FAIRFAX COUNTY ECONOMIC DEVELOPMENT AUTHORITY

A Component Unit of the County of Fairfax, Virginia

Financial Statements

As of and for the fiscal year ended June 30, 2016

(With Report of Independent Auditor Thereon)

FAIRFAX COUNTY ECONOMIC DEVELOPMENT AUTHORITY
A Component Unit of the County of Fairfax, Virginia

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Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

To the Board of Supervisors
County of Fairfax, Virginia

To the Board of Commissioners
Fairfax County Economic Development Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Fairfax County Economic Development Authority (the "Authority"), a component unit of the County of Fairfax, Virginia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority'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 Authorities, Boards and Commissions*, 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 and each major fund of the Authority, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 and the budgetary comparison and pension information on pages 27 through 29 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 Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2016, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Tysons Corner, Virginia
October 7, 2016

Fairfax County Economic Development Authority
A Component Unit of the County of Fairfax, Virginia
Management's Discussion and Analysis *(Unaudited)*
For the Fiscal Year Ended June 30, 2016

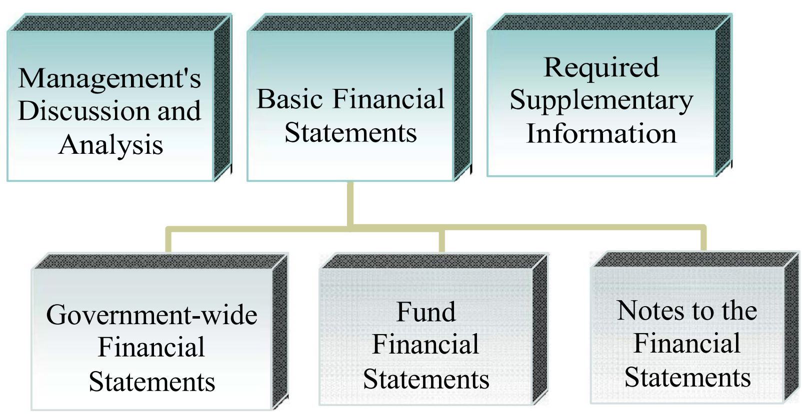
I. Introduction

This section of the Fairfax County Economic Development Authority's (the Authority) annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal year (FY) ended June 30, 2016. The intent of this discussion and analysis is to look at the Authority's FY 2016 financial performance as a whole.

II. Using the Financial Section of this Financial Report

This financial report consists of three parts: (1) management's discussion and analysis (this section), (2) basic financial statements and notes to those statements, and (3) required supplementary information. The financial statements are primarily organized to provide an understanding of the fiscal performance of the Authority as a whole. The statements also provide an increasingly detailed look at the Authority's specific financial activities.

Components of the Financial Report



Government-wide Financial Statements

The government-wide financial statements report information about the Authority as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position and the Statement of Activities are financial statements that provide information about the activities of the Authority and present a long-term view of the Authority's finances. These statements utilize the accrual basis of accounting and the economic resources measurement focus.

The Statement of Net Position presents information on all of the Authority's 1) assets and deferred outflows and 2) liabilities and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Activities presents information showing how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The government-wide financial statements of the Authority present only one category: Governmental Activities. Expenses are shown by natural classification. The government-wide financial statements can be found on pages 12 and 13 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Authority's governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information is useful in evaluating the Authority's near-term financing requirements.

The governmental funds' financial statements utilize the modified accrual basis of accounting and the current financial resources measurement focus. Under the modified accrual basis of accounting, governmental funds recognize revenues when they become available and measurable and expenditures when the liability is incurred (if measurable), except for long-term obligations, which are recognized as they become due. The modified accrual basis of accounting measures cash and all other financial assets that can be readily converted to cash, and as such, provides a short-term view of general operations. The governmental funds' financial statements can be found on pages 14 and 15 of this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the Balance Sheet - Governmental Funds and the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds contain a reconciliation to facilitate this comparison.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and General Fund financial statements. The notes to the financial statements can be found on pages 16 through 26 of this report.

III. Reporting the Authority as a Whole

Statement of Net Position

Overall, the Authority's total Net Position increased by $68,172 during the fiscal year ended June 30, 2016. The increase in the Authority's total net position is primarily due to net changes in pension related balances, in the Statement of Net Position. The County of Fairfax, Virginia (the County) funds current liabilities. Below is a summary of the Authority's net position at June 30, 2016 and June 30, 2015:

Summary of Net Position
As of June 30

Assets :	**2016**	**2015**
Non-capital Assets	$ 482,765	259,260
Capital Assets	252,880	322,047
Total assets	735,645	581,307
Deferred Outflows of Resources	1,282,581	993,217
Liabilities:		
Current Liabilities	482,765	259,260
Long-term Liabilities	974,592	1,075,278
Other Liabilities	5,890,540	4,828,431
Total liabilities	7,347,897	6,162,969
Deferred Inflows of Resources	86,111	895,509
Net Position		
Net investment in capital assets	252,880	322,047
Unrestricted deficit	(5,668,662)	(5,806,001)
Net position	$ (5,415,782)	$ (5,483,954)

Statement of Activities

The Statement of Activities presents the Authority's revenues and expenses in a programmatic format. All of the Authority's revenues are *general,* that is, not associated with any specific program or activity. The accrual basis of accounting, shown below, results in a difference between revenues and expenses due to capital asset transactions, compensated absences, pension activity, and unearned rent.

The results of this year's operations are reported in the Statement of Activities. Overall, expenses increased by $2,230,440 or 24.78% and general revenues Increased by $2,176,493 or 23.86%. The increases in expenses and revenues are mainly due to the Commonwealth Opportunity Fund Grant, for which $2,450,000 was received and disbursed in fiscal year 2016 compared to $500,000 in fiscal year 2015.

Summary of Changes in Net Position
For the Fiscal Years Ended June 30

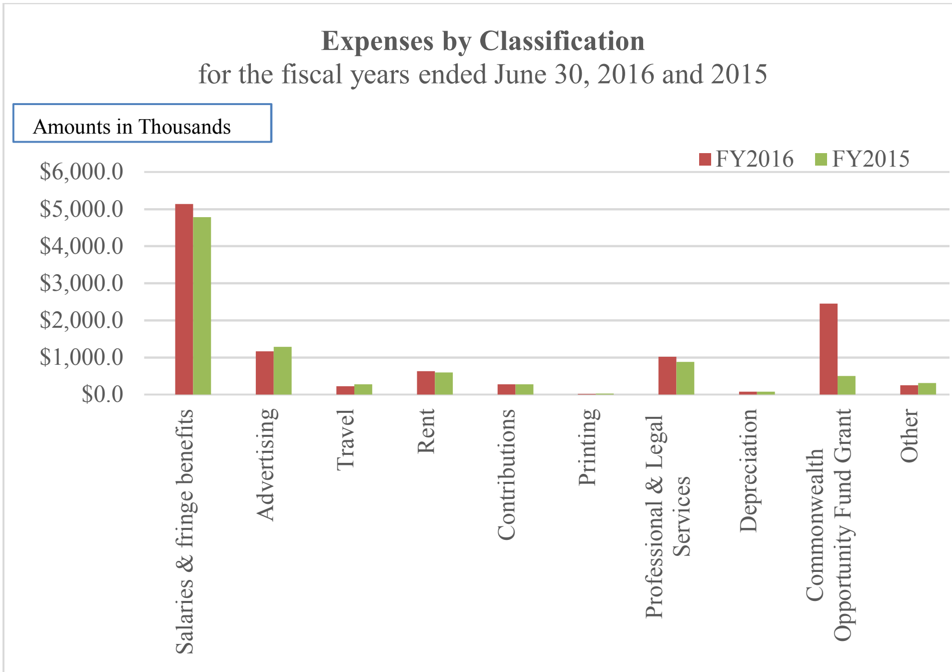
	FY 2016	FY 2015
Expenses:		
Program expenses	$ 11,231,274	$ 9,000,834
General revenues:		
Intergovernmental revenues	11,299,446	9,122,953
Change in net position	$ 68,172	$ 122,119

Revenues

For FY 2016, revenues from governmental activities totaled $11,299,446 and predominately represented intergovernmental revenues received from the County.

Expenses

For FY 2016, expenses for governmental activities totaled $11,231,274. The following graph shows the Authority's major expenses by classification.



IV. General Fund Highlights

The Authority's major governmental funds are the General Fund and the Federal/State Grant Fund, which are reported using the modified accrual basis of accounting and the current financial resources measurement focus. The fund balance activity for FY 2016 and FY 2015 is as follows:

Payments to the Authority's General Fund are budgeted within the County's General Fund. The County's Board of Supervisors (the Board) appropriates funds annually to the Authority based on the Authority's operating expenditures' budget. The Authority's revenues consist of receipts from the County to offset actual expenditures incurred during the fiscal year; therefore, revenues equal expenditures and there is no fund balance remaining at the end of the fiscal year.

	Summary of General Fund Financed from the County General Fund
Fund Balance, June 30, 2014	$ -
Revenues	8,622,953
Expenditures	(8,622,953)
Fund Balance, June 30, 2015	-
Revenues	8,849,446
Expenditures	(8,849,446)
Fund Balance, June 30, 2016	$ -

V. General Fund Budgetary Highlights

An increase of $127,227 in Personnel Services from Fiscal year 2015 adopted budget to Fiscal year 2016 adopted budget includes $37,707 for a 1.10 percent market rate adjustment for all employees and $89,520 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2015.

VI. Capital Assets

The Authority's investment in capital assets is comprised of equipment and leasehold improvements, which is detailed as follows:

	Governmental Activities	
	June 30, 2016	June 30, 2015
Equipment	$ 34,922	$ 28,977
Leasehold Improvements	767,961	767,961
Less: Accumulated Depreciation/Amortization	(550,003)	(474,891)
Total Capital Assets, net	$ 252,880	$ 322,047

Additional information pertaining to the Authority's capital assets can be found in the notes to the financial statements.

VII. Economic Factors Facing the Authority and the County

The largest share (roughly two-thirds) of the County's General Fund revenues come from real estate taxes. Generally, each residential (real estate) tax dollar results in a demand for public services that exceeds $1, whereas a business tax dollar generates a demand for public services of much less than $1. It therefore behooves the County to attract more business dollars to offset the costs of public services for residents.

Estimated at about 1.1 million in 2015, the County's population is expected to grow by an average of about 7,600 people each year through 2020. The resultant demand for public schools and other public services will place an enormous burden on the residential side of the real estate tax base unless additional business tax dollars are contributed to offset these rising costs. Business growth results in an increased demand for office space, generating new construction, which in turn results in additional non-residential real estate and business tax revenues. These contribute to the quality of life and overall prosperity of the County, while helping the Board of Supervisors minimize, to the extent possible, the burden of public services costs on residents.

The proportion of the real estate tax base that is paid by commercial property owners increased from 11.6 percent in 1976 to 18.7 percent in 2016 (FY 2016), demonstrating growth overall in the commercial tax base (although growth in the residential sector has generally far outpaced growth in the commercial sector during this period). Despite the reduction in the real estate tax rate - from $1.74 per $100 assessed value in 1976 to $1.17 in FY 17 - the level of services provided to residents by the County and public schools has grown. Additionally, the County population has become increasingly diverse and that tends to exacerbate the costs for public education, public safety, human services, and other public services.

The national and global recession that followed the decline of the "dot-coms" industry had a deflating effect on the local economy in the previous decade. Although the County fared better than virtually any other major employment market in the nation during that time, the County's annual job growth rate fell to about 3.4 percent in the early 2000s, compared to between 5.0 and 6.0 percent per year in the mid-to-late 1990s. The County's historically low annual unemployment rate climbed from 1.6 percent in 2000 to 3.4 percent in 2002, still far below regional, state and national figures.

By 2005, due to increases in federal contracting, particularly in defense and homeland security, nearly half the Washington region's total increase in private-sector professional and business services employment, or about 100,000 jobs, had occurred in the County as an employment center (according to a U.S. Bureau of Labor Statistics study) that thrust the County into the national spotlight. In FY 2014, County-based companies received $23.7 billion in federal contracts.

The global and U.S. financial markets began to falter in mid-2008. Although the County has been affected by the subsequent economic slowdown, it has been able to weather the storm far better than many other localities and regions nationally. The next few years will represent one of the most challenging periods in the history of the County, however. Sequestration led to an approximate 10.0 percent drop in federal procurement dollars for Fairfax County companies in FY 2013. A federal budget deal in December 2013 eased budget pressures somewhat in FY 2014, FY 2015 and FY2016, but sequestration may affect contracting totals again in fiscal year 2017. Impacts have been felt in job development, wealth generation, tax revenues, and - most critically - office space vacancy rates. Fortunately, the impact today will be far less than it might have been one or two generations ago because of the diversification of the County economic bases over time.

In June 2016, when the unemployment rate was 4.9 percent nationally, 4.0 percent in Virginia and 3.9 percent in metro Washington, D.C., the County's unemployment rate was 3.1 percent. The President's Council of Economic Advisors considers an unemployment rate of 4.5 to 5.0 percent to be "full employment."

Vacant office space is a critical metric. A low office vacancy rate (of about 6.0 to 8.0 percent) typically triggers the demand for new construction that contributes to the expansion of the tax base and the ability of the Board of Supervisors to fund services. The County's vacancy rate stood at 17.2 percent as of yearend 2015, slightly above the level at the end of 2013. Demand for office space in the County has been solid over the past five years. However, in the face of volatile national and global factors, the resultant financial uncertainty, and credit constriction, this could change.

The 23-mile extension of Metrorail to Washington Dulles International Airport and the development associated with the Base Realignment and Closure Act (BRAC)-mandated expansion at Fort Belvoir are transformative projects currently in the County. Construction for Phase I of Metrorail to Dulles opened in July 2014 and includes four rail stations in Tysons Corner and one in Reston.

Construction of Phase II of the project has begun and is expected to be completed in 2019. It encompasses another station in Reston, two in Herndon, one at Washington Dulles International Airport and two in eastern Loudoun County.

The BRAC recommendations released by the United States Department of Defense in 2005 called for the relocation of selected agencies from leased facilities in the County and its neighboring jurisdictions to Army-owned property for financial, strategic and national security reasons. Under the largest initiative in the national BRAC program, Fort Belvoir, in southeastern region of the County, added roughly 20,000 personnel (about 5,600 on-post) to its existing complement of about 23,000 workers in 2011.

BRAC has necessitated the construction of new buildings on-post and on other Army land holdings. The latter includes the Fort Belvoir North Area (formerly known as the Engineer Proving Ground) in Springfield, where the National Geospatial-Intelligence Agency (NGA) completed construction on its 2.4-million-square-foot headquarters, housing approximately 8,500 employees. There is potential for a new round of BRAC impacts in the next few years. This could have a repeat effect on the southeastern quadrant of the County.

An additional transformative event was Inova's acquisition of the former ExxonMobil campus in Merrifield. The 117 acre site will serve as the home of the Cancer Institute and the Institute for Translational Medicine. Over time, it is believed that the campus will spin off new companies and jobs.

The Fort Belvoir expansion and NGA development represent opportunities for office development that are expected to bring a large number of high-paying jobs to the southeastern region of the County and generate additional business taxes for the County. Such growth further strengthens the Board's ability to provide quality public services and an enhanced quality of life to the citizens of the County, while minimizing the tax burden on residents to the extent possible.

There is consolidation in information technology and government contracting - industries that generate significant job numbers - and these firms are re-focusing their services. Alternatively, new industries such as cybersecurity, cloud computing and data analytic, and translational medicine present future - though perhaps not immediate - opportunities.

In addition to working to retain the existing business base, the Authority targets strong and comparable U.S. and global markets and industries to accelerate the process of business attraction and to diversify the County's economy by helping to create a more stable economic base. Some of the markets and industries are new while others are more traditional. A primary objective continues to be the further diversification of the County's economic base, building on the recent successes in a wide range of industry sectors (e.g., headquarters operations of Intelsat, Cvent, Bechtel, Hilton Worldwide and Volkswagen Group of America) as well as the traditional economic base in the government contractor sector, (e.g., the corporate headquarters of CSC, Northrop Grumman and SAIC). The County also has a strong base of small, minority-owned, woman-owned and veteran-owned businesses and the Authority works closely to retain and attract companies in those sectors.

Fairfax County presently has 116 million square feet of office space. Twenty million (17 percent) square feet of the inventory is vacant. This includes one million square feet that is reported by the owners as being obsolete, leaving 19 million square feet of marketable vacant space. The 96 million square feet that are filled exceed the total office space inventory of the rest of northern Virginia. Currently, there is 15 million square feet vacant throughout the rest of Northern Virginia. The focus of all programs of the Authority is to market office space and reduce the vacancy rate in order to stimulate construction of more office space and generate the commercial tax base that the Board uses to fund high-quality public services.

VIII. Contacting the Authority's Management

This financial report is designed to provide a general overview of the Authority's financial condition. If you have questions about the report or need additional financial information, contact: Gerald L. Gordon, President and CEO, 8300 Boone Boulevard, Suite 450, Tysons Corner, VA 22182, (703) 790-0600.

Fairfax County Economic Development Authority

A Component Unit of the County of Fairfax, Virginia
Statement of Net Position
June 30, 2016

ASSETS	
Due from County of Fairfax, Virginia	$ 482,452
Prepaid expenses	313
Capital assets, net of accumulated depreciation and amortization	252,880
Total assets	735,645
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow related to pensions	1,282,581
Total deferred outflows of resources	1,282,581
LIABILITIES	
Accounts payable and accrued liabilities	264,862
Accrued salaries and benefits	217,903
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences payable	229,287
Unearned rent	161,893
Portion due or payable after one year:	
Compensated absences payable	119,470
Unearned rent	463,942
Net pension liability	5,890,540
Total liabilities	7,347,897
DEFERRED INFLOWS OF RESOURCES	
Deferred inflow related to pensions	86,111
Total deferred inflows of resources	86,111
NET POSITION	
Net investment in capital assets	252,880
Unrestricted deficit	(5,668,662)
Net position	$ (5,415,782)

See accompanying notes to the financial statements.

Fairfax County Economic Development Authority
A Component Unit of the County of Fairfax, Virginia
Statement of Activities
For the Fiscal Year Ended June 30, 2016

EXPENSES:		
Salaries and fringe benefits	$	5,132,783
Advertising		1,166,512
Travel		223,980
Rent		626,058
Contributions		275,750
Printing		12,199
Professional and legal services		1,019,001
Depreciation and amortization		75,112
Governor's Opportunity Fund Grant		2,450,000
Other		249,879
Program expenses		11,231,274
GENERAL REVENUES:		
Intergovernmental revenues - County General Fund		8,849,446
Intergovernmental revenues - Governor's Opportunity Fund Grant		2,450,000
Total revenues		11,299,446
CHANGE IN NET POSITION		68,172
NET POSITION, BEGINNING OF YEAR		(5,483,954)
NET POSITION, END OF YEAR	$	(5,415,782)

See accompanying notes to the financial statements.

Fairfax County Economic Development Authority A
Component Unit of the County of Fairfax, Virginia
Balance Sheet - General Fund
June 30, 2016

ASSETS		
Due from County of Fairfax, Virginia		$ 482,452
Prepaids		313
Total assets		482,765
DEFERRED OUTFLOWS OF RESOURCES		
Total deferred outflows of resources		-
Total assets and deferred outflows of resources		482,765
LIABILITIES AND FUND BALANCE		
Accounts payable and accrued liabilities		264,862
Accrued salaries and benefits		217,903
Total liabilities		482,765
DEFERRED INFLOWS OF RESOURCES		
Total deferred inflows of resources		-
FUND BALANCE		
Unassigned fund balance		-
Total liabilities, deferred inflows of resources, and fund balances		$ 482,765
Reconciliation of the Balance Sheet to the Statement of Net Position:		
Fund balance General Fund		$ -
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the General Fund:		
Equipment	$ 34,922	
Leasehold improvements	767,961	
Less - accumulated depreciation and amortization	(550,003)	252,880
Compensated absences are not due and payable in the current period and, therefore, are not reported in the General Fund		(348,757)
Unearned rent is not due and payable in the current period and, therefore, is not reported in the General Fund		(625,835)
Pension liabilities are not due and payable in the current period and, therefore, are not reported in the General Fund:		
Deferred outflow related to pensions		1,282,581
Net pension liability		(5,890,540)
Deferred inflow of net difference between projected and actual earning on pension plan investments		(86,111)
Net position of governmental activities		$ (5,415,782)

Fairfax County Economic Development Authority
A Component Unit of the County of Fairfax, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	General Fund	Federal/State Grant Fund	Total Governmental Funds
INTERGOVERNMENTAL REVENUES	$ 8,849,446	$ 2,450,000	$ 11,299,446
EXPENDITURES:			
Salaries and fringe benefits	5,129,004	-	5,129,004
Advertising	1,166,512	-	1,166,512
Travel	223,980	-	223,980
Rent	767,177	-	767,177
Contributions	275,750	-	275,750
Printing	12,199	-	12,199
Professional and legal services	1,019,001	-	1,019,001
Governor's Opportunity Fund Grant	-	2,450,000	2,450,000
Capital Outlay	5,945	-	5,945
Other	249,878	-	249,878
TOTAL EXPENDITURES	8,849,446	2,450,000	11,299,446
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE AT BEGINNING OF YEAR	-	-	-
FUND BALANCE AT END OF YEAR	$ -	$ -	$ -

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 as follows:	
Depreciation and amortization do not require the use of current financial resources and, therefore, are not reported in the General Fund:	
Capitalized equipment purchased	5,945
Depreciation and amortization expense	(75,112)
Compensated absences do not require the use of the current financial resources and, therefore, are not reported as expenditures in the General Fund.	(40,433)
Unearned rent does not require the use of the current financial resources and, therefore, is not reported as expenditures in the General Fund.	141,119
Pension liability does not require the use of current financial resources and, therefore, is not reported in the General Fund:	
Pension expense, net of current contributions	36,653
Change in net position of governmental activities	$ 68,172

See accompanying notes to the financial statements.

1. Summary of Significant Accounting Policies

The financial statements of the Fairfax County Economic Development Authority (the Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America (the GAAP) as applied to governmental units. The Governmental Accounting Standards Board (the GASB) is the accepted primary standard-setting body for establishing governmental accounting and financial reporting principles. The Authority's significant accounting policies are described herein.

A. Reporting Entity

The Authority is an independent authority legally created by an enactment of the Virginia General Assembly, under Chapter 643 of the Acts of Assembly dated 1964, as amended. The County of Fairfax, Virginia (the County) Board of Supervisors (the Board) appoints the seven members of the Authority's Commission, which appoints the Authority's President. The Board appropriates funds annually to the Authority for operating expenditures incurred in carrying out its mission. Accordingly, for reporting entity purposes, the Authority is considered to be a component unit of the County.

The Authority'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 Authority provides direct assistance to businesses that intend to establish their operations within the County and focuses on business retention, which involves assisting existing businesses that plan to expand their operations within the County.

B. Basis of Presentation

The basic financial statements include both government-wide (based on the Authority as a whole) and governmental funds' financial statements. Both sets of financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. The Authority categorizes its primary activities solely as governmental activities.

The government-wide Statement of Net Position represents the Authority's governmental activities. The Authority has opted to display the natural classification of expenses in the Statement of Activities, which includes salaries and fringe benefits, advertising, travel, rent, contributions, printing, professional and legal services, and other expenses. The government-wide Statement of Activities reflects all expenses, including depreciation and general revenues.

In the governmental funds' financial statements, financial transactions and accounts of the Authority are presented for the Authority's governmental funds, which include the General Fund, financed from the County's General Fund, and the Federal/State Grant Fund, financed from the County's Federal/State Grant Fund. Each governmental fund is considered to be a fiscal and accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The General Fund (major fund) is the primary operating fund of the Authority and is used to account for and report all revenues and expenditures, which are not accounted for in other funds. Revenues are derived primarily from County funding. The Federal/State Grant Fund (major fund) accounts for and reports the proceeds of specific grant revenue sources are restricted to expenditure for a specified purpose.

C. Measurement Focus and Basis of Accounting

The basis of accounting determines when transactions are reported in the financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting wherein revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

The governmental funds' financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting wherein revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the fiscal period. Available means collectible within the current period or within 45 days thereafter. Expenditures are recorded when the related liability is incurred and payment is due, except for compensated absences, which are recorded only when payment is due. The Authority recognizes revenues provided by appropriations from the County when the expenditures funded by such appropriations are incurred.

Since the governmental funds' financial statements are presented using a different measurement focus and basis of accounting than the government-wide financial statements, reconciliations are presented to explain the adjustments necessary to reconcile these two sets of financial statements.

D. Fund Balance Policies

Due to the nature of the funding relationship with the County, the Authority does not maintain a fund balance eligible for commitment or assignment. Therefore, policies to commit or assign fund balance have not been established.

E. Capital Assets

The Authority's capital assets - equipment and leasehold improvements - are reported in the government-wide financial statements. Equipment is recorded at historical cost or at estimated historical cost based on appraisals or on other acceptable methods when historical cost is not available. Donated capital assets are stated at their acquisition value as of the date of donation. The Authority capitalizes all equipment with a cost of $5,000 or greater and useful lives of longer than one year. Leasehold improvements were capitalized due to a renovation allowance from the lessor.

Accumulated depreciation and amortization is reported as a reduction of depreciable capital assets. Depreciation is computed using the straight-line method based on estimated useful life of five years for equipment. Leasehold improvement amortization is computed using the straight-line method based on the term of the lease for leasehold improvements.

F. Compensated Absences

Employees of the Authority are granted annual and sick leave based on their length of service and may accrue compensatory leave for hours worked in excess of their scheduled hours. Unused annual and compensatory leave is payable to employees upon termination based on the employees' current rate of pay up to certain limits. Sick leave does not vest with the employee. The compensated absences liability in the government-wide Statement of Net Position is separated into current (expected to be paid within one year) and long-term (expected to be paid after one year). The amount expected to be paid within one year is an estimate based on historical usage.

G. 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 result from changes in actuarial proportions, differences between projected and actual earnings on pension investments and pension contributions made subsequent to the measurement date. Changes in actuarial assumptions are deferred and amortized over the remaining service life of all participants and investment differences are deferred and amortized over a four-year period.

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 of resources are reported for amounts related to pensions in the Statement of Net Position. Deferred inflows resulting from pension investment activities are deferred and amortized over a four-year period.

H. 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. Actual results could differ from those estimates.

I. Tax Status

The Authority, as a political subdivision created by the Virginia General Assembly, is not subject to federal, state, or local income taxes and, accordingly, no provision for income taxes is recorded.

2. Due from County

Consistent with the Authority’s funding mechanism, the amount due from the County is equal to the Authority’s total outstanding liabilities on the modified accrual basis of accounting.

3. Capital Assets

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2016:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Equipment	$ 28,977	5,945	-	34,922
Leasehold Improvements	767,961	-	-	767,961
Less: Accumulated Depreciation	(28,977)	(793)	-	(29,770)
Less: Accumulated Amortization	(445,914)	(74,319)	-	(520,233)
Total Capital Assets, net	$ 322,047	(69,167)	-	252,880

4. Long-term Liabilities

Changes in long-term liabilities during the fiscal year ended June 30, 2016, are summarized below:

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
Compensated Absences	$ 308,324	288,933	248,500	348,757	229,287
Unearned Rent	766,954	-	141,119	625,835	161,893
Net Pension Liability	4,828,431	1,696,329	634,220	5,890,540	-
	$ 5,903,709	1,985,262	1,023,839	6,865,132	391,180

5. Commitments and Contingencies

Various claims and lawsuits may arise in the ordinary course of business. In the opinion of legal counsel, there are no cases, claims, or assessments of any nature against the Authority that are pending or threatened at June 30, 2016.

The Authority is committed to one operating lease as of June 30, 2016, for office space located in the County. The lease, expiring October 31, 2019, provided an incentive by way of a renovation allowance and rent credits from the lessor is accounted for as unearned rent and will be a reduction in rent expense on a straight line basis over the lease term. As of June 30, 2016, the unearned rent balance is $625,835. The amount amortized in fiscal year 2016 was $141,119. All lease obligations are contingent upon the Board of Supervisors appropriating funds for each year's payments.

Future minimum lease payments for this lease are as follows:

Fiscal year ending June 30,		Amount
2017	$	775,047
2018		796,263
2019		818,142
2020		280,228
Total	$	2,669,680

In 1989 and 1990, the Authority issued $26,765,000 of parking revenue bonds to finance construction of parking structures near the Vienna Metrorail Station and the Huntington Metrorail Station in the County. All obligations relating to the construction of such parking structures have now been paid. The Authority issued $25,735,000 in bonds on November 10, 1999, to finance a second parking structure at the Vienna Metrorail Station. In August 2005, the Authority issued $18,695,000 in bonds to refund all of the callable 1999 parking revenue bonds. The parking revenue bonds are payable under a lease with the Washington Metropolitan Area Transit Authority (the WMATA) from revenues to be derived by WMATA from parking surcharges at these and other parking facilities in the County. In the event such revenues are not sufficient to pay debt service on the parking revenue bonds and under certain other conditions, the County is, in effect, obligated, subject to annual appropriation by the Board, to make payments to the Authority sufficient to pay such debt service. As of June 30, 2016, $9,295,000 of such bonds remains outstanding and will be paid exclusively by the business.

6. Retirement Plans

Employees of the Authority are provided with pensions through the Fairfax County Employees' Retirement System (the ERS), a single-employer defined benefit pension plan which covers full-time and certain part-time employees of the County and its component units of the County, who are not covered by other plans of the County or the Virginia Retirement System. All contribution requirements for ERS are established through, and may be amended by, County ordinances, including member contribution rates. Plan A and Plan C require member contributions of 4.00 percent of compensation up to the 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 rates for the year ended June 30, 2016 and the year ended June 30, 2015, were 21.33 and 18.32 percent of annual covered payroll, respectively. The contribution rate was developed in the 2014 valuations and based on a target of 95 percent. In the event the ERS's funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) exceeds 120.00 percent or falls below 90.00 percent, the contribution rate will be adjusted to bring the funded ratio back within these parameters. The employer contribution made for the measurement period is $634,220.

At June 30, 2016, the Authority reported a liability of $5,890,540 for its proportionate share of the net pension liability. The net pension liability was determined based on an actuarial valuation as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015. At June 30, 2015, the Authority's proportion was 0.4579 percent, a decrease of 0.0056 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Authority recognized pension expense of $677,410. At June 30, 2016, the Authority 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	$ -	$ 31,567
Net difference between projected and actual earning on pension plan investments	299,270	-
Change in proportion applicable to Authority	269,248	54,544
Authority contributions subsequent to the measurement date	714,063	-
Total	$ 1,282,581	$ 86,111

$714,063 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2017	$	87,736
2018	$	87,736
2019	$	87,737
2020	$	219,198
	$	482,407

A. Actuarial Assumptions

The total pension liability (TPL) for the year ended June 30, 2015 was determined as part of the July 1, 2014, actuarial valuation using the entry age actuarial cost method and rolled forward to the measurement date of June 30, 2015. Significant actuarial assumptions used in the valuation include:

Inflation	3.0%
Salary increases, including inflation	3.0% + merit
Investment rate of return, net of plan investment expenses	7.5%
Projected period of unfunded benefit payments	None
Municipal bond rate	N/A
Mortality	Sex Distinct RP-2000 Combined Mortality projected to 2015 using Scale AA

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010.

The long term expected rate of return on pension 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 pension plan 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. Best estimates of arithmetic real rates of return for each major asset class included in the ERS's target asset allocation as of June 30, 2015, are summarized below.

Long Term Expected Rate of Return/ Target Allocation

Asset Class	Long Term Expected Real Rate of Return	Target Allocation*
U.S. Equities	4.5%	20.0%
International Equities	5.1%	10.0%
Core Fixed Income	2.0%	73.0%
High Yield	3.2%	7.5%
Absolute Return	6.0%	20.0%
Real Estate	5.3%	7.5%
Commodity	4.5%	5.0%

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

B. Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. 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 according to the County's stated policy. 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 total pension liability.

C. Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the Authority's share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	6.5%	7.5%	8.5%
Total Pension Liability	$ 25,959,940	$ 22,802,425	$ 20,223,935
Plan Fiduciary Net Position	16,911,885	16,911,885	16,911,885
Net Pension Liability	$ 9,048,055	$ 5,890,540	$ 3,312,050
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.1%	74.2%	83.6%

D. Pension Plan Fiduciary Net Position

The ERS is considered a part of the County's reporting entity and the ERS financial statements are included in the County's basic financial statements as a pension trust fund.

Information concerning ERS as a whole, including pension plan's fiduciary net position, is available in the County Comprehensive Annual Financial Report (the CAFR) for the fiscal year ended June 30, 2016. Additionally, the ERS issues a publicly available CAFR that includes financial statements and required supplementary information. That report may be obtained by writing to the Employees' Retirement System, 10680 Main Street, Suite 280, Fairfax, Virginia 22030, or by calling (703) 279-8200.

The reports are also available online:

Retirement system CAFR:
http://www.fairfaxcounty.gov/retirement/archived-publications.htm

Fairfax County CAFR:
http://www.fairfaxcounty.gov/finance/transparencyresources.htm

7. Conduit Debt

In March 1994, the Authority issued $116,965,000 of lease revenue bonds to finance the County's purchase of certain land and buildings. In October 2003, the Authority issued $85,650,000 of lease revenue refunding bonds to advance refund $88,405,000 of the outstanding 1994 bonds. At June 30, 2016, the outstanding principal of the 2003 Bonds was $22,180,000.

In June 2003, the Authority issued $70,830,000 of lease revenue bonds to finance construction of certain projects for the County and the Fairfax County Park Authority. In April 2012, the Authority issued $47,745,000 to advance refund a portion of the outstanding Series 2003 revenue bonds. At June 30, 2016, the outstanding principal of the 2012 Refunding Bonds was $36,410,000.

In January 2005, the Authority issued $60,690,000 of facilities revenue bonds to finance the acquisition of land and an existing office building in order to enable the Fairfax County Public Schools to consolidate its administrative staff into a single location. In June 2014, the Authority issued $44,000,000 to advance refund certain outstanding maturities of the Series 2005 facilities revenue bonds. At June 30, 2016, the outstanding bonds of the 2014 Refunding Bonds was $42,625,000.

In March 2010, the Authority issued $43,390,000 of revenue bonds to provide the County the funds to pay the purchase price of the various projects for the County and Fairfax County Redevelopment and Housing Authority and to defease the related obligations issued that provided such previous financing. At June 30, 2016, the outstanding principal of the 2010 Bonds was $27,630,000.

In May 2011, the Authority issued $205,705,000 of transportation district improvement revenue bonds (Silver Line Phase 1 Project) Series 2011 and in September 2012, the Authority 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 WMATA's mass transit system in the County. In March 2016, the Authority issued

$173,960,000 to refund a portion of the bonds issued in 2011 and 2012. At June 30, 2016, the outstanding bonds consist of $23,605,000 of the 2011, $4,615,000 of the 2012, and $173,960,000 of the 2016 Revenue Bonds.

In July 2011, the Authority issued $99,430,000 of revenue bonds to finance a portion of the costs of the construction of a public parking facility on public lands within the County, to serve the Wiehle Avenue Metrorail Station. At June 30, 2016, the outstanding principal of the 2011 Bonds was $96,155,000.

In May 2012, the Authority issued $65,965,000 of facilities revenue bonds to finance the improvement of certain properties to be used by the County as mental health facilities and as a neighborhood community center. At June 30, 2016, the outstanding principal of the 2012 Bonds was $58,980,000.

In June 2014, the Authority 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. At June 30, 2016, the outstanding principal of the 2014 Bonds was $126,690,000.

In June 2014, the Authority issued $30,175,000 of facilities revenue bonds to finance the leasehold acquisition from Lorton Arts Foundation, LLC of the Workhouse Arts Center located in Lorton, Virginia. At June 30, 2016, the outstanding principal of the 2014 Bonds was $27,585,000.

On December 17, 2014, the Authority 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 Authority 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 loan provide for repayment to begin October 1, 2023 and end April 1, 2046. At June 30, 2016, the outstanding principal of the TIFIA loan was $101,108,189.

As the County is responsible, under the related documents and subject to annual appropriations, to make payments to a trustee sufficient to pay principal and interest on all of these bonds, the related transactions, including the liability for the bonds, have been reported in the County's financial statements and not in those of the Authority.

In October 2003, August 2004, March 2007, and July 2008, the Authority 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 (the Counties). In May 2012, the Authority issued $86,275,000 of transportation contract revenue refunding bonds on behalf of the State Route 28 Transportation Improvement District to advance refund $29,285,000 of outstanding Series 2003 bonds and $52,755,000 of outstanding Series 2004 bonds. 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 Authority nor the Counties are responsible to make principal or interest payments on the bonds, neither reports the liability for the bonds. Rather, this liability for debt service payments on the bonds rests with the State Route 28 Highway Transportation Improvement District. At June 30, 2016, the total outstanding principal amount of these transportation contract revenue bonds outstanding was $169,540,000.

The Authority is also empowered by the Commonwealth of Virginia to issue Industrial Revenue Bonds (IRBs) on behalf of businesses relocating and/or expanding their operations within the County. Principal and interest on the IRBs are paid exclusively by the businesses. The terms of the IRBs stipulate that neither the Authority, nor the County, guarantee the repayment of principal and interest to the bondholders. As of June 30, 2016, the cumulative amount of all IRBs outstanding under the Authority's name was $517,261,976.

8. Risk Management

The Authority is exposed to various risks of loss related to torts, theft of, damage to and the destruction of assets, errors and omissions, injuries to employees and citizens, and natural disasters. For all of these risks, the Authority participates in the County's insurance program and is responsible for reporting all risk of loss to the County. The County program includes self-insurance and the purchase of certain commercial insurance policies. There were no claims or settlements in excess of insurance coverage in any of the past three fiscal years. Information regarding the County's insurance program is available in the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016.

9. Other Postemployment Benefits (OPEB)

The County provides subsidies for the health benefit coverage of certain retirees from the Authority. The Fairfax County OPEB Trust Fund is a single-employer defined benefit plan administered by the County. In order to participate, retirees must have reached the age of 55 or be on disability retirement and must have health benefit coverage in a plan provided by the County. Beginning in fiscal year 2004, the amount of monthly subsidy provided by the County is based on years of service and ranges from $30 per month to $220 per month. Retirees receiving the subsidy prior to fiscal year 2004 were grandfathered at a minimum of $100 per month.

The contributions to the OPEB Trust Fund are established and may be amended by the Board. The County includes the Authority in the funding to the OPEB Trust Fund in a manner that does not segregate the amount attributable to the Authority. Information concerning the program as a whole is available in the County's Comprehensive Annual Financial Report for the year ended June 30, 2016.

10. On-behalf Payments

On-behalf payments for salaries and fringe benefits are direct payments made by one entity (the County) to a third-party recipient for the employees of another, legally separate entity (the Authority). On-behalf payments include salaries, pension plan contributions, employee health and life insurance premiums, and salary supplements. The County expended $5,129,004 in on-behalf payments for the Authority for the year ended June 30, 2016. This amount consists of $3,739,206 in salaries, $718,929 in pension plan contributions, $476,032 in health and life insurance premiums, $671 in unemployment insurance and $194,166 in Federal Insurance Contributions Act. The Authority is not legally responsible for these payments; therefore, the Authority recognized expenditures equal to the amount recognized as revenues.

The Authority's Balanced Scorecard was established by the Authority Commission in fiscal year 2000 and implemented in fiscal year 2001, to measure progress and track results of the organization's performance in meeting its goals for the fiscal year. At the beginning of each fiscal year, the Commission establishes and prioritizes performance objectives for several strategic measures. During the year, the Commission receives quarterly reports on the status of the performance objectives. At the end of June, the Authority President prepares the final numbers for that year's activities and those numbers are audited by an outside firm. Once the Authority Commission is satisfied with the results, it authorizes the President to pay any performance fees that have been earned. At the beginning of Fiscal Year 2016, Authority staff placed five percent of their annual salary at risk for the "pay for performance" program, which was ten percent of their annual salary in the prior years. At the end of that fiscal year, each employee is eligible to receive a pro-rated amount up to five percent that was put at risk, as well as potentially a pro-rated share of an additional amount depending on the Authority's collective performance on the balanced scorecard. In fiscal years 2015 and 2016, compensation adjustments funded by the County were paid out in the amounts of $594,075 and $315,890 based on 2015 and 2016 performances, respectively. The first five percent of the adjustment represents return of the at risk portion of an employee's salary and the second five percent represents the pay-for-performance portion. The Authority is not legally responsible for these payments; therefore, the Authority recognized expenditures equal to the amount recognized as revenues.

11. Rental Reimbursements

The Authority has established several partner group relationships. The partner group relationships further promote the Authority's marketing efforts within the partner groups' business communities. Under the agreements with the partner groups, fees are charged for the space occupied within the Authority's leased facilities. For the year ended June 30, 2016, $72,415 of such fees was collected from the partners and is reported within rent expenses.

12. Implementation of New Accounting Pronouncements

In fiscal year 2016, the Authority implemented the new pronouncements GASB Statement No. 72 *Fair Value Measurement and Application,* GASB Statement No. 76 *The Hierarchy of Generally Accepted Accounting Principles for State and local Governments*, and Statement No.79 *Certain External Investment Pools and Pool Participants*. The implementation of these new standards did not have a material impact on the Authority's financial statements for fiscal year 2016.

Fairfax County Economic Development Authority
A Component Unit of the County of Fairfax, Virginia
Required Supplementary Information (Unaudited)

Budgetary Comparison Schedule - General Fund *(Unaudited)*
General Fund (Budgetary Basis)
For fiscal year ended June 30, 2016

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
Intergovernmental revenues	$ 7,463,150	7,463,150	7,459,648	(3,502)
Expenditures	7,463,150	7,463,150	7,459,648	3,502
Excess of revenue over expenditures	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	$ -	-	-	-

Notes to Required Supplementary Information

1. Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources	
Actual amount (budgetary basis) from the Budgetary Comparison Schedule	$ 7,459,648
Differences - budget to GAAP:	
On-behalf payments made by the County except for salaries are not budgeted, as they are an expenditure of the County, but must be recorded as a revenue and expenditure by the Authority under GAAP.	1,389,798
Actual amount (GAAP basis)	$ 8,849,446
Uses/outflows of resources	
Actual amount (budgetary basis) from the Budgetary Comparison Schedule	$ 7,459,648
Differences - budget to GAAP:	
On-behalf payments made by the County except for salaries are not budgeted, as they are an expenditure of the County, but must be recorded as a revenue and expenditure by the Authority under GAAP.	1,389,798
Actual amount (GAAP basis)	$ 8,849,446

2. Budget Data

The Authority's budget is formulated using the following procedures:

1) The Authority submits to the County's Board of Supervisors a proposed operating budget that has been approved by the Authority's commissioners for the forthcoming year.

2) The budget is legally enacted through passage of an ordinance by the County's Board of Supervisors, as part of the County's General Fund budget. The legal level of budgetary control is exercised in the aggregate; however, management control is exercised at the budgetary line item level.

3) Revisions that alter the total expenditures of the operating budget must be approved by the County's Board of Supervisors.

Fairfax County Economic Development Authority
A Component Unit of the County of Fairfax, Virginia
Required Supplementary Information (Unaudited)

Schedule of the EDA's Proportionate Share of the Net Pension Liability *(Unaudited)*
ERS Pension Plan
Last 10 Fiscal Years *

	2015	2016
EDA’s proportion of the net pension liability	0.4635%	0.4579%
EDA’s proportion share of the net pension liability	4,828,431	5,890,540
EDA s covered employee payroll	3,112,854	3,147,496
EDA’s proportionate share of the net pension liability as a percentage of its covered employee payroll	155%	187%
Plan fiduciary net position as a percentage of the total pension liability	78.30%	74.20%

(The amounts presented for each fiscal year were determined as of June 30; year shown is Fiscal Year of presentation.)

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

Schedule of EDA Contributions
ERS Pension Plan
Last 10 Fiscal Years*

	Actuarial Determined Contribution	Contributions in Relations to the Actuarial Determined Contribution	Contribution Excess	Authority's Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2016	$ 634,220	634,220		3,147,496	20.15 %
2015	$ 600,734	600,734		3,112,854	19.30 %

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