385,470	8,677,874	Capital grants and contributions
216,250,248	201,093,693	202,891,420	166,504,186	146,028,147	Total program revenues, business-type activities
1,053,977,483	990,816,143	921,679,084	872,111,199	995,526,614	Total program revenues, Primary Government
					Net (Expense) Revenue
(3,313,799,642)	(3,304,019,639)	(3,288,792,773)	(3,170,093,871)	(2,876,487,225)	Governmental activities
41,404,573	31,881,206	38,935,513	9,514,988	(9,462,423)	Business-type activities
(3,272,395,069)	(3,272,138,433)	(3,249,857,260)	(3,160,578,883)	(2,885,949,648)	Total Primary Government

(Continued)

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

	Fiscal Year				
	2019	2018	2017	2016	2015
General Revenues and Other Changes in Net Position					
<i>Governmental activities:</i>					
Taxes:					
Real property	\$ 2,796,625,634	2,652,298,780	2,601,473,140	2,437,535,377	2,356,421,557
Personal property	421,706,327	412,251,446	403,229,884	380,123,202	368,390,092
Business licenses	170,065,024	167,766,061	160,711,944	158,380,380	154,681,661
Local sales and use	252,284,959	252,019,165	246,876,636	249,278,074	247,734,220
Consumers utility	107,307,687	104,785,290	104,327,491	102,181,691	100,484,941
Motor vehicle decals	-	-	-	-	-
Recordation	23,536,391	24,623,858	25,401,332	23,808,125	23,898,873
Occupancy, tobacco, and other	35,898,475	35,969,332	36,206,695	34,115,345	33,775,982
Unrestricted grants and contributions	211,431,885	211,426,419	211,464,000	211,423,471	211,423,648
Revenue from the use of money	23,541,351	9,008,419	6,653,142	9,945,734	10,892,600
Special item	-	-	-	-	-
Total general revenues and other changes in net position, governmental activities	4,042,397,733	3,870,148,770	3,796,344,264	3,606,791,399	3,507,703,574
<i>Business-type activities:</i>					
Revenue from the use of money	\$ 3,675,949	2,525,508	1,022,586	1,171,307	780,354
Special item	-	-	-	-	-
Total general revenues and other changes in net position, business-type activities	3,675,949	2,525,508	1,022,586	1,171,307	780,354
Total general revenues and other changes in net position, Primary Government	4,046,073,682	3,872,674,278	3,797,366,850	3,607,962,706	3,508,483,928
Change in Net Position					
Governmental activities	168,354,900	(26,206,014)	82,314,246	144,342,249	204,889,165
Business-type activities	48,263,854	47,641,572	56,865,009	27,808,181	38,353,252
Total Primary Government	\$ 216,618,754	21,435,558	139,179,255	172,150,430	243,242,417

Source: Fairfax County Department of Finance

Notes:

- (1) 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.
- (2) 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.
- (3) Fiscal Year 2012 expenses restated due to the implementation of GASB statement 65.

Fiscal Year					
2014	2013	2012	2011	2010	
					General Revenues and Other Changes in Net Position
					<i>Governmental activities:</i>
					Taxes:
2,215,898,422	2,123,759,406	2,057,935,398	2,028,435,622	2,126,498,175	Real property
362,772,805	353,275,799	316,966,006	301,272,265	296,610,992	Personal property
158,619,113	158,768,484	155,480,677	150,669,671	138,684,942	Business licenses
261,193,846	265,029,666	257,770,918	158,772,098	151,354,001	Local sales and use
74,633,997	73,450,331	65,254,197	113,731,677	117,882,816	Consumers utility
-	-	-	27,408,623	-	Motor vehicle decals
19,968,520	28,281,179	26,223,747	26,407,596	24,891,357	Recordation
31,296,981	32,694,178	33,360,801	47,946,003	47,772,667	Occupancy, tobacco, and other
230,920,811	209,291,717	218,287,716	211,818,969	366,331	Unrestricted grants and contributions
8,577,857	9,836,372	14,807,663	18,634,630	34,364,804	Revenue from the use of money
-	4,200,000 ⁽¹⁾	3,499,567 ⁽¹⁾	7,299,696 ⁽¹⁾	-	Special item
3,363,882,352	3,258,587,132	3,149,586,690	3,092,396,850	2,938,426,085	Total general revenues and other changes in net position, governmental activities
					<i>Business-type activities:</i>
484,332	1,409,377	521,755	1,084,587	1,303,897	Revenue from the use of money
-	-	-	16,787,885 ⁽²⁾	-	Special item
484,332	1,409,377	521,755	17,872,472	1,303,897	Total general revenues and other changes in net position, business-type activities
3,364,366,684	3,259,996,509	3,150,108,445	3,110,269,322	2,939,729,982	Total general revenues and other changes in net position, Primary Government
					Change in Net Position
50,082,710	(45,432,507)	(139,206,083)	(77,697,021)	61,938,860	Governmental activities
41,888,905	33,290,583	39,457,268	27,387,460	(8,158,526)	Business-type activities
91,971,615	(12,141,924)	(99,748,815)	(50,309,561)	53,780,334	Total Primary Government

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

	Fiscal Year				
	2019	2018	2017	2016	2015
<i>General Fund:</i>					
Reserved	\$ -	-	-	-	-
Unreserved	-	-	-	-	-
Nonspendable	3,204,829	1,996,914	2,122,029	514,559	880,201
Restricted	-	-	-	-	-
Committed	450,390,936	381,006,291	318,449,966	271,363,898	237,696,440
Assigned	27,852,920	29,257,275	29,810,689	31,420,067	33,264,339
Unassigned	53,361,158	66,563,791	71,072,769	38,093,937	54,080,837
Total general fund	<u>\$ 534,809,843</u>	<u>478,824,271</u>	<u>421,455,453</u>	<u>341,392,461</u>	<u>325,921,817</u>
<i>All Other Governmental Funds:</i>					
Reserved	\$ -	-	-	-	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Nonspendable	316,588	292,733	502,104	369,676	385,364
Restricted	887,566,576	869,259,392	875,478,273	822,378,966	806,622,981
Committed	247,760,895	237,969,839	217,556,600	179,787,832	161,136,329
Assigned	-	-	-	-	-
Unassigned	-	-	-	(20,854)	-
Total all other governmental funds	<u>\$ 1,135,644,059</u>	<u>1,107,521,964</u>	<u>1,093,536,977</u>	<u>1,002,515,620</u>	<u>968,144,674</u>

Source: Fairfax County Department of Finance

(1) GASB Statement No. 54 changed classifications used for fund balance reporting. These changes were not applied to years shown prior to fiscal year 2011.

(2) 2010 balances recalculated to reflect reporting change for the Information Technology Fund.

Fiscal Year					
2014	2013	2012	2011 ⁽¹⁾	2010 ⁽²⁾	
					<i>General Fund:</i>
-	-	-	-	42,842,683	Reserved
-	-	-	-	343,838,486	Unreserved
614,966	727,441	1,129,586	308,818	-	Nonspendable
-	-	-	-	-	Restricted
220,628,054	216,879,261	213,718,785	206,627,013	-	Committed
29,406,539	34,841,916	29,080,155	34,411,546	-	Assigned
52,154,540	76,819,631	109,742,640	135,051,587	-	Unassigned
302,804,099	329,268,249	353,671,166	376,398,964	386,681,169	Total general fund
					<i>All Other Governmental Funds:</i>
-	-	-	-	204,151,525	Reserved
					Unreserved, reported in:
-	-	-	-	327,654,603	Special revenue funds
-	-	-	-	12,918,625	Debt service funds
-	-	-	-	74,003,428	Capital projects funds
457,598	748,799	48,513,721	51,702,443	-	Nonspendable
779,237,002	565,814,956	569,803,909	566,941,106	-	Restricted
151,287,756	162,348,750	155,083,147	158,420,964	-	Committed
-	-	-	-	-	Assigned
-	(13,108,305)	(2,604,408)	-	-	Unassigned
930,982,356	715,804,200	770,796,369	777,064,513	618,728,181	Total all other governmental funds

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

	Fiscal Year				
	2019	2018	2017	2016	2015
Revenues					
Taxes	\$ 3,809,188,577	3,649,017,783	3,576,143,127	3,384,696,039	3,289,084,031
Permits, privilege fees, and regulatory licenses	79,009,171	77,285,673	78,789,135	74,165,960	71,026,501
Intergovernmental	589,878,410	591,245,422	588,060,996	565,562,122	559,309,630
Charges for services	409,528,868	381,639,549	373,123,236	367,293,019	387,763,613
Fines and forfeitures	15,301,279	15,349,405	16,172,236	14,675,893	16,437,938
Revenue from the use of money and property	100,602,318	64,497,904	45,195,094	39,360,901	31,080,667
Recovered costs	15,771,173	18,643,367	14,851,978	15,369,266	20,109,855
Contributions and other	18,498,183	8,795,789	2,822,015	8,571,664	12,221,739
Total revenues	5,037,777,979	4,806,474,892	4,695,157,817	4,469,694,864	4,387,033,974
Expenditures					
Current:					
General government administration	169,486,397	156,249,168	160,694,938	165,144,963	163,023,642
Judicial administration	61,590,923	58,752,207	57,242,859	55,337,889	53,183,629
Public safety	775,354,938	747,806,458	737,122,371	711,044,003	699,203,895
Public works	197,579,765	197,520,108	212,209,456	188,198,288	199,205,144
Health and welfare	659,194,791	629,650,541	614,513,160	598,715,227	568,675,553
Community development	293,591,266	288,415,827	243,788,329	226,958,426	230,287,575
Parks, recreation, and cultural	57,199,029	55,055,417	52,985,491	52,721,664	50,642,925
Intergovernmental: ⁽¹⁾					
Community development	170,104,337	216,205,206	190,913,914	134,236,475	111,031,149
Parks, recreation, and cultural	69,637,352	68,701,097	63,077,723	56,967,246	57,848,921
Education	2,251,573,120	2,139,229,138	2,085,926,217	1,998,723,980	1,936,673,334
Capital outlay	166,061,186	185,888,125	176,169,811	179,067,050	160,667,922
Debt service:					
Principal retirement	287,193,768	257,426,810	225,198,620	386,099,648	280,109,469
Interest and other charges	137,922,641	141,690,140	134,359,311	156,503,054	137,140,834
Total expenditures	5,296,489,513	5,142,590,242	4,954,202,200	4,909,717,913	4,647,693,992
Deficiency of revenues under expenditures	(258,711,534)	(336,115,350)	(259,044,383)	(440,023,049)	(260,660,018)
Other Financing Sources (Uses)					
Transfers in	673,647,732	696,481,666	610,776,813	587,755,580	555,297,170
Transfers out	(685,341,165)	(703,429,940)	(618,264,035)	(594,655,237)	(581,266,174)
Bonds issued	248,084,893	283,089,727	339,653,241	450,743,979	257,188,745
Refunding bonds issued	75,964,692	37,408,232	-	297,981,112	311,478,707
Payments to escrow agent	(44,553,144)	(37,063,950)	-	(338,948,636)	(270,710,041)
Capital leases, installment purchases, and other	75,016,193	130,983,420	97,962,713	86,987,841	48,951,647
Total other financing sources, net	342,819,201	407,469,155	430,128,732	489,864,639	320,940,054
Special Item					
Net change in fund balances	\$ 84,107,667	71,353,805	171,084,349	49,841,590	60,280,036
Debt service as a percentage of noncapital expenditures	8.3%	8.1%	7.5%	11.5%	9.3%

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.

Fiscal Year					
2014	2013	2012	2011	2010	
					Revenues
3,119,946,744	3,036,288,822	2,907,905,803	2,857,920,425	2,899,801,062	Taxes
63,886,989	62,411,104	59,935,796	55,402,463	47,681,442	Permits, privilege fees, and regulatory licenses
609,843,183	554,886,927	500,063,928	516,260,179	482,379,557	Intergovernmental
351,597,808	337,660,061	323,151,828	314,079,106	305,372,921	Charges for services
16,817,313	16,842,952	17,230,369	16,645,115	15,065,700	Fines and forfeitures
31,544,136	34,239,413	38,113,332	35,214,790	34,949,962	Revenue from the use of money and property
16,141,935	14,076,599	20,294,568	21,034,191	16,701,652	Recovered costs
3,408,767	2,337,036	4,353,629	2,727,276	4,482,245	Contributions and other
4,213,186,875	4,058,742,914	3,871,049,253	3,819,283,545	3,806,434,541	Total revenues
					Expenditures
					Current:
164,384,546	172,947,861	142,882,772	131,833,676	133,726,104	General government administration
50,760,212	45,751,873	50,071,223	50,502,397	39,347,205	Judicial administration
690,063,408	639,655,183	594,264,731	573,559,767	565,403,962	Public safety
202,904,525	198,203,970	194,764,262	203,941,440	218,774,283	Public works
553,250,576	542,814,370	557,655,637	539,471,030	489,662,065	Health and welfare
193,976,264	192,000,269	185,214,980	166,588,005	150,881,980	Community development
51,709,656	54,270,433	51,248,180	45,300,724	65,451,624	Parks, recreation, and cultural
146,812,410	178,024,166	195,414,873	196,331,575	64,962,498	Intergovernmental: ⁽¹⁾
52,381,153	52,494,525	56,373,285	51,963,744	50,660,393	Community development
1,878,460,936	1,843,611,090	1,769,700,781	1,744,248,387	1,784,128,380	Parks, recreation, and cultural
224,900,077	173,558,840	215,858,520	126,573,819	108,546,444	Education
204,975,519	234,615,416	199,199,649	192,553,364	180,329,456	Capital outlay
132,973,357	127,353,770	122,995,432	111,835,136	113,476,133	Debt service:
4,547,552,639	4,455,301,766	4,335,644,325	4,134,703,064	3,965,350,527	Principal retirement
					Interest and other charges
					Total expenditures
(334,365,764)	(396,558,852)	(464,595,072)	(315,419,519)	(158,915,986)	Deficiency of revenues under expenditures
					Other Financing Sources (Uses)
581,375,596	525,335,599	547,558,731	485,495,544	515,765,999	Transfers in
(587,133,301)	(536,354,136)	(551,771,067)	(485,707,880)	(508,672,574)	Transfers out
480,886,115	298,776,517	434,761,982	449,668,535	370,806,378	Bonds issued
108,080,978	171,151,301	297,015,139	50,968,368	199,228,007	Refunding bonds issued
(107,703,910)	(145,945,515)	(295,465,222)	(50,785,617)	(198,007,662)	Payments to escrow agent
47,574,292	-	-	6,535,000	-	Capital leases, installment purchases, and other
523,079,770	312,963,766	432,099,563	456,173,950	379,120,148	Total other financing sources, net
-	4,200,000	3,499,567	3,499,567	-	Special Item
188,714,006	(79,395,086)	(28,995,942)	144,253,998	220,204,162	Net change in fund balances
7.8%	8.5%	7.8%	7.6%	7.6%	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⁾
2019	\$ 181,857,973	64,476,359	977,297	247,311,629	18,276,651	1.150
2018	177,009,973	60,781,189	969,415	238,760,577	17,878,071	1.130
2017	175,187,489	58,185,653	899,206	234,272,348	17,485,097	1.130
2016	171,409,697	55,199,289	892,919	227,501,905	16,791,394	1.090
2015	164,977,246	54,044,028	863,583	219,884,857	16,421,055	1.090
2014	154,104,662	52,968,482	876,142	207,949,286	15,866,827	1.085
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	1.070
2011	142,995,627	44,784,450	859,782	188,639,859	13,707,594	1.090
2010	151,207,936	55,600,077	1,187,930	207,995,943	14,960,334	1.040

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. Residential and Commercial properties are assessed as of January 1 and the properties of Public Service Corporations are assessed in October 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) Rates are per \$100 of assessed value, which is determined as of January 1 of the prior calendar year.

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
2019	\$ 1.150	0.265	0.2250
2018	1.130	0.265	0.2250
2017	1.130	0.265	0.2250
2016	1.090	0.265	0.2250
2015	1.090	0.265	0.2288
2014	1.085	0.265	0.2288
2013	1.075	0.265	0.2421
2012	1.070	0.270	0.2420
2011	1.090	0.280	0.2450
2010	1.040	0.260	0.2280

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 2019			
Rank	Taxpayer	Taxable Assessed Value ⁽¹⁾	Pct. of Total Taxable Assessed Value ⁽²⁾
1	Tyson's Corner Property Holdings LLC	\$ 1,590,877,210	0.65 %
2	Capital One Bank	732,344,700	0.30
3	PR Springfield Town Center LLC	485,885,430	0.20
4	Fairfax Company of Virginia LLC	480,054,080	0.19
5	U S Bank National Association	470,483,980	0.19
6	Homart Newco One Inc	373,804,950	0.15
7	Camden Summit Partnership LP	359,477,630	0.15
8	Washington Gas Light Co	353,443,229	0.14
9	Reston Town Center Property LLC	336,198,910	0.14
10	Coresite Real Estate 12100	333,385,070	0.14
Totals		<u>\$ 5,515,955,189</u>	<u>2.25 %</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 2019 is \$246,334,332,150. Assessment excludes Public Service Corporations.

Total taxable assessed value for fiscal year 2010 is \$206,808,012,920. Assessment excludes Public Service Corporations.

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		
2019	\$ 2,810,924,242	2,803,550,146	99.74 %	-	2,810,924,242
2018	2,665,889,198	2,657,434,969	99.68	(1,044,051)	2,664,845,147
2017	2,614,861,824	2,607,565,912	99.72	(1,494,949)	2,613,366,875
2016	2,450,462,549	2,443,167,137	99.70	(1,497,957)	2,448,964,592
2015	2,367,484,875	2,360,588,850	99.71	(1,603,999)	2,365,880,876
2014	2,226,943,153	2,220,155,139	99.70	(1,491,230)	2,225,451,923
2013	2,132,072,324	2,124,865,909	99.66	(1,797,046)	2,130,275,278
2012	2,055,354,905	2,048,202,774	99.65	(1,445,099)	2,053,909,806
2011	2,024,903,008	2,017,592,586	99.64	(1,150,173)	2,023,752,835
2010	2,122,256,675	2,113,800,763	99.60	(2,460,657)	2,119,796,018

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. FY2019, taxes are levied for calendar year 2018.

⁽²⁾ Adjustments to the original levy include exonerations, tax relief, and supplemental assessments.

Fiscal Year 2010			
Rank	Taxpayer	Taxable Assessed Value ⁽¹⁾	Pct. of Total Taxable Assessed Value ⁽²⁾
1	Tysons Corner Property Holdings LLC	\$ 1,030,573,050	0.50 %
2	CESC Skyline LLC	653,158,920	0.32
3	Virginia Electric & Power Company	421,851,172	0.20
4	West Group Properties LLC	419,186,620	0.20
5	Reston Town Center	389,175,250	0.19
6	Brandywine Acquisition Partners LP	345,006,690	0.17
7	SRI Seven Fair Lakes LLC	337,936,670	0.16
8	Fairfax Company of Virginia LLC	321,054,900	0.16
9	South of Market LLC	280,154,710	0.14
10	PS Business Parks LP	277,464,140	0.13
Totals		<u>\$ 4,475,562,122</u>	<u>2.17 %</u>

Collections in Subsequent Years	Total Collections to Date	
	Amount	Pct. of Adjusted Levy ⁽³⁾
-	2,803,550,146	99.74 %
5,185,626	2,662,620,595	99.92
4,827,893	2,612,393,805	99.96
5,386,792	2,448,553,929	99.98
5,115,253	2,365,704,103	99.99
5,178,494	2,225,333,633	99.99
5,301,797	2,130,167,706	99.99
5,626,663	2,053,829,437	100.00
6,089,882	2,023,682,468	100.00
5,927,931	2,119,728,694	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		Notes (000s)	Capital Leases (000s)
		Revenue- Backed Bonds ⁽⁵⁾ (000s)	Lease Revenue Bonds ^{(2) (5)} (000s)		
2019	\$ 2,480,827	429,761	409,108	430,071	13,134
2018	2,474,659	444,433	443,757	352,861	18,535
2017	2,450,071	458,552	445,445	236,239	21,504
2016	2,404,587	391,517	470,579	145,996	25,938
2015	2,367,801	406,207	495,338	75,736	23,218
2014	2,311,626	413,632	520,906	53,883	24,323
2013	2,226,884	420,949	348,712	32,713	3,478
2012	2,017,435	-	716,700	35,433	11,234
2011	1,996,210	-	557,841	38,258	15,025
2010	1,997,045	-	321,654	42,813	8,064

Source: Fairfax County Department of Finance

Notes:

- (1) Prior to fiscal year 2013, amounts for bonds are reported net, 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 4.1 for personal income data. The percentage is calculated using personal income data for the prior calendar year.
- (4) See Table 4.1 for population data. The ratio is calculated using population data for the prior calendar year.
- (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.

HUD Section 108 Loan (000s)	Business-type Activities ⁽¹⁾ Revenue Bonds (000s)	Total Primary Government (000s)	Pct. of Personal Income ⁽³⁾	Debt Per Capita ⁽⁴⁾
7,385	620,111	4,390,398	4.859 %	3,808
8,088	649,572	4,391,905	5.058	3,843
8,783	676,804	4,297,398	5.037	3,778
9,471	600,266	4,048,354	4.960	3,559
10,152	619,150	3,997,602	4.936	3,535
10,826	644,967	3,980,163	4.915	3,519
11,493	666,477	3,710,706	5.168	3,558
12,155	552,254	3,345,211	4.627	3,104
12,466	565,100	3,184,900	4.388	2,944
6,236	546,783	2,922,595	3.929	2,721

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

Fiscal Year	General Bonded Debt Outstanding ⁽¹⁾				
	General Obligation Bonds (000s)	Lease Revenue Bonds ⁽²⁾⁽⁵⁾ (000s)	Total (000s)	Pct. of Actual Taxable Value of Real Property ⁽³⁾	Debt Per Capita ⁽⁴⁾
2019	\$ 2,480,827	409,108	2,889,935	1.17 %	2,507
2018	2,474,659	443,757	2,918,416	1.22	2,554
2017	2,450,071	445,445	2,895,516	1.24	2,543
2016	2,404,587	470,579	2,875,166	1.26	2,517
2015	2,367,801	495,338	2,863,139	1.30	2,517
2014	2,311,626	520,906	2,832,532	1.36	2,505
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

Source: Fairfax County Department of Finance

Notes:

- ⁽¹⁾ Prior to fiscal year 2013, amounts for bonds are reported net, 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.
- 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, 2019

	Debt Outstanding (000s)	Percentage Applicable ⁽²⁾	Share of Overlapping Debt (000s) ⁽¹⁾
<i>Overlapping debt:</i>			
Town of Herndon			
General obligation bonds	\$ 21,707	100.0 %	\$ 21,707
Total overlapping debt, Town of Herndon			21,707
Town of Vienna			
General obligation bonds	26,041	100.0	26,041
Capital leases	1,857	100.0	1,857
Total overlapping debt, Town of Vienna			27,898
Total overlapping debt			49,605
<i>County direct debt:</i> ⁽³⁾			
General obligation bonds			2,480,827
Revenue-Backed bonds			429,762
Lease Revenue bonds			409,108
Notes			430,071
Capital leases			13,134
HUD Section 108 loans			7,385
Total direct debt			3,770,287
Total direct and overlapping debt			\$ 3,819,892
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

The Commonwealth of Virginia does not impose a legal limit on the amount of long-term indebtedness that the County can at any time incur or have outstanding. The Board of Supervisors, however, has imposed limits which provide that the County's (a) long-term general bonded debt should not exceed three percent of the total assessed value of taxable real and personal property in the County and (b) the annual debt service should not exceed ten percent of the annual general fund expenditures and transfers out, excluding capital leases and installment purchases in the year initiated. Relevant information pertaining to these self-imposed debt margins is provided below.

	Fiscal Year (000s)				
	2019	2018	2017	2016	2015
(a) Debt limit ⁽²⁾	\$ 7,955,879	7,687,822	7,551,723	7,331,913	7,092,110
Total debt applicable to limit ⁽³⁾	2,889,935	2,918,416	2,895,516	2,875,166	2,863,139
Self-imposed debt margin	\$ 5,065,944	4,769,406	4,656,207	4,456,747	4,228,971
Total debt applicable to limit as a percentage of debt limit	36.32%	37.96%	38.34%	39.21%	40.37%
Total debt applicable to limit as a percentage of assessed value	1.09%	1.14%	1.15%	1.18%	1.19%

Debt Margin Calculation for Fiscal Year 2019:

Assessed value ⁽²⁾	<u>\$ 265,195,976</u>
Debt limit (3% of assessed value)	<u>7,955,879</u>
Debt applicable to limit: ⁽³⁾	
General obligation bonds ⁽¹⁾	2,480,827
Lease Revenue bonds ⁽¹⁾	<u>409,108</u>
Total debt applicable to limit	<u>2,889,935</u>
Self-imposed debt margin	<u>\$ 5,065,944</u>

	Fiscal Year (000s)				
	2019	2018	2017	2016	2015
(b) Debt service limit	\$ 430,048	411,255	400,584	386,066	372,962
Total debt service requirements applicable to limit ⁽⁴⁾	345,310	337,077	313,389	323,859	313,969
Self-imposed debt service margin	\$ 84,738	74,178	87,195	62,207	58,993
Total debt service requirements applicable to limit as a percentage of the debt service limit	80.30%	81.96%	78.23%	83.89%	84.18%
Total debt service requirements applicable to limit as a percentage of annual General Fund expenditures and transfers	8.03%	8.20%	7.82%	8.39%	8.42%

Source: Fairfax County Department of Finance

Notes:

- ⁽¹⁾ Amounts for bonds are reported net of premiums and/or discounts.
- ⁽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 and payments to refunded escrow agent (current refundings) of \$30.74 million in FY2019, \$154.54 million in FY 2016, and \$39.58 million in FY2015.

Fiscal Year (000s)					
2014	2013	2012	2011	2010	
6,731,089	6,513,757	6,320,578	6,108,656	6,680,146	Debt limit ⁽²⁾
2,832,532	2,575,596	2,734,135	2,554,051	2,318,699	Total debt applicable to limit ⁽³⁾
3,898,557	3,938,161	3,586,443	3,554,605	4,361,447	Self-imposed debt margin
42.08%	39.54%	43.26%	41.81%	34.71%	Total debt applicable to limit as a percentage of debt limit
1.26%	1.19%	1.30%	1.25%	1.04%	Total debt applicable to limit as a percentage of assessed value

Fiscal Year (000s)					
2014	2013	2012	2011	2010	
363,784	353,329	341,854	334,490	330,895	Debt service limit
295,451	289,714	288,302	285,551	277,370	Total debt service requirements applicable to limit ⁽⁴⁾
68,333	63,615	53,552	48,939	53,525	Self-imposed debt service margin
81.22%	82.00%	84.33%	85.37%	83.82%	Total debt service requirements applicable to limit as a percentage of the debt service limit
8.12%	8.20%	8.43%	8.54%	8.38%	Total debt service requirements applicable to limit as a percentage of annual General Fund expenditures and transfers

COUNTY OF FAIRFAX, VA

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

Fiscal Year	Gross ⁽¹⁾		Operating ⁽²⁾	Net Available	Debt Service ⁽³⁾			Coverage
	Revenues				Principal	Interest	Total	
	(000s)		(000s)	Revenue	(000s)	(000s)	(000s)	
				(000s)				
2019	\$ 236,111		101,359	134,752	26,898	23,131	50,029	2.69 %
2018	228,259		100,996	127,263	21,192	22,152	43,344	2.94
2017	221,982		94,166	127,816	23,953	19,178	43,131	2.96
2016	206,287		92,453	113,834	23,070	24,046	47,116	2.42
2015	210,057		92,312	117,745	22,429	24,335	46,764	2.52
2014	212,782		91,111	121,671	20,872	27,125	47,997	2.53
2013	195,628		86,441	109,187	17,217	27,091	44,308	2.46
2012	189,447		85,455	103,992	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

Source: Fairfax County Department of Finance

Notes:

- (1) Gross revenues include all revenues, except the amortization of deferred gain on bond refundings and gains on disposals of fixed assets.
- (2) Operating expenses do not include depreciation and amortization.
- (3) See Note J in the Notes to the Financial Statements for detailed information regarding the sewer revenue bonds issued by the Integrated Sewer System and Note K for 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 ⁽³⁾ (yrs)	Pct. of People ≥ 25 Years Old with a Bachelor's Degree ⁽³⁾	Public School Enrollment ⁽⁴⁾	Unemployment Rate ⁽⁵⁾
2018	1,152,873	90,357,574	78,376	37.9	60.7 %	188,403	2.4 %
2017	1,142,888	86,834,344	75,978	38.1	60.3	187,484	3.0
2016	1,138,652	85,311,224	74,923	38.0	59.9	185,979	3.2
2015	1,142,234	85,675,546	75,007	37.7	59.2	185,914	3.1
2014	1,137,538	81,620,627	71,752	37.6	58.6	183,895	3.5
2013	1,130,924	80,982,075	71,607	37.3	58.2	181,259	3.7
2012	1,118,602	77,012,392	68,847	37.6	59.3	177,918	4.4
2011	1,100,692	71,145,429	64,637	37.6	58.0	174,933	4.7
2010	1,081,726	72,577,324	67,094	37.5	56.1	172,391	5.1
2009	1,074,227	74,380,552	69,241	37.3	58.1	169,538	4.9

Notes:

- (1) Population data is obtained from Fairfax County Department of Management and Budget.
- (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 2018 is estimated using percent change in per capita personal income from 2017.
- (3) Median age and educational attainment information are obtained from the U.S. Census Bureau's American Fact Finder.
- (4) Public school enrollment is obtained from Fairfax County Public Schools.
- (5) Unemployment rates are obtained from the Virginia Employment Commission, Annual Unemployment Statistics for the calendar year, not seasonally adjusted.

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

Employer	Fiscal Year 2019 ⁽¹⁾			Fiscal Year 2010 ⁽¹⁾		
	Number of Employees	Rank	Pct. of Total County Employment ⁽³⁾	Number of Employees ⁽²⁾	Rank	Pct. of Total County Employment ⁽³⁾
Fairfax County Public Schools	24,936	1	4.02 %	22,852	1	3.99 %
Federal Government	24,371	2	3.93	17,370	2	3.03
Fairfax County Government	11,860	3	1.91	11,184	3	1.95
Inova Health System	10,000-11,000	4	1.69	7,000-10,000	5	1.48
George Mason University	7,000-9,999	5	1.37	4,000-6,999	9	0.96
Booz-Allen Hamilton	5,000-9,999	6	1.21	7,000-10,000	4	1.48
Federal Home Loan Mortgage	5,000-9,999	7	1.21	4,000-6,999	7	0.96
Capital One	5,000-9,999	8	1.21			
Science Applications International Corporation ⁽⁴⁾	5,000-9,999	9	1.21	4,000-6,999	6	0.96
Navy Federal Credit Union	2,500-4,999	10	0.60			
Northrop Grumman	2,500-4,999		0.60	4,000-6,999	8	0.96
Lockheed Martin	500-999		0.12	4,000-6,999	10	0.96
Totals			19.08 %			16.73 %

Notes:

- (1) Employment information for fiscal year 2019, excluding data for Fairfax County Government and Fairfax County Public Schools, is from the 1st quarter of calendar year 2019 VEC and Fairfax County's Economic Development Authority. Employment information for fiscal year 2010 is as was presented 2010 Fairfax County 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 2019 is estimated at 620,309 based on Virginia Employment Commission. Average total County employment for fiscal year 2010 was estimated at 572,708.
- (4) Science Applications International Corporation employment reported prior to the September 2013 split into two independent companies (SAIC and Leidos).



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				
	2019*	2018*	2017*	2016	2015
<u>Primary Government:</u>					
General government administration	1,227.0	1,201.0	1,190.0	2,259.0	2,258.0
Judicial administration	360.0	362.0	377.0	398.0	394.0
Public safety	4,437.0	4,367.0	4,385.0	4,398.0	4,390.0
Public works	1,043.0	1,066.0	1,069.0	551.0	538.0
Health and welfare	3,550.0	3,526.0	3,366.0	3,464.0	3,475.0
Community development	514.0	543.0	524.0	529.0	516.0
Parks, recreation, and cultural	307.0	307.0	470.0	736.0	755.0
Total	11,438.0	11,372.0	11,381.0	12,335.0	12,326.0
<u>Component Units:</u>					
<i>Public Schools:</i>					
Education	24,936.0	24,715.0	24,688.0	24,581.0	24,181.0
<i>Redevelopment and Housing Authority:</i>					
Community development	172.0	187.0	196.0	226.0	233.0
<i>Park Authority:</i>					
Parks, recreation, and cultural	424.0	437.0	447.0	582.0	595.0

Sources: Fairfax County Department of Management and Budget; Fairfax County Department of Human Resources; Fairfax County Public Schools

*In FY2019 an improvement was made to the method used to identify positions by function which better represents actual staffing levels. The table was restated for fiscal years 2018 and 2017 to also reflect this improvement.

Full-Time Equivalent Employees as of June 30					Function/Program
2014	2013	2012	2011	2010	
					<u>Primary Government:</u>
2,251.0	2,254.0	2,257.0	1,362.0	1,375.0	General government administration
391.0	392.0	390.0	386.0	386.0	Judicial administration
4,318.0	4,330.0	4,335.0	4,256.0	4,304.0	Public safety
520.0	511.0	481.0	972.0	970.5	Public works
3,490.0	3,571.0	3,571.0	2,976.0	2,865.8	Health and welfare
513.0	481.0	491.0	666.0	678.0	Community development
757.0	763.0	753.0	422.0	604.5	Parks, recreation, and cultural
<u>12,240.0</u>	<u>12,302.0</u>	<u>12,278.0</u>	<u>11,040.0</u>	<u>11,183.8</u>	Total
					<u>Component Units:</u>
					<i>Public Schools:</i>
24,590.0	24,232.0	23,534.0	22,938.8	22,851.6	Education
					<i>Redevelopment and Housing Authority:</i>
233.0	230.0	230.0	228.0	228.0	Community development
					<i>Park Authority:</i>
600.0	598.0	605.0	603.0	600.0	Parks, recreation, and cultural

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

Function/Program	Fiscal Year				
	2019	2018	2017	2016	2015
Primary Government:					
<i>General government administration:</i>					
Real property parcels assessed	360,579	360,954	360,617	360,495	359,265
Personal property vehicles assessed	994,469	994,746	986,610	980,114	979,836
Businesses licensed	49,071	49,071	49,408	49,309	49,063
Best qualified job applicants forwarded to departments	17,307	15,544	16,806	17,177	17,374
<i>Judicial administration:</i>					
Cases filed in General District Court	315,048	297,213	302,665	310,879	316,727
Booking transactions	34,599	36,435	36,820	37,537	40,248
General District Court probation program new adult enrollment	1,036	1,290	1,091	1,127	1,168
<i>Public safety:</i>					
<i>Police:</i>					
Recruits graduating					
Criminal Justice Academy ⁽³⁾	54	72	72	104	72
Total cases assigned ⁽⁴⁾	2,854	4,181	30	6,725	9,166
Total cases cleared ⁽⁴⁾	1,940	3,545	2,329	2,141	3,590
Parking tickets issued	52,783	52,111	46,886	45,775	48,645
<i>Sheriff:</i>					
Court cases heard annually	436,666	474,377	499,583	451,837	420,081
Average daily Adult Detention Center inmate population	964	994	1,029	1,038	1,062
<i>Fire and rescue:</i>					
Fire investigations conducted	287	264	335	350	386
Fire inspection activities conducted	20,206	16,659	19,981	20,520	20,943
EMS incidents	76,877	75,123	75,019	72,037	69,486
Animals impounded	4,467	4,416	4,311	4,354	4,553
<i>Public works:</i>					
Gross square feet of facilities maintained	11,764,583	11,105,648	10,838,046	10,799,658	10,652,102
Tons of County waste disposed	753,625	731,706	735,287	727,734	709,936
Total tons recycled	494,553	494,734	611,171	520,628	484,783
Total average daily wastewater flow treated (million gallons)	98.8	95.8	90.5	96.2	102.9
<i>Health and welfare:</i>					
<i>Persons served through Community Services Board programs: ⁽¹⁾</i>					
Mental Health Services	7,348	6,803	6,748	6,884	7,082
Substance Abuse Services	1,568	1,523	1,600	1,658	2,406
Developmental Services	2,348	2,231	2,104	1,969	1,901
Infant Toddler Connection	4,132	3,889	3,642	3,559	3,372
Emergency and Ancillary Services	18,770	17,749	16,587	15,154	14,245
Home and Congregate Meals for Older Adults ⁽⁵⁾	504,447	512,881	519,959	468,022	433,170
Food Stamp applications (SNAP)	17,924	19,576	21,260	18,469	18,466
Medicaid/FAMIS Applications	43,719	32,544	35,061	39,361	31,609
Primary care clinic visits	38,263	35,388	30,925	37,365	48,100
Child immunization vaccines given at clinics	31,816	28,277	37,659	31,559	34,417

Fiscal Year					Function/Program
2014	2013	2012	2011	2010	
Primary Government:					
General government administration:					
359,099	358,555	358,489	357,943	357,872	Real property parcels assessed
979,424	970,361	963,595	956,528	948,285	Personal property vehicles assessed
48,202	47,454	46,919	46,597	46,872	Businesses licensed
15,577	21,828	22,466	20,563	11,672	Best qualified job applicants forwarded to departments
Judicial administration:					
313,055	310,883	313,369	328,580	334,971	Cases filed in General District Court
43,543	43,857	42,290	48,569	49,784	Booking transactions
1,252	1,286	755	1,353	1,300	General District Court probation program new adult enrollment
Public safety:					
Police:					
					Recruits graduating
49	31	28	42	37	Criminal Justice Academy ⁽³⁾
11,559	12,686	12,549	12,661	9,103	Total cases assigned ⁽⁴⁾
4,742	5,722	5,234	4,339	3,039	Total cases cleared ⁽⁴⁾
59,097	52,182	58,550	61,252	64,079	Parking tickets issued
Sheriff:					
510,857	490,492	478,726	451,744	435,853	Court cases heard annually
1,228	1,220	1,257	1,226	1,279	Average daily Adult Detention Center inmate population
Fire and rescue:					
283	329	260	306	312	Fire investigations conducted
21,920	18,024	17,917	19,251	15,468	Fire inspection activities conducted
66,550	67,243	67,073	64,066	65,898	EMS incidents
4,090	3,228	4,323	4,365	4,087	Animals impounded
Public works:					
8,590,360	8,688,860	8,613,111	8,532,386	8,494,171	Gross square feet of facilities maintained
700,170	724,606	796,472	789,721	789,198	Tons of County waste disposed
518,575	647,456	571,116	472,646	445,625	Total tons recycled
104.2	98	102.7	100	108	Total average daily wastewater flow treated (million gallons)
Health and welfare:					
Persons served through Community Services Board programs: ⁽¹⁾					
6,619	6,874	6,736	12,390	11,447	Intellectual Disability Services (IDS)
2,602	2,944	3,281	5,153	5,115	Alcohol and drug services
1,910	1,645	2,087	2,319	2,297	Intellectual disability
3,164	2,975	2,803	2,801	2,448	Infant Toddler Connection
13,442	13,248	11,549	-	-	Emergency and Ancillary Services
443,865	451,945	479,555	504,093	584,942	Senior home-delivered meals
17,416	18,725	17,604	17,593	17,739	Food Stamp applications (SNAP)
17,472	22,161	20,544	19,711	17,760	Medicaid/FAMIS applications
50,174	50,287	54,336	56,018	51,447	Primary care clinic visits
30,590	27,849	29,365	31,152	65,725	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				
	2019	2018	2017	2016	2015
<i>Community development:</i>					
Building inspections	168,008	159,090	158,289	153,055	156,331
Building permits issued	66,421	63,224	59,814	57,972	59,471
Zoning permits processed	17,275	19,459	19,990	21,513	19,223
Fairfax Connector bus passengers	8,334,616	8,312,983	8,631,906	8,984,180	9,764,166
<i>Parks, recreation, and cultural:</i>					
Senior Center attendance	380,355	361,908	361,270	302,637	296,883
Teen Center attendance	67,104	70,486	74,401	81,975	94,142
Community Center attendance	349,204	330,152	327,950	330,782	308,143
Library visits	4,578,666	4,532,886	4,633,327	4,727,927	4,814,043
Circulation of all library materials	10,968,477	11,175,980	11,405,157	12,042,565	12,095,926
<u>Component Units:</u>					
<i>Public Schools:</i>					
Combined SAT scores ⁽⁶⁾	1,218	1,213	1,187	1,672	1,669
Number of lunches served daily	80,473	80,374	80,660	82,168	81,526
Number of breakfasts served daily	29,506	26,591	22,261	20,102	19,193
Student enrollment	187,474	188,403	187,484	185,979	185,914
Special education enrollment	27,107	25,779	25,697	25,740	25,490
ESOL enrollment	35,541	27,572	27,896	31,120	31,104
<i>Redevelopment and Housing Authority:</i>					
Residents housed through subsidized rental programs:					
Federal Public Housing ⁽⁷⁾	-	-	2,651	2,762	2,637
Federal Housing Choice Vouchers ⁽⁷⁾	12,809	12,380	9,541	9,917	9,327
County Rental Program-multifamily and seniors	6,110	6,198	5,789	6,034	6,223
Homes sold in First-Time Homebuyer Program	31	27	10	18	15
<i>Park Authority:</i>					
REC Center attendance	1,646,581	1,756,187	1,837,807	1,851,595	1,817,882
Golf course rounds	226,602	235,287	259,094	268,801	259,313
Visits to natural, cultural, historic and interpretive sites ⁽²⁾	1,609,067	1,798,157	1,997,855	1,813,942	1,601,690
Class, camp, and program participation	270,003	170,206	176,561	175,701	179,575

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

Notes:

- (1) In FY2012, the Virginia Department of Behavioral Health and Developmental Services revised reporting requirements related to individuals served. Prior to FY2012, individuals who received emergency and ancillary services were primarily reported as being served in mental health, substance abuse or developmental services. Individuals served reflects duplicated count as individuals may be served in more than one program area.
- (2) Prior to FY2014, the visitor numbers included only counted attendance for program visitation and outreach.
- (3) The increase in recruits graduating in FY2015 is due to increased academy class size and number of classes.
- (4) The data reflects cases assigned for further investigation and assigned cases closed or cleared.
- (5) In FY17 stats for the Nutritional Supplements Program were included. This program is provided to clients who need additional sources of nutrition and/or who cannot tolerate regular solid food.
- (6) In March 2016 the College Board implemented a new grading scale from the previous 600 to 2400 to the new scale of 400 to 1600.
- (7) In FY 2018, Federal Public Housing units were converted to project-based voucher units under the federal Rental Assistance Demonstration (RAD). The number of units were included with Federal Housing Choice Voucher.

Fiscal Year					Function/Program
2014	2013	2012	2011	2010	
Community development:					
148,587	150,877	136,532	131,236	119,132	Building inspections
59,956	59,714	54,138	52,450	59,662	Building permits issued
19,163	17,982	15,000	15,768	14,791	Zoning permits processed
10,655,021	10,650,401	10,895,833	10,283,313	9,629,993	Fairfax Connector bus passengers
Parks, recreation, and cultural:					
277,342	284,392	260,943	258,359	254,830	Senior Center attendance
92,895	84,180	97,913	95,993	99,267	Teen Center attendance
269,279	264,144	224,163	219,768	211,637	Community Center attendance
4,990,860	5,221,226	5,246,854	5,439,426	5,685,827	Library visits
12,881,013	13,091,690	13,034,816	13,241,259	13,879,073	Circulation of all library materials
Component Units:					
Public Schools:					
1,668	1,663	1,659	1,654	1,664	Combined SAT scores
83,355	85,006	86,703	85,154	83,514	Number of lunches served daily
19,090	17,171	15,400	12,825	11,911	Number of breakfasts served daily
183,895	181,259	177,918	174,933	172,391	Student enrollment
25,358	25,114	24,807	24,489	14,157	Special education enrollment
31,204	28,090	27,944	22,650	19,222	ESOL enrollment
Redevelopment and Housing Authority:					
Residents housed through subsidized rental programs:					
2,701	2,789	2,818	2,839	2,866	Federal Public Housing
9,530	9,636	9,317	9,103	8,138	Federal Housing Choice Vouchers
6,202	6,224	6,166	6,006	6,113	County Rental Program-multifamily and seniors
27	42	32	51	63	Homes sold in First-Time Homebuyer Program
Park Authority:					
1,796,905	1,919,684	2,006,294	1,988,830	1,868,390	REC Center attendance
268,151	276,759	294,828	281,930	289,384	Golf course rounds
1,324,432	791,038	881,510	723,351	616,441	Visits to natural, cultural, historic and interpretive sites ⁽²⁾
178,861	180,336	176,240	166,430	152,002	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				
	2019	2018	2017	2016	2015
<u>Primary Government:</u>					
<i>General government administration:</i>					
Government office buildings (square feet)	2,028,977	2,017,255	1,739,631	2,706,311	3,191,961
Vehicle maintenance facilities	3	3	3	3	3
<i>Judicial administration:</i>					
Correctional facilities (inmate capacity)	1,260	1,260	1,260	1,371	1,260
Courtrooms	44	44	44	44	44
<i>Public safety:</i>					
Police:					
Stations	8	8	8	8	8
Vehicles	1,476	1,467	1,456	1,441	1,498
Helicopters	2	2	2	2	2
Criminal justice academy (trainee capacity)	240	240	240	240	240
Fire and rescue:					
County-operated fire and rescue stations	30	30	30	30	30
Volunteer fire and rescue stations	8	8	8	8	8
Combination stations	2	2	4	4	4
Vehicles	505	505	502	502	502
Boats	1	2	2	2	2
Training facilities (trainee capacity)	186	186	186	186	186
Animal shelters (animal capacity)	153	153	153	153	153
<i>Public works:</i>					
Miles of sanitary sewer lines	3,249	3,247	3,242	3,430	3,425
Sewer pumping stations	63	63	61	59	59
Refuse collection, recycling, and disposal vehicles	229	229	229	229	239
Miles of stormwater drainage lines	1,679	1,668	1,662	1,653	1,641
Stormwater retention ponds	1,497	1,471	1,456	1,440	1,425
Landfills and transfer stations	3	3	3	3	3
<i>Health and welfare:</i>					
Health-related clinics	5	8	8	8	8
Shelters	6	6	6	6	6
Community Services Board Centers	7	7	7	7	7
<i>Community development:</i>					
Community centers	8	8	8	8	7
Bus shelters	463	421	534	563	557
Transit centers and park & ride lots	55	46	46	43	47
Fairfax Connector buses	313	309	302	302	284
<i>Parks, recreation, and cultural:</i>					
Libraries	23	23	23	23	23
Multi-Cultural centers	1	1	1	1	1
Trails and walkways (miles)	716	711	694	689	677

Fiscal Year					Function/Program
2014	2013	2012	2011	2010	
Primary Government:					
General government administration:					
3,763,174	3,621,104	3,605,182	3,792,927	3,630,519	Government office buildings (square feet)
3	3	4	4	4	Vehicle maintenance facilities
Judicial administration:					
1,157	1,220	1,257	1,260	1,260	Correctional facilities (inmate capacity)
44	44	44	40	39	Courtrooms
Public safety:					
Police:					
8	8	8	8	8	Stations
1,491	1,486	1,263	1,255	1,289	Vehicles
2	2	2	2	2	Helicopters
240	240	240	240	240	Criminal justice academy (trainee capacity)
Fire and rescue:					
29	29	28	28	27	County-operated fire and rescue stations
9	9	9	9	10	Volunteer fire and rescue stations
4	4	4	4	4	Combination stations
502	502	495	496	502	Vehicles
2	2	4	2	2	Boats
186	186	186	186	186	Training facilities (trainee capacity)
153	137	158	134	146	Animal shelters (animal capacity)
Public works:					
3,420	3,412	3,398	3,390	3,380	Miles of sanitary sewer lines
59	59	65	65	65	Sewer pumping stations
244	263	264	264	263	Refuse collection, recycling, and disposal vehicles
1,633	1,621	1,607	1,593	1,586	Miles of stormwater drainage lines
1,414	1,396	1,373	1,349	1,334	Stormwater retention ponds
3	3	3	3	3	Landfills and transfer stations
Health and welfare:					
8	8	8	5	5	Health-related clinics
6	6	6	6	6	Shelters
10	10	10	10	10	Community Services Board centers
Community development:					
7	7	7	7	7	Community centers
410	375	350	194	184	Bus shelters
36	36	38	45	51	Transit centers and park & ride lots
278	278	254	271	255	Fairfax Connector buses
Parks, recreation, and cultural:					
23	23	23	23	23	Libraries
1	1	2	2	2	Community centers
664	656	649	645	641	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				
	2019	2018	2017	2016	2015
<u>Component Units:</u>					
<i>Public Schools:</i>					
Elementary schools	141	141	141	139	139
Middle schools	23	23	23	23	23
High/secondary schools	25	25	25	25	25
Special education centers	7	7	7	7	7
Alternative high schools	2	2	2	2	2
<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	1,547	1,478	1,471	1,467	1,458
Senior Housing Program	476	476	476	476	494
Partnership Program	760	699	695	690	779
<i>Park Authority:</i>					
Acres of park land	23,550	23,513	23,418	23,372	23,346
Athletic fields	266	262	263	268	268
Trail miles	332	327	326	324	324
Play areas and tot lots	206	209	210	212	210
Tennis courts	257	254	254	254	254
Multi-use courts	124	131	120	124	124
Recreational centers	9	9	9	9	9
Golf courses	9	9	9	9	9
Historic sites	68	68	68	68	68
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
2014	2013	2012	2011	2010	
<u>Component Units:</u>					
<i>Public Schools:</i>					
139	139	138	139	139	Elementary schools
23	23	22	22	22	Middle schools
25	25	25	25	25	High/secondary schools
7	7	7	8	8	Special education centers
2	2	2	2	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
1,456	1,420	1,420	1,420	1,429	County Rental Program
494	494	494	494	494	Senior Housing Program
779	779	779	779	779	Partnership Program
<i>Park Authority:</i>					
23,310	23,265	23,196	22,894	22,524	Acres of park land
272	272	274	273	284	Athletic fields
324	320	320	317	314	Trail miles
209	205	205	204	201	Play areas and tot lots
252	252	227	229	229	Tennis courts
124	124	132	132	132	Multi-use courts
9	9	9	9	9	Recreational centers
9	9	9	9	9	Golf courses
68	68	68	68	67	Historic sites
7	7	7	7	7	Nature/visitor centers
3	3	3	3	3	Marinas





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