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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2015



## DEPARTMENT OF FINANCE

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**COUNTY OF FAIRFAX, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For the Fiscal Year Ended June 30, 2015  
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# County of Fairfax, Virginia

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

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November 16, 2015

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) 2015 (July 1, 2014 - June 30, 2015) in accordance with the Code of Virginia. The financial statements included in this report conform to generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the County. Extensive disclosures have been included to enable the reader to gain the maximum understanding of the County's financial affairs.

The following subjects are discussed in this letter:

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

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

## ECONOMIC CONDITION AND OUTLOOK

### The Local Economy

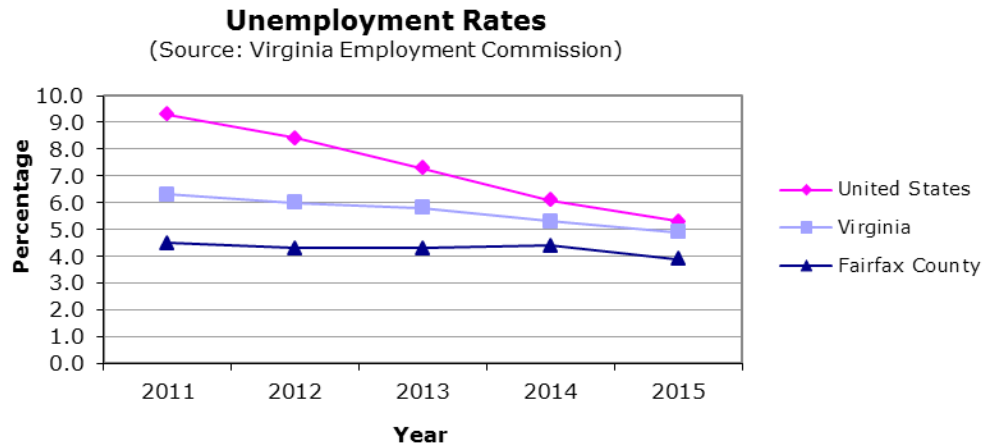
At the local level, consumers spent more and FY 2015 Sales Tax receipts grew 6.6 percent after falling 0.9 percent in FY 2014. Transient Occupancy Tax increased 9.3 percent after falling in the previous two fiscal years. However, the County's economy is still very much impacted by constrained federal spending. After growing an average of 16.2 percent per year from FY 2007 through FY 2010, FY 2015 Business, Professional, and Occupational License (BPOL) tax receipts increased only 0.4 percent over the FY 2014 level which

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had fallen 2.7 percent primarily due to federal sequestration cuts. In FY 2015, the combined Consultant and Business Service Occupations categories, which represent 43 percent of total BPOL receipts, decreased 1.9 percent from the FY 2014 level. The remaining BPOL categories rose a combined 2.2 percent. The Retail category, which represents 20 percent of total BPOL receipts, rose 4.1 percent in FY 2015.

The chart reflects the County unemployment rate of 4.0 percent for June 2015 in relation to both the Commonwealth of Virginia (4.9 percent) and the United States (5.3 percent). The unemployment rate in the County as of August 2015 was 3.4 percent, down from 4.4 percent from the prior August.



During the first eight months of 2015, the number of home sales increased 10.7 percent. However, the average price of homes sold was up only 1.1 percent through August.

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

## Economic Development

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

### Jobs

In FY 2015, the FCEDA worked with 216 businesses that will add more than 7,900 jobs to Fairfax County's primary economy. Companies such as Agilex, Bechtel, CACI, Carahsoft, Navy Federal Credit Union and TEK systems announced expansions in or relocations to Fairfax County.

### Office Space

The total inventory of office space in the County was more than 116.5 million square feet as of June 30, 2015, 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 June 30, 2015, the vacancy rates (including vacant sublet space) for the office market and industrial/flex markets were 17.5 percent and 11.7 percent, respectively.

## Foreign Companies

The FCEDA maintains marketing offices in seven important global business centers: Bangalore, India; Boston; London; Los Angeles; Munich, Germany; Seoul, South Korea; and Tel Aviv, Israel. In FY 2015, the FCEDA assisted 40 foreign-owned businesses with their decision to locate or expand in Fairfax County. **More than 400 foreign-owned firms from 47 countries have a presence in the County.**

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

## MAJOR INITIATIVES AND ACCOMPLISHMENTS

### Development Initiatives

#### Tysons

The Silverline Metro opened July 2014. Metro reports ridership numbers to date have been strong. Wiehle-Reston East continues to be the Silver Line's commuting powerhouse, **surpassing first-year ridership projections with nearly 9,200 train boardings**, or 18,400 weekday entries and exits in the month of June 2015.

The Silver Line is a new 23-mile Metrorail extension connecting the Tysons, Reston, Herndon, and Dulles Airport areas of Fairfax County to the regional Metrorail system. Phase 1 included these stations:

- ⇒ McLean Station
- ⇒ Tysons Corner Station
- ⇒ Greensboro Station
- ⇒ Spring Hill Station
- ⇒ Wiehle-Reston East Station

Phase 2, which is tentatively scheduled to open in 2018, will extend the Silver Line through Reston, Herndon, and Dulles Airport and into Loudoun County. Phase 2 Silver Line stations in Fairfax County, from east to west are:

- ⇒ Reston Town Center Station
- ⇒ Herndon Station
- ⇒ Innovation Center Station

By 2050, Tysons will be transformed into a walkable, urban center, home to up to 100,000 residents and 200,000 jobs. The County has approved a Comprehensive Plan for the redevelopment of Tysons into a major residential and commercial center.

Tysons is envisioned as Fairfax County's "downtown," a 24-hour urban center where people live, work and play. Three-quarters of future growth will be within a half-mile of the Metro stations. Many offices and homes will be less than a six-minute walk from the stations, allowing people to get around on foot, bicycle, bus or rail.

### Inova Translational Medicine Institute and Center for Personalized Health

Northern Virginia's largest hospital system, Inova, announced in February 2015 that it planned to acquire Exxon Mobil's 117-acre campus in Merrifield to create a complex dedicated to genomics and personalized medicine. Inova plans to use the property's four office buildings, in a wooded area just off the Capital Beltway, to house a long-planned cancer center and a new research hub that would combine a medical school with laboratories and Inova's Translational Medicine Institute (ITMI). ITMI is an important economic

development opportunity for the County, bringing personalized medicine to Northern Virginia. It is designed to lead the transformation of healthcare from a reactive to a predictive model using technological innovation, pioneering research and sophisticated information management. The goal is to provide the right treatment for the right patient at the right time, and ultimately prevent disease in the first place. The long term work of ITMI will enable Inova to successfully and quickly translate advances from genomics (the study of genes and their function) and the molecular sciences to patients, optimizing individual health and well-being.

**Online Resource:**      <http://www.fairfaxcountygva.org/ebird/inova-health-system-2>  
<http://www.inova.org/inova-center-for-personalized-health>

### **Arbor Row Athletic Fields**

May 2015 marked the opening of Jones Branch Fields and Arbor Row Stream Valley Park – the first of many new recreational facilities that will help redefine Tysons. Since the plan to transform Tysons was adopted in 2010, Fairfax County has approved 15 redevelopment proposals, including Arbor Row, which will collectively add about 29 million square feet to the growing urban center and more than 30 acres of publicly accessible park space. The Arbor Row development includes an eight-acre vacant parcel of land that was improved with two new athletic fields and a restored stream valley. An asphalt trail, pedestrian bridge, and hundreds of plantings were also added.

### **Providence Community Center**

The Providence Community Center opened January 2015. The new **32,000 square-foot community center** is the new location for the Providence District Supervisor’s office and the designated polling place for the local voting precinct. The facility will also host numerous events, activities and programs for individuals of all ages and abilities offering programs which include: adaptive programming for individuals with special needs; fitness, educational and technology classes; afterschool programming; summer camps; senior programming; and family programming.

### **Merrifield Center**

The Fairfax-Falls Church Community Services Board’s (CSB) new Merrifield Center, is now open for business. The new building includes all programs previously offered at the Woodburn Center in Annandale and other locations. This centrally located facility offers community-based services and support to prevent crises and help people with behavioral health challenges integrate successfully into the community.

### **North Park of Mosaic Revitalization Project**

A number of new local streets have been constructed as part of the development of the Mosaic Town Center in the Merrifield Commercial Revitalization Area. The streets form pedestrian-scaled, walkable blocks designed to encourage pedestrian and bicycle activity. The streets were designed to be low speed with high-quality streetscape, wayfinding, and seating areas to enhance the pedestrian environment. A public circulator bus with two stops in the Mosaic District transports residents, office workers and retail patrons to and from the Dunn Loring-Merrifield Metro Station.

**Online Resource:**      <http://www.fcerevit.org/publications/download/MerrifieldAnnualReport.pdf>

### **Public Safety Headquarters**

In August 2014, construction began on a **new Public Safety Headquarters building located along Government Center Parkway**, adjacent to the Herrity Building. This building is to replace the Massey building in the City of Fairfax. The building will be the administrative home to the Police and the Fire and

Rescue departments. A budget of \$176 million has been approved for this project; \$14 million of which is for the demolition of the aging Massey Building, and \$162 million for the construction of the new facility, with occupancy projected for Spring/Summer 2017.

**Online Resource:** <http://www.fairfaxcounty.gov/dpwes/publicsafetyheadquarters/>

## **World Police and Fire Games**

Seven-plus years in the making, Fairfax County won a very competitive bid process for the honor of hosting the 2015 World Police and Fire Games. For 10 days from late June to early July, over 10,000 athletes from 70 countries participated in more than 60 sporting events with 1,600 medal events. These athletes brought approximately 15,000 friends and family members who stayed at hotels and patronized restaurants and other businesses in the region.

## **Transportation Improvements**

In April 2015, the Northern Virginia Transportation Authority (NVTA) approved \$90.9 million in funding for nine Fairfax County projects. The FY2015-FY2016 program provides funding for key transportation priorities in Fairfax County and throughout Northern Virginia which will improve congestion and travel options on major corridors.

NVTA's Two-Year (FY 2015-2016) Program includes the following projects the County requested:

- Fairfax County Parkway Improvements (Study) - \$10 million
  - Frontier Drive Extension & Braided Ramps - \$2 million
  - Rolling Road Widening from Old Keene Mill Road to Franconia Springfield Pkwy - \$5 million
  - Route 7 Widening over the Dulles Toll Road Bridge - \$13.9 million
  - Route 28 Widening from the Prince William County Line to Route 29 - \$5 million
  - Connector Bus Service Expansion – \$6 million
  - West Ox Bus Garage - \$20 million
  - Innovation Center Metrorail Station - \$28 million
  - Route 1 Richmond Highway from Mt. Vernon Memorial Highway to Napper Road - \$1 million.
- This is in addition to the \$9 million in federal funding approved for the project by the Authority in January 2015.

In addition to the projects requested by the County, funding was approved for several projects requested by other agencies that will benefit the County, including:

- East Elden Street Improvements & Widening Project (Town of Herndon) - \$10.4 million
- Franconia-Springfield Platform Expansion (VRE) - \$13 million
- 8-Car Train Traction Power Upgrades to the Metrorail system (WMATA) - \$8.99 million

In January 2014, the Board of Supervisors approved over \$1.4 billion in new transportation projects as part of Fairfax County's Transportation Priorities Plan (TPP). The plan covers FY 2015 through FY 2020 and includes about 220 projects, including new roads, transit projects, sidewalks, and bike lanes.

These newly funded projects in addition to the Silver Line improvements discussed previously, will reduce congestion and improve mobility for those who live, work, do business or travel in Fairfax County, while facilitating economic development and providing broader transportation options including bus and rail transit.

**Online Resources:** [http://www.fairfaxcounty.gov/fcdot/6yr\\_priorities.htm](http://www.fairfaxcounty.gov/fcdot/6yr_priorities.htm)  
<http://www.fairfaxcounty.gov/fcdot/silverline>;  
<http://www.thenovaauthority.org/>

### **Lorton Road Widening Project**

A major element of the Fairfax County Transportation Plan is the improvement and realignment of Lorton Road through the Laurel Hill area, in conjunction with the improvement of Furnace Road west to Route 123. The planned improvements to these existing roads, which link Route 123, I-95, and Richmond Highway, are needed to accommodate both through-travel demand as well as traffic within the Laurel Hill area.

The project is partially funded from \$20 million that was approved by Fairfax County voters as part of the November 2007 Transportation Bond Referendum. Additional project funding is from developer contributions and the commercial and industrial tax. The construction is anticipated to be completed by mid-2016.

### **Route 29 Widening Project, Phase 3**

This project will provide a continuous third travel lane and pedestrian walkway on north bound Lee Highway from Legato Road to Shirley Gate Road. In addition to other improvements to transportation and stormwater elements within the Route 29 corridor. Project completion is scheduled for the fall of 2017.

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

Route 1 is being expanded from four to six lanes from Old Mill Road to Telegraph Road, through the Fort Belvoir area. **Supported by \$180 million in federal funding**, this project includes sidewalks, trails, and a wide median to accommodate future transit. Construction on this project being managed by the Federal Highway Administration is expected to be completed in the summer of 2016.

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

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

### **Online Resource (for links to these projects and other transportation information):**

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

### **Route 28 Widening Project**

In 2015, Fairfax, Loudoun, and Prince William Counties jointly began construction on Route 28 in an effort to relieve traffic congestion. **Funding for this project comes from the state transportation tax through the Northern Virginia Transportation Authority and provides \$200 million** to this regional project over the next several years. In Fairfax County, the road is being widened on the northbound lanes of Route 28 from McLearen Road to the Dulles Toll Road; while the southbound lanes of Route 28 will be widened from the Dulles Toll Road to Route 50. Additional lanes are to be added in both directions from the Prince William County boarder to Route 29.

**Online Resource:** [http://www.virginiadot.org/projects/northernvirginia/rt\\_28\\_spot\\_widening.asp](http://www.virginiadot.org/projects/northernvirginia/rt_28_spot_widening.asp)

## **Technology Initiatives**

The Board of Supervisors and County Executive are committed to providing the resources necessary to keep pace with emerging trends in information technology; 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.

### **Digital Government/e-Government**

The e-Government (e-Gov) initiative is a program supporting the County's goal of a "government without walls, doors, or clocks." The comprehensive strategy is the foundation for the County's Open Government,



Transparency, Customer Service, and Public Engagement strategies, as well as enabling County agencies' operational effectiveness goals, such as a mobile workforce and Continuity of Operations.

The County had made mobile applications (apps) available in the areas of tax transactions and reporting, land-use information, permits and inspections, social services resources, and customer services in public works. A mobile app was developed for the location of voting precincts. Mobile initiatives have transformed 'office' work to 'anywhere' work, increasing productivity and have made government more accessible to citizens. Information about the county's Mobile Apps can be accessed on the county's website: <http://www.fairfaxcounty.gov/news/mobile/>.

### **Electronic Plan Submission and Review Project - Land Development Services (LDS)**

The Land Use Information Advisory Council appointed by the Board of Supervisors (BOS) issued several guiding principles that included more robust use of technology to facilitate **the electronic submission and review of land use applications**. The Land Development Services division of the Department of Public Works and Environmental Services (DPWES) plans implementation of electronic plan submission and review to enable 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. The electronic process enables constant communication where clients are able to collaborate with one another for real time editing. Users are also able to track progress and organize plans in an inexpensive manner. The ease of use of electronic plan review makes the transition from paper based to digital plan review extremely valuable.

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

### **Environmental Stewardship**

In Fairfax County, environmental stewardship and prudent management of our natural environment and resources are essential and fundamental responsibilities. Decisions with environmental impacts are guided by the strategic and policy framework described in the Board's Environmental Agenda, titled Environmental Excellence for Fairfax County: A 20-year Vision. The plan addresses six core areas for protecting the environment, including: growth and land use; air quality and transportation; water quality; solid waste; parks, trails, and open space; and environmental stewardship. Implementing this long-term strategic planning requires cooperation and coordination between County residents, government leadership and County agencies.

### **Promoting Sustainable County Operations**

Fairfax County's Sustainability Initiatives document the County's efforts to promote sustainability, environmental stewardship and protecting the environment.

This report consolidates information into a single, go-to resource, a first for Fairfax County. It gives an overview of the County's many environmental sustainability and stewardship projects and programs.

In 2008, the Board of Supervisors adopted the Sustainable Development policy, which requires **County buildings of 10,000 or more square feet to be constructed to meet or exceed minimum green building standards**. The new public safety headquarters building currently under construction is designed to achieve LEED Silver certification. It will be the county's first building constructed to use energy efficient LED lighting throughout. Other design features include green roofs, low-flow plumbing fixtures and permeable pavements.

**Online Resource:** <http://www.fairfaxcounty.gov/living/environment/sustainability/>

## Affordable Housing

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

### Bridging Affordability Program

The Bridging Affordability program is intended to provide local rental subsidies to individuals and families experiencing homelessness as well as households currently on Fairfax County's affordable housing waiting lists, including those managed by the Fairfax County Redevelopment and Housing Authority (FCRHA), the Fairfax-Falls Church Community Services Board, the Office to Prevent and End Homelessness and the homeless shelters. Through a competitive request for proposal (RFP) process, an award of \$12.8 million has been made to Northern Virginia Family Service (NVFS) to provide long-term rental subsidies to homeless individuals and families and those on the County's waiting lists over a three-year period. As of June 2015, a total of **443 households have been served by the Bridging Affordability program** since its inception.

### Affordable Dwelling Unit Program

The Affordable Dwelling Unit (ADU) Ordinance requires developers of certain housing developments to set aside up to 12.5 percent of new units as affordable housing (6.25 percent for multifamily rentals) in return for the grant of additional density. The FCRHA has the right to acquire one-third of the ADUs offered for sale and to lease up to one-third of the rental units. The remaining units are sold or rented to moderate income households. As of September 2015, a total of 2,624 units (1,245 rentals and 1,379 for-sale units) have been produced under the ADU program; the FCRHA has acquired 141 of the for-sale units, which are maintained as permanent affordable rental housing.

### Workforce Housing Policy

The County's Workforce Housing Policy is a proffer-based incentive system designed to encourage the voluntary development of new housing, affordable to a range of moderate-income workers in Fairfax County's high-rise/high density areas. The Comprehensive Plan provides for a density bonus of up to one unit for every workforce unit provided by a developer, with the expectation that at least 12 percent of units in new developments be affordable or workforce housing. **As of September 2015, a total of 5,134 Workforce Dwelling Units (WDU)** have been committed by private developers in rezoning actions approved by the Board of Supervisors, and 447 WDUs have been constructed.

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

### Residences at the Government Center

The Residences at the Government Center is a workforce housing development created by a unique public-private partnership between the County of Fairfax, FCRHA, Jefferson Apartment Group, and Stratford Capital Group. The project is the first of its kind in the state to employ a financing structure that will use a creative hybrid mixture of tax credit allocations from the Virginia Housing Development Authority, as well as tax-exempt bonds from the FCRHA and other financing sources, to create a socially responsible and economically viable housing option for the low and moderate workforce in Fairfax County. The project will provide 270 apartments to be leased to households earning 50 to 60 percent of the area median income. Construction began in April 2015, with completion anticipated December 2016.

The Residences at the Government Center has been awarded joint recognition by the Washington Smart Growth Alliance and the ULI Terwilliger Center for its innovative approach to providing affordable housing. The project was commended for its unique public-private partnership that creates a private development



consisting entirely of affordable workforce housing units. The location of the apartments is within walking distance to jobs and everyday shopping opportunities, satisfying one of the most critical tenants of smart growth.

**Online Resource:** <http://www.fairfaxcounty.gov/rha/residences/residencesatgovcenter.htm>

## Quality Communities

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

### Destinations

In addition to Fairfax County's rich history associated with the beginning of the United States including sites such as Mount Vernon and Gunston Hall, the homes of founding fathers, George Washington and George Mason, respectively, the County and region also contain many important Civil War sites. For those seeking more recent developments, the Smithsonian's National Air and Space Museum's Steven F. Udvar-Hazy Center located near Dulles International Airport is a highlight for both visitors to Fairfax County as well as residents. A wide range of performing arts and entertainment is available through the Wolf Trap Farm Park for the Performing Arts, the only national park dedicated to the performing arts. Additionally, Fairfax County has collaborated with the Lorton Arts Foundation for the Workhouse Arts Center, a creative re-use of what was previously a medium-security prison.

### Parks

The Fairfax County Park Authority manages **23,346 acres of park land, including 268 athletic fields and 35 synthetic turf fields, 210 playgrounds, 324 miles of trails, 9 recreation centers, 9 golf courses (two at Twin Lakes)**, several lakes and historic sites, thus offering diverse recreational options. The Park Authority is in the process of updating its needs assessment which was last completed in 2004. Information is being gathered through surveys and public outreach. The final report is anticipated to be delivered by winter of 2015 and will set the stage for future capital improvement programs and prioritize projects for the upcoming 2016 bond sale.

### Library

Approximately **12 million items** were borrowed from the Library's collection of nearly 3 million books, CDs, DVDs, magazines, and other items. There were 4.8 million visits to the branches and 4.7 million visits to the Library's website. In addition, the Library has computers for access to the Internet, the catalog, e-books, downloadable audio books and databases. The Library sponsors various programs: national and local author readings and book signings, music concerts, and a wide variety of other events for the County's diverse population.

### Shopping

With more than 200 shopping centers and over 7,000 restaurants, Fairfax County offers one of the best shopping and dining experiences on the East Coast. Tysons, the "downtown" of Fairfax County, is home to several malls that feature such retailers as Macy's, Neiman Marcus, Nordstrom, Saks Fifth Avenue, Tiffany and Company and Bloomingdale's. The Reston Town Center offers more than fifty retail shops and thirty restaurants in the County's first and largest mixed-use development. Fairfax Corner, the Mosaic District, and Springfield Towncenter are other mixed-use developments, offering main street style shopping at both national chains and local boutiques.

## Farmers Markets

With 11 farmers markets operated by the Fairfax County Park Authority, residents have even more sources of **freshly picked fruits, vegetables and flowers, as well as meats, eggs and cheese locally produced** within 125 miles of the County. Operating from early May through October, November or mid-December, depending on the market, volunteer Market Masters staff each location to keep overhead costs low. Four of the markets that offer SNAP (Supplemental Nutrition Assistance Program) benefits also offer regular cooking and nutrition demonstrations and in April 2015, the program received a grant from the U.S. Department of Agriculture to increase access to fresh fruits and vegetables for food-insecure shoppers, while also benefitting small and mid-sized farmers.

**Online Resource:** <http://www.fairfaxcounty.gov/parks/wp-farm-mkt.htm>

## ABOUT FAIRFAX COUNTY

### GOVERNMENTAL STRUCTURE

Fairfax County is located in the northeastern corner of Virginia and encompasses an area of 407 square miles, including land and water. The County is part of the Washington, D.C. metropolitan area, which includes jurisdictions in Maryland, Northern Virginia and the District of Columbia.

The County government is organized under the Urban County Executive form of government (as defined under Virginia law). The governing body of the County is the Board of Supervisors, which sets policy for the administration of the County. The Board of Supervisors 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 Board of Supervisors appoints a County Executive to act as the administrative head of the County. The County Executive serves at the pleasure of the Board of Supervisors, carries out the policies established by the Board of Supervisors, directs business and administrative procedures, and recommends officers and personnel to be appointed by the Board of Supervisors.

Cities and counties in Virginia are discrete units of government that under Virginia law may not be overlapping districts. Fairfax County surrounds the City of Fairfax and is adjacent to the City of Falls Church and the City of Alexandria. Properties within these cities are not subject to taxation by Fairfax County, and the County generally is not required to provide governmental services to their residents. The County does, however, provide certain services to these cities' residents pursuant to intermunicipal agreements.

The incorporated towns of Clifton, Herndon and Vienna are underlying units of government within the County. The ordinances and regulations of the County, with certain limitations prescribed by state law, are in effect. Properties in these towns are subject to County taxation, and the County provides certain services to their residents. These towns may incur general obligation bonded indebtedness without the approval of the County.

### Employment

**More than 34,000 payroll businesses**, including corporate and regional headquarters, information technology firms, sales and marketing offices, and business services are located in 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 include:

Fairfax County companies annually appear on a number of prestigious regional and national "best of business" lists in an array of categories that reflect the diversity and strength of Fairfax County's vibrant

business community. One-hundred thirty Fairfax County firms, most of them in technology and professional services fields are on the 2015 **Inc. 5000** list. Produced by Inc. magazine, this list highlights the **fastest-growing companies in the nation**.

**Fairfax County is home to eight companies on the 2015 Fortune 500 list:** Freddie Mac, General Dynamics, Northrop Grumman, Capital One, CSC, Hilton Worldwide, Booz Allen, and Gannett.

**Other interesting notes about Fairfax County's Fortune 500 companies:**

- Fairfax County **has more Fortune 500 headquarters than 30 states** and Washington D.C.
- Fairfax County is home to more than half of the 15 Fortune 500 companies in the Washington, D.C., region.
- Eight of the 19 Fortune 500 companies in Virginia have headquarters in Fairfax County, including **four of the five largest Virginia companies**.

## Demographic Information

Based on the latest U.S. Census Bureau data for 2015, the County's **estimated population was 1,137,538**.

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

The population of Fairfax is anticipated to grow to 1.2 million by the year 2025.

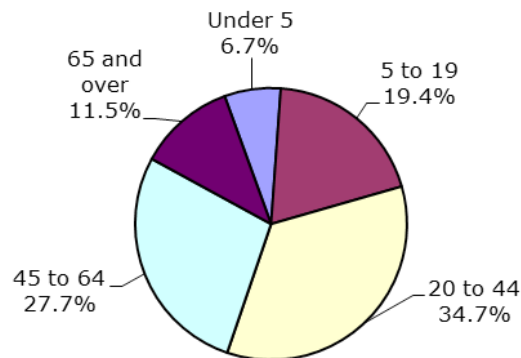
As reported in the American Community Survey, Fairfax County had an **estimated annual median household income of \$110,674** in 2014, compared with \$64,902 in the Commonwealth of Virginia and \$53,657 in the United States.

In 2015, approximately **39.1 percent of the population was 45 years of age or older**, while about 26.1 percent of the population was under 20 years old. More than 36.4 percent of the County's population consisted of ethnic minorities, and more than 36 percent of all County residents five years or older speak a language other than English at home.

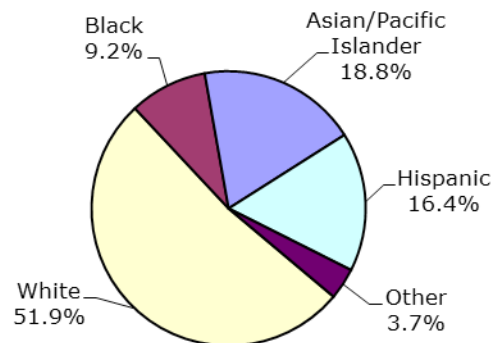
## Public Schools

Fairfax County Public Schools (FCPS), with a **student population of 188,545**, is the largest educational system in the Commonwealth of Virginia. The operating costs of FCPS are funded primarily by payments from the County's general fund to FCPS; additional funds are provided by the federal government and the Commonwealth of

**Population Age Distribution**



**Racial/Ethnic Composition**



Source: U.S. Census Bureau, 2014 American Community Survey

Virginia. Capital funding for public school facilities is provided primarily by the sale of general obligation bonds by the County.

A fleet of **1,610 school buses** is maintained by Fairfax County's Department of Vehicle Services to transport Fairfax County Public Schools students. This ranks second in the country (behind New York City) in the number of students transported by school bus, with a fleet larger than Greyhound's entire fleet.

In the 2015 U.S. News and World Report ranking of America's Best High Schools, Thomas Jefferson High School for Science and Technology is ranked as the number three gold medal school in the nation and was ranked number two for the best school for science, technology engineering and mathematics. In total, FCPS received a total of eleven gold medals, two silver medals, and one bronze medal.

### Colleges and Universities

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

Among the larger institutions are George Mason University (GMU), one of the top 150 national universities in the United States, according to the 2015 ranking released by U.S. News & World Report, and Northern Virginia Community College (NVCC). **Combined, GMU and NVCC serve approximately 90,000 students and offer 223 programs of study across 6 campuses.** Additionally, the County is home to satellite campuses for the University of Virginia, Virginia Tech and the Commonwealth Graduate Engineering Program.

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

## FINANCIAL INFORMATION

All the financial activities of the reporting entity are included within this report. As used here, the reporting entity comprises the primary government (County of Fairfax, as legally defined) and its component units. Under GASB pronouncements, component units are legally separate entities for which the primary government is financially accountable. The component units of the County include both blended component units and discretely presented component units. Blended component units, although legally separate entities, are in substance part of the primary government's operations and are included as part of the primary government. Accordingly, the Solid Waste Authority of Fairfax County, the Small District One, the Small District Five and the Mosaic Community Development Authority are reported as part of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, changes in financial position, and cash flows from those of the primary government. The Fairfax County Public Schools, the Fairfax County Redevelopment and Housing Authority, the Fairfax County Park Authority, and the Fairfax County Economic Development Authority are reported as discretely presented component units. For additional information regarding the basic financial statements and the County's financial position, please refer to Management's Discussion and Analysis.

## INDEPENDENT AUDIT

The County's financial statements have been audited as required by the Code of Virginia and received an unmodified opinion by the accounting firm of KPMG LLP. In addition to meeting the requirements of the state statutes, the audit was designed to meet the requirements of in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. 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 continuing commitment of the Board of Supervisors. This commitment is evidenced by the Board's rigorous adherence to County-developed policies, collectively known as the Ten Principles of Sound Financial Management. These principles, the policy context in which financial decisions are considered and taken, relate primarily to the integration of capital planning, debt planning, cash management, and productivity as a means of ensuring prudent and responsible allocation of the County's resources. In April 2015, 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 composed of the Chief Financial Officer, the Director of the Department of Finance, the Director of the Department of Tax Administration, and certain employees within the Department of Finance. Guided by a formal investment policy, the committee monitors daily investment activity and evaluates investment strategies monthly. The County's investment policies are thoroughly reviewed on a quarterly basis by the Investment Committee and subjected to annual peer review by the Association of Public Treasurers of the United States and Canada.

### **Budgetary and Accounting Controls**

The Code of Virginia requires that the County adopt a balanced budget. The County maintains extensive budgetary controls at certain legal, managerial and administrative levels. The adopted Fiscal Planning Resolution places legal restrictions on expenditures at the agency or fund level. Managerial budgetary control is maintained and controlled at the fund, department, 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 of Supervisors.

The County's budget is adopted by May 1 for the coming fiscal year, which commences on July 1. Two budget reviews during the year, the Carryover Review and the Third Quarter Review, serve as the primary mechanisms for revising appropriations. A synopsis of proposed changes is advertised and a public hearing is held prior to the adoption of amendments to the current year budget when adjustments exceed one percent of total expenditures.

Since 1999, the County has maintained a Revenue Stabilization Fund, included in the General Fund for reporting purposes, to provide a mechanism for maintaining a balanced budget without resorting to tax increases and expenditure reductions that aggravate the stresses imposed by the cyclical nature of the economy. The Board established the fund with the condition that it will not be used as a method of addressing the demand for new or expanded services, but will be used as a financial tool only in the event of an economic downturn, and then within strict parameters. The Revenue Stabilization Fund has a targeted balance of five percent of General Fund disbursements and is separate and distinct from the County's four percent Managed Reserve, which was established initially in fiscal year 1983. The aggregate of both reserves will not exceed five percent. As of June 30, 2015, the Revenue Stabilization Fund and Managed Reserve balances were \$121,140,662 and \$76,702,689 respectively. A new economic opportunity reserve was created, totaling 1 percent of General Fund Disbursements. This fund will act as a revolving reserve to address opportunities that are identified as priorities of the Board.

The County's management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the U.S. The internal control structure is designed to provide



reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived. The evaluation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the County also is responsible for maintaining an adequate internal control structure to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management, and the Internal Audit Office staff.

## **Debt Administration**

Fairfax County borrows money by issuing general obligation bonds to finance major capital projects. Bond financing spreads the cost of land acquisition and building construction over a period of many years, rather than charging the full cost to current taxpayers. By law, general obligation bonds must be approved in advance by County voters in a referendum. The County continues to maintain its status as a top-rated issuer of tax-exempt securities. The County has the highest credit ratings possible for a local government for its general obligation bonds: Aaa from Moody's Investors Service, Inc., AAA from Standard and Poor's Corporation, and AAA from Fitch Investor Service. The County has had an Aaa rating since October 1975, when it first received a rating from Moody's. Standard and Poor's Corporation first gave Fairfax County an AAA rating in October 1978, and Fairfax County has maintained that rating. The Fitch Investor Service rating was first received in the spring of 1997 and has been maintained since then.

Factors contributing to Fairfax County's high credit rating include recognized excellence in financial management, superior tax collection rates, low debt ratios, and high income levels. As of May 2015, only 10 of 50 states, 40 of 3,143 counties, and 30 of 19,429 cities in the U.S. had such high bond ratings from all three rating agencies. These high credit ratings enable Fairfax County to sell bonds at interest rates significantly lower than those of most municipalities, resulting in substantial savings for County taxpayers throughout the life of the bonds.

The details of bonds outstanding and bonds authorized-but-not-issued are shown in Note K to the financial statements. Tables 3.1 through 3.5 of the Statistical Section provide detailed historical information regarding the debt position and debt service requirements of the County.

## **AWARDS**

### ***Certificate of Achievement for Excellence in Financial Reporting***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report (CAFR) for FY 2014. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. The County has received a Certificate of Achievement since 1977. Management believes that the current CAFR meets the Certificate of Achievement Program's requirements, and it will be submitted to the GFOA to determine its eligibility for another certificate.

### ***Distinguished Budget Presentation Award***

The GFOA has presented the Award for Distinguished Budget Presentation to Fairfax County for its annual budget for each year since 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, Fairfax County has received ICMA's highest award for performance management. In 2015, the County was one of only 33 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 1999.

***National Association of Clean Water Agencies Award***

In fiscal year 2015, the County's Noman M. Cole, Jr. Pollution Control Plant received the Platinum Peak Performance Award from the National Association of Clean Water Agencies. The award recognizes plants that met 100 percent of federal standards for preventing pollution. The Noman M. Cole Jr. Plant has met this standard for more than 17 consecutive years. The plant's achievement helps protect the water quality of the County's streams and watersheds, and the Chesapeake Bay.

**National Association of Counties (NACo) 2015 Achievement Awards:**

The NACo Achievement Awards are national recognition of significant innovative programs and activities that improve the organization, management or service of county governments. NACo recognized three County programs and projects with 2015 Achievement Awards.

- **Stream Crime Investigation (SCI)**

SCI is a high school laboratory activity that blends presentations with lab exercises. The program opens with an introductory presentation on stormwater, watersheds and the need for water quality monitoring. The lab exercise replicates aspects of stormwater science, creating the opportunity for high school students to learn how stormwater ecologists identify and track the sources of pollutants in a storm drainage network.

- **Healthy Strides Community**

The Fairfax County Park Authority's Healthy Strides Community 5k/10k race and Healthy Strides Expo are signature events for the larger 12 Steps for Health which encourages manageable lifestyle changes to produce measurable health benefits, encouraging one healthy goal per month.

- **In-Car Police Video-Department of Information Technology**

The Police Department in Fairfax County, Virginia is implementing an in-car video solution for 625 patrol cars with automatic download and archiving of incident videos, improving access to evidence for the apprehension and conviction of offenders. This technology captures a 360 degree view, which will help mitigate risks increasing the safety and security of community members and officers.

**Digital Counties Survey**

The County was ranked first in the Center for Digital Government's 2015 Digital Counties Survey, as a technological innovator, in the category of jurisdictions with populations greater than 500,000. Fairfax County has been selected to the top ten for the past 13 years, placing first four times and among the top five for nine years.

## ACKNOWLEDGMENTS

We express our sincere appreciation to all staff who contributed to this report, especially the members of the CAFR Project Team in the Financial Reporting and Financial Operations Divisions of the Department of Finance, who prepared and compiled this report. We commend them for their professionalism, hard work, and continued efforts to improve this report. In addition, we acknowledge the cooperation and assistance of each County department throughout the year in the efficient administration of the County's financial operations.

This CAFR reflects our commitment to the residents and businesses of Fairfax County, the Board of Supervisors, and all interested readers of this report to provide information in conformance with the highest standards of financial reporting.

Respectfully,



Edward L. Long Jr.  
County Executive



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, 2015

**BOARD OF SUPERVISORS**

Sharon S. Bulova, Chairman  
Penelope A. Gross, Vice Chairman  
Gerald W. Hyland  
Linda Q. Smyth  
Catherine M. Hudgins  
Michael R. Frey  
John C. Cook  
Jeffrey C. McKay  
Patrick S. Herrity  
John W. Foust

At-Large  
Mason District  
Mount Vernon District  
Providence District  
Hunter Mill District  
Sully District  
Braddock District  
Lee District  
Springfield District  
Dranesville District

**CLERK TO THE BOARD**  
Catherine A. Chianese

**COUNTY EXECUTIVE**  
Edward L. Long Jr.

**DEPUTY COUNTY EXECUTIVES**  
Patricia D. Harrison  
David J. Molchany  
David M. Rohrer  
Robert A. Stalzer

**DEPARTMENT OF MANAGEMENT AND BUDGET**  
Joseph M. Mondoro, Chief Financial Officer

**DEPARTMENT OF FINANCE**  
Christopher J. Pietsch, Director

**DEPARTMENT OF TAX ADMINISTRATION**  
Kevin C. Greenlief, Director

**DEPARTMENT OF PURCHASING AND SUPPLY MANAGEMENT**  
Cathy A. Muse, Director

**OFFICE OF THE COUNTY ATTORNEY**  
David P. Bobzien, County Attorney

**OFFICE OF PUBLIC AFFAIRS**  
Tony Castrilli, Director

**OFFICE OF THE INTERNAL AUDITOR**  
Sharon A. Pribadi, Director

**INDEPENDENT AUDITORS**  
KPMG LLP





This report was prepared by:

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

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

**DIRECTOR**

Christopher J. Pietsch

**DEPUTY DIRECTOR**

Deirdre M. Finneran

**CAFR PROJECT TEAM**

Richard M. Modie Jr., Chief, Financial Reporting Division  
Betty A. Barnuevo, CPA, Financial Reporting Manager  
Lewis C. Vasser, Financial Reporting Manager  
Michelle Pagano-Dierkes, MBA, CAFR Coordinator

Lillian Cheng, CPA  
Regina S. Magalong  
Rochanie Perera  
Clyde Prentice Jr.  
Jennifer Rosales  
Michael J. Sandler  
Xuan Wang

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

Nanette A. Velasco  
Jhany P. Cardozo

With the support and assistance of many others.

**GOVERNMENT  
FINANCE  
OFFICERS  
ASSOCIATION  
AWARD**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR for the fiscal year ended June 30, 2014. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. The County has received a Certificate of Achievement for every year since 1977.



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**County of Fairfax  
Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO





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

## **Independent Auditors' Report**

The Board of Supervisors  
County of Fairfax, Virginia:

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Fairfax, Virginia (the County), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Fairfax County Redevelopment and Housing Authority (FCRHA), a discretely presented component unit of the County which represents 7% and 13%, respectively, of total assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the County's aggregate discretely presented component financial statements, insofar as it relates to the amounts included for FCRHA, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and *the Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia (Specifications). Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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



*Fairfax County Board of Supervisors*

November 16, 2015

Page 2 of 3

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

### ***Opinions***

In our opinion based on our audit and the report of another auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2015, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

### ***Emphasis of Matter***

As discussed in Note N to the financial statements, in fiscal year 2015, the County implemented the Governmental Accounting Standards Board Statement No. 68 *Accounting and Financial Reporting for Pensions –an amendment of GASB Statement No.27*, and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 5 through 20 and the required supplementary information and the notes to the other required supplementary information on pages 115 through 128 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

The other supplementary information on pages 129 through 244 is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the





Fairfax County Board of Supervisors

November 16, 2015

Page 3 of 3

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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section on pages IX through XXIV and the statistical section on pages 245 through 280 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 16, 2015 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

KPMG LLP

Washington, D.C.

November 16, 2015

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## MANAGEMENT'S DISCUSSION AND ANALYSIS (*UNAUDITED*)

This section of the County of Fairfax, Virginia's (the County) Comprehensive Annual Financial Report (CAFR) presents our discussion and analysis of the County's financial performance during the fiscal year that ended on June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Letter of Transmittal, located in the Introductory Section of the CAFR.

### FINANCIAL HIGHLIGHTS

#### Highlights for Government-wide Financial Statements

The government-wide financial statements report information about the County as a whole using the economic resources measurement focus and accrual basis of accounting, net of special items.

- The County's assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$417.0 million on a government-wide basis at June 30, 2015.
- For the fiscal year, taxes and other revenues of the County's governmental activities amounted to \$4,379.5 million. Expenses amounted to \$4,174.6 million.
- For the fiscal year, revenues of the County's business-type activities were \$213.2 million, and expenses were \$174.9 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 \$60.3 million for fiscal year 2015, compared to an increase of \$188.7 million for fiscal year 2014.
- The County's General Fund reported a fund balance of \$325.9 million, an increase of \$23.1 million, or 7.6 percent, from June 30, 2014.

#### General Financial Highlights

- In November 2014, the County issued \$202.2 million of Series 2014B General Obligation Public Improvement Refunding Bonds to advance refund multiple outstanding series in order to save \$17.3 million in future debt service payments, with a \$15.5 million net present value.
- In February 2015, the County entered into a direct loan agreement with Bank of America, N.A. in a principal amount of \$18.3 million, which together with other County funds refinanced the Fairfax County Redevelopment and Housing Authority 2013A Bond Anticipation Notes.
- In March 2015, the County issued \$227.3 million of Series 2015A of General Obligation Public Improvement Bonds to finance school, park, road, and other general County improvements. The County also issued \$57.1 million of Series 2015B General Obligation Refunding bonds to advance refund multiple outstanding Series bonds in order to save \$4.4 million in future debt service payments, with a \$3.4 million net present value.

- In March 2015, the County received an additional \$10 million from TD Bank, N.A., pursuant to loan agreement with TD Bank, N.A.. dated December 2013, to finance additional County building improvements.

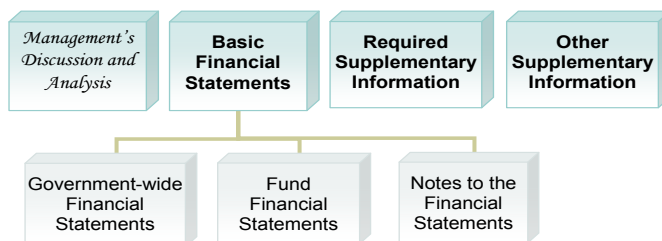
## OVERVIEW OF THE FINANCIAL STATEMENTS

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

The County's basic financial statements consist of two kinds of statements, each with a different view of the County's finances. The government-wide financial statements provide both long- and short-term information about the County's overall financial status. The fund financial

statements focus on major aspects of the County's operations, reporting those operations in more detail than the government-wide statements. The basic financial statements also include notes to explain information in the financial statements and provide more detailed data.

### Components of the Financial Section



The statements and notes are followed by required supplementary information that contains the budgetary comparison schedule for the General Fund and trend data pertaining to the retirement systems. In addition to these required elements, the County includes other supplementary information with combining and individual fund statements to provide details about the governmental, internal service, 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 they have changed during the fiscal year.

The first government-wide statement—the statement of net position—presents information on all of the County's assets and deferred outflow of resources less liabilities and deferred inflow of resources, resulting in the net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the County is improving or deteriorating. Additionally, non-financial factors, such as a change in the County's property tax base or the condition of County facilities, should be considered to assess the overall health of the County.

The second statement—the statement of activities—presents information showing how the County's net position changed during the fiscal year. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The government-wide financial statements are divided into three categories:

**Governmental Activities** – Most of the County's basic services are reported here, including: public safety, public works, judicial administration, health and welfare services, community development, parks, recreation, and cultural programs, education, and general administration. These activities are financed primarily by property taxes, other local taxes, and federal and state grants. Included in the governmental activities are the governmental funds and internal service funds.

Business-type Activities – The County's only business-type activity, the Integrated Sewer System (Sewer System), is reported here.

Discretely Presented Component Units – The County includes four other entities in its annual financial report: Fairfax County Public Schools (Public Schools), Fairfax County Redevelopment and Housing Authority (FCRHA), Fairfax County Park Authority (Park Authority), and Fairfax County Economic Development Authority (EDA). Although legally separate, these component units are included because the County is financially accountable for them.

The County's governmental and business-type activities are collectively referred to as the primary government. Together, the primary government and its discretely presented component units are referred to as the reporting entity.

## **Fund Financial Statements**

The fund financial statements provide detailed information about the County's most significant funds. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The County has the following three types of funds:

Governmental Funds – Most of the County's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year-end that are available for spending. The governmental funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the governmental activities in the government-wide financial statements, additional information is provided to explain the relationship (or differences). The General Fund accounts for the main operating activities of the County; it is the largest of the governmental funds. All other governmental funds, that is, 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 table below and on the following page present a Summary of Net Position for the reporting entity as of June 30, 2015 and 2014:

Summary of Net Position As of June 30 (\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014*	2015	2014*	2015	2014*
Assets:						
Current and other assets	\$ 4,943.6	4,776.1	\$ 217.7	246.6	\$ 5,161.3	5,022.7
Capital assets (net)	2,635.6	2,544.2	1,456.9	1,419.6	4,092.5	3,963.8
Total assets	7,579.2	7,320.3	1,674.6	1,666.2	9,253.8	8,986.5
Deferred outflow of resources:	237.6	211.3	18.8	20.1	256.4	231.4
Liabilities:						
Current liabilities	311.2	708.6	16.5	48.0	327.7	756.6
Long-term liabilities	4,780.0	4,688.5	643.3	649.9	5,423.3	5,338.4
Total liabilities	5,091.2	5,397.1	659.8	697.9	5,751.0	6,095.0
Deferred inflow of resources:	3,333.7	2,947.5	8.5	1.7	3,342.2	2,949.2
Net position:						
Net investment in capital assets	1,875.2	1,861.8	892.4	843.3	2,767.6	2,705.1
Restricted	319.0	286.2	66.10	43.1	385.1	329.3
Unrestricted (deficit)	(2,802.3)	(2,961.0)	66.6	100.3	(2,735.7)	(2,860.7)
Net position	\$ (608.1)	(813.0)	\$ 1,025.1	986.7	\$ 417.0	173.7

Summary of Net Position- continued As of June 30 (\$ in millions)								
	Total Primary Government		Component Units		Reclassifications**		Total Reporting Entity	
	2015	2014*	2015	2014*	2015	2014	2015	2014*
Assets:								
Current and other assets	\$ 5,161.3	5,022.7	\$ 613.0	659.2	\$ -	-	\$ 5,774.3	\$ 5,681.9
Capital assets (net)	4,092.5	3,963.8	3,056.8	2,937.3	-	-	7,149.3	6,901.1
Total assets	9,253.8	8,986.5	3,669.8	3,596.5	-	-	12,923.6	12,583.0
Deferred outflow of resources:	256.4	231.4	357.6	273.8	-	-	614.0	505.2
Liabilities:								
Current liabilities	327.7	756.6	152.7	218.8	-	-	480.4	975.4
Long-term liabilities	5,423.3	5,338.4	3,322.0	3,745.1	-	-	8,745.3	9,083.5
Total liabilities	5,751.0	6,095.0	3,474.7	3,963.9	-	-	9,225.7	10,058.9
Deferred inflow of resources:	3,342.2	2,949.2	540.9	5.3	-	-	3,883.1	2,954.5
Net position:								
Net investment in capital assets	2,767.6	2,705.1	2,897.2	2,778.6	(1,569.1)	(1,522.5)	4,095.7	3,961.2
Restricted	385.1	329.3	91.8	136.1	(47.0)	(103.1)	429.9	362.3
Unrestricted (deficit)	(2,735.7)	(2,860.7)	(2,977.0)	(3,013.6)	1,616.1	1,625.6	(4,096.6)	(4,248.7)
Net position	\$ 417.0	173.7	\$ 12.0	(98.9)	\$ -	-	\$ 429.0	74.8

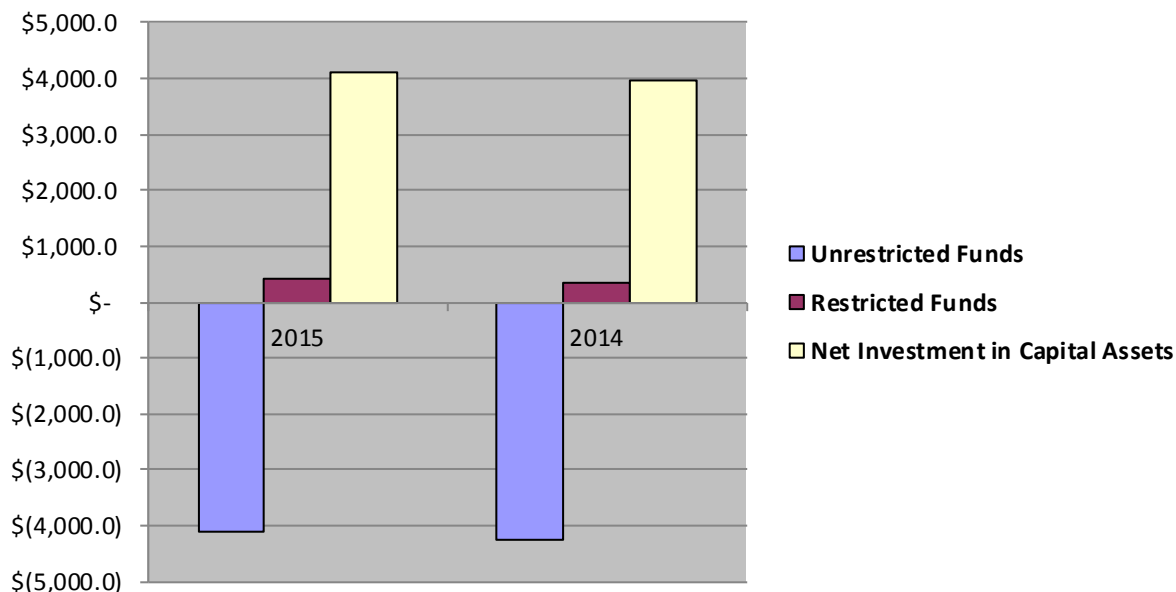
\*Fiscal Year 2014 amounts restated due to the implementation of GASB statement 68 and 71. See Note N for more information.

\*\*Reclassification represents County issued debt for Schools and Parks facilities. See Note A - 12 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 represent the financial position.

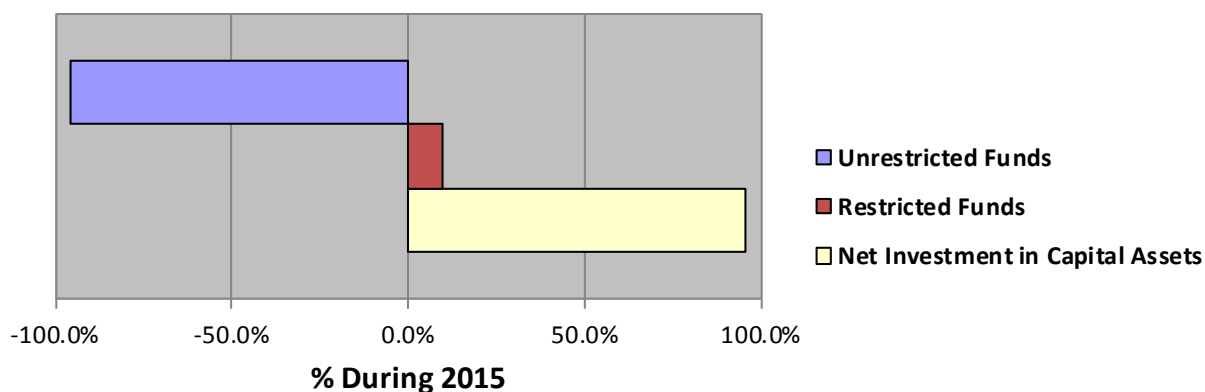
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the reporting entity, assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$429.0 million at the end of fiscal year 2015, representing an increase of \$354.2 million from the net position at June 30, 2014, as shown on the following page.

**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. The restricted net position portion represents resources that are subject to external restrictions on how they may be used. Net position of the reporting entity are restricted for various uses, some of which include grant programs (\$63.0 million), community centers (\$16.1 million), and sewer improvements (\$51.5 million). The balance of net position that are neither related to capital assets nor restricted for specific uses is represented as unrestricted net position.

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



## Statement of Activities

The following table summarizes the changes in Net Position for the primary government for the fiscal years ended June 30, 2015 and 2014:

Summary of Changes in Net Position For the Fiscal Years Ended June 30 (\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 594.1	593.0	\$ 209.2	212.2	\$ 803.3	805.2
Operating grants and contributions	243.3	222.1	-	-	243.3	222.1
Capital grants and contributions	34.4	22.6	3.3	4.0	37.7	26.6
General revenues:						
Real property tax	2,356.4	2,215.9	-	-	2,356.4	2,215.9
Personal property tax	368.4	362.8	-	-	368.4	362.8
Business licenses tax	154.7	158.6	-	-	154.7	158.6
Local sales and use tax	247.7	261.2	-	-	247.7	261.2
Consumers utility tax	100.5	74.6	-	-	100.5	74.6
Other taxes	57.7	51.3	-	-	57.7	51.3
Unrestricted grants and contributions	211.4	230.9	-	-	211.4	230.9
Revenue from the use of money	10.9	8.6	0.7	0.4	11.6	9.0
Total revenues	4,379.5	4,201.6	213.2	216.6	4,592.7	4,418.2
Expenses:						
General government administration	183.6	201.2	-	-	183.6	201.2
Judicial administration	55.8	54.9	-	-	55.8	54.9
Public safety	670.5	695.7	-	-	670.5	695.7
Public works	204.1	195.0	174.9	174.8	379.0	369.8
Health and welfare	557.3	551.5	-	-	557.3	551.5
Community development	353.0	352.8	-	-	353.0	352.8
Parks, recreation, and cultural	112.3	107.8	-	-	112.3	107.8
Education	1,936.7	1,883.0	-	-	1,936.7	1,883.0
Interest on long-term debt *	101.3	109.6	-	-	101.3	109.6
Total expenses	4,174.6	4,151.5	174.9	174.8	4,349.5	4,326.3
Increase in net position	204.9	50.1	38.3	41.8	243.2	91.9
Beginning net position	(813.0)	294.4	986.8	970.1	173.8	1,264.5
GASB 68 Adjustment for FY14 restatement**	-	(1,157.5)	-	(25.1)	-	(1,182.6)
Ending net position	\$ (608.1)	(813.0)	\$ 1,025.1	986.8	\$ 417.0	173.8

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

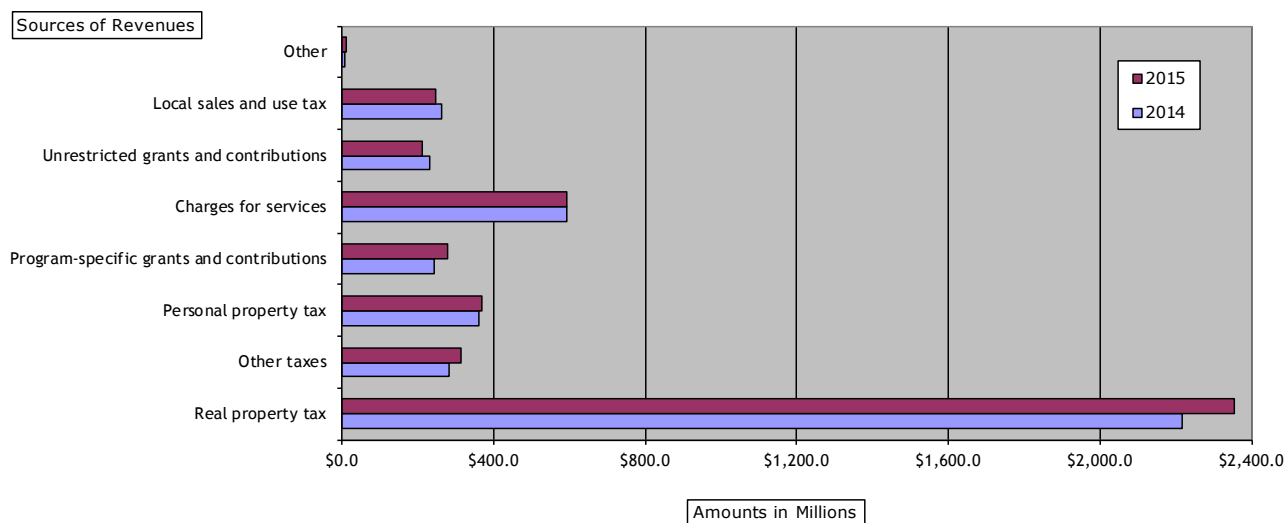
\*\*Fiscal Year 2014 amounts restated due to the implementation of GASB statement 68 and 71. See Note N for more information.



### Governmental Activities

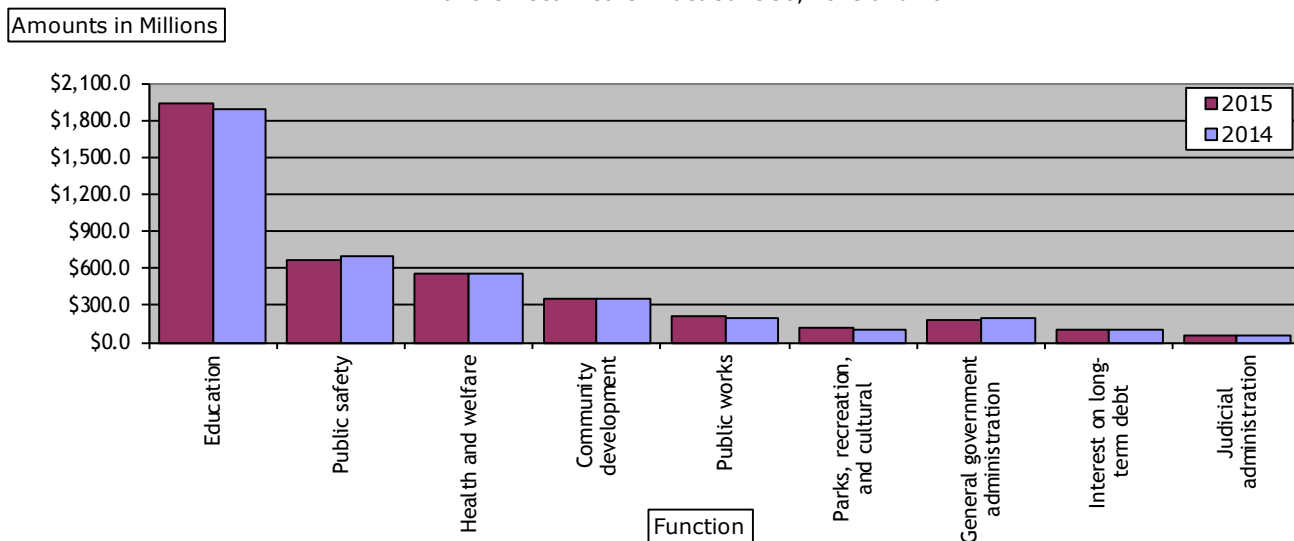
Revenue for the County's governmental activities were \$4,379.5 million for fiscal year 2015, representing an increase of \$177.9 million over fiscal year 2014. Sources of revenue for fiscal years 2015 and 2014 are shown below:

**Governmental Activities - Revenues by Source**  
For the Fiscal Years Ended June 30, 2015 and 2014



Taxes constitute the largest source of County revenues, amounting to \$3,285.4 million for fiscal year 2015, an increase of \$161.0 million over fiscal year 2014, primarily due to real property taxes. Real property taxes (\$2,356.4 million) represent 71.7 percent of total taxes and over half of all revenues combined. Unrestricted

**Governmental Activities - Expenses by Function**  
For the Fiscal Years Ended June 30, 2015 and 2014



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).

The total cost of all of the County's governmental activities for fiscal year 2015 was \$4,174.6 million, representing an increase of \$23.1 million over fiscal year 2014. As the chart below indicates, education continues to be the County's largest program. Education expense totaled about \$1.94 billion in fiscal year 2015, supporting school operations and to service debt for bond-funded projects to build new schools and renew older facilities. Public Safety expenses represent the second largest expense category, totaling \$670.5 million in fiscal year 2015, down \$25.2 million compared to fiscal year 2014. This decrease was more than offset by other programs in the County's Governmental Activities as shown in the table below. Public Works expenditures rose by \$9.1 million year over year, primarily attributable to the Merrifield Human Services Center operating costs, and costs for new and expanded facilities such as the Reston Police Station Renovation/Expansion and Fire and Rescue Training Academy - Main Academy Building Phase II. Additionally, expenses which are accounted for on full accrual basis were impacted due to the implementation of GASB 68 causing liability expense to decrease.

The table to the right shows the total cost of each of the County's six

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

<b>Net Cost of County's Governmental Activities For the Fiscal Years Ended June 30 (\$ in millions)</b>				
<b>Functions/Programs</b>	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Education	\$ 1,936.7	1,883.0	\$ 1,936.6	1,883.0
Public safety	670.5	695.7	535.6	579.6
Health and welfare	557.3	551.5	339.6	360.7
Community development	353.0	352.8	63.1	51.7
Public works	204.1	195.0	47.7	47.5
General government administration	183.6	201.2	149.9	168.7
Other	269.4	272.3	230.4	222.6
<b>Total</b>	<b>\$ 4,174.6</b>	<b>4,151.5</b>	<b>\$ 3,302.9</b>	<b>3,313.8</b>

\$594.1 million of the cost of governmental activities was paid by those who directly benefited from the programs. Other governments and organizations subsidized certain programs with grants and contributions totaling \$277.7 million. Of the \$3,302.9 million net cost of services, the amount that taxpayers paid for these programs through County taxes was \$3,127.2 million.

### Business-type Activities

The Sewer System recovers its costs primarily through user service charges and availability fees. For fiscal year 2015, the Sewer System reported an increase in net position of \$38.3 million. Total revenues of the Sewer System decreased \$3.4 million over fiscal year 2014. This decrease was primarily the result of a decrease in the sewer service base availability charges. Lack of rain and the accompanying lack of water flow caused the decrease in need from the jurisdictions served by the Sewer System.

Total expenses of the Sewer System for fiscal year 2015 were \$174.9 million, decreasing by \$0.1 million over fiscal year 2014. This decrease resulted primarily from decreases in interest expense.

## **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, 2015, the County's governmental funds had a combined fund balance of \$1,294.1 million, compared with \$1,233.8 million at June 30, 2014. Of the fiscal year 2015 fund balance, \$33.3 million is assigned in the General Fund, indicating that it is not available for new spending because it has already been committed for items such as existing purchase orders, construction contracts and loan repayments. Approximately 16.6 percent (\$54.1 million) of the total 2015 General fund balance is unassigned, representing resources not associated with a specified purpose. Of the total nonmajor fund balance, 74.7 percent (\$967.8 million) has been restricted or committed in the special revenue, capital projects, and debt service funds to meet the program needs. Nonspendable prepaid expenditures are 0.1 percent (\$1.3 million) of the total fund balance. At June 30, 2015, \$197.8 million of the General Fund's committed fund balance of \$237.7 million is designated for the managed reserve and revenue stabilization fund based on Fiscal Year 2015 actuals.

For the fiscal year ended June 30, 2015, fund balances for all governmental funds increased by \$60.3 million, compared with the \$188.7 million increase for fiscal year ended June 30, 2014. Total revenues, other financing sources were \$5,560.0 million, total expenditures and other financing uses were \$5,499.7 million, resulting in the increase to the fund balances.

The General Fund is the main operating fund of the County. At the end of the current fiscal year, the unassigned fund balance was \$54.1 million, which represents approximately 1.7 percent of the General Fund's total expenditures. Revenues of \$3,740.3 million, less expenditures of \$3,214.0 million and other financing uses of \$503.2 million, resulted in a net increase in fund balance of \$23.1 million. This increase was based on FY 2015 spending requirements and a small variance between projected and actual revenues primarily attributed to progress made in increasing reserves funding as a result of the initial implementation of the County's updated reserve policy approved by the Board of Supervisors on April 21, 2015, as well as based on spending requirements for information technology. It should be noted that some utilization of fund balance is generally expected each year as the County uses savings from prior years held in fund balance to offset disbursement requirements.

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 or 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, for example, Fairfax-Falls Church Community Services Board and Elderly Housing Program (a Special Revenue Fund), that receive the majority of their funding from the General Fund. These balances total approximately 13.4 percent of total General Fund receipts (including revenues and transfers from other funds) as shown in the table on the following page.

<b>Fund Reserves</b>	
<b>For the Fiscal Years Ended June 30</b>	
<b>(\$ in millions)</b>	
General fund committed reserves (1):	
Revenue stabilization fund reserve	\$ 121.1
Managed reserve	76.7
Information Technology and others	39.9
Total committed	<u>237.7</u>
General fund assigned reserves (encumbrances)	33.3
General fund unassigned reserves	54.1
General fund supported reserves (2):	
Community services board	11.4
Internal service fund reserves (3):	
Vehicle related reserves	38.6
Technology related reserves	9.8
Self insurance reserves	117.0
Total reserves funded by and available to the general fund	<u>501.9</u>
General fund revenues and transfers in (4)	
General fund revenues	3,740.3
Transfers in	12.5
Total general fund revenues and transfers in	<u>\$ 3,752.8</u>
Total available reserves as % of general fund revenues	13.4%
(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 \$70.1 million or 1.9 percent. This increase is due primarily to the carryover of prior-year commitments. The final amended budget revenues and transfers were less than the original budget by a net of \$1.4 million or 0.04 percent, primarily due to lower than projected Business Licenses, taxes and Charges for Services, partially offset by higher Recovered Costs and transfers.

Actual revenues exceeded final budget amounts by \$34.3 million, while actual expenditures were \$54.3 million less than final budget amounts. Highlights of the comparison of final budget to actual figures for the fiscal year ended June 30, 2015, include the following:

- Tax revenues exceeded budgeted amounts by \$29.4 million. The increase is primarily the result of increases in Real Estate and Personal Property Tax receipts, business licenses taxes, Local Sales and Use tax, and Recordation tax.
- Permits, privilege fees, and regulatory licenses were \$3.6 million more than budgeted amount primarily due to higher than projected receipts for Building and Inspection fees.
- Intergovernmental revenue was \$2.6 million more than budgeted amounts primarily associated with reimbursable expenditures for public assistance programs.
- General government administration expenditures were \$7.3 million, or 6.6 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 \$15.4 million, or 3.4 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 \$16.2 million, or 5.4 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 \$5.1 million, or 1.6 percent, less than budgeted amounts primarily due to savings in contributions to the three County Retirement Systems.

## CAPITAL ASSETS AND LONG-TERM DEBT

### Capital Assets

The County's investment in capital assets as of June 30, 2015, amounted to \$4.1 billion, which represents an increase of \$128.7 million, or 3.2 percent, over last year. Capital assets as of June 30, 2015 and 2014, are summarized below:

Capital Assets As of June 30 (\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Land and easements	\$ 418.2	417.3	\$ 17.9	17.8	\$ 436.1	435.1
Buildings, improvements, and infrastructure	2,485.9	2,299.8	1,248.3	1,191.2	3,734.2	3,491.0
Software	96.3	93.2	-	-	96.3	93.2
Equipment and library collections	543.1	507.1	14.1	12.3	557.2	519.4
Construction in progress	220.9	266.6	103.0	116.8	323.9	383.4
Equipment under construction	8.9	5.1	-	-	8.9	5.1
Software in development	8.5	4.7	-	-	8.5	4.7
Purchased capacity	-	-	984.1	934.3	984.1	934.3
Total capital assets	3,781.8	3,593.8	2,367.4	2,272.4	6,149.2	5,866.2
Less: Accumulated depreciation and amortization	(1,146.4)	(1,049.7)	(910.5)	(852.9)	(2,056.9)	(1,902.6)
Total capital assets, net	\$ 2,635.4	2,544.1	\$ 1,456.9	1,419.5	\$ 4,092.3	3,963.6

The major capital asset activities for fiscal year 2015 included the following:

- Developers' contributions of sewer lines and manholes totaled \$2.4 million.
- The purchase of library books and audio/video materials totaled \$4.2 million, funded through general operating revenues.
- Expenditures related to construction of the Merrifield Human Service Center were \$16.8 million in fiscal year 2015.
- Improvements to transportation, including bus and rail service, totaled \$10.9 million.

- Expenditures related to construction of the Public Safety Headquarters were \$25.3 million in fiscal year 2015.
- The Sewer System's share of the upgrade and operating costs of the Arlington County, City of Alexandria, and the District of Columbia's wastewater treatment facilities, which provide service to certain County residents, was \$1.0 million, \$23.5 million, and \$26.2 million, respectively.

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 \$1.375 billion of general obligation bond sales over a five-year period, for an average of \$275 million annually, with a maximum of \$300 million in any given year, excluding refunding bonds.
- A limitation that total long-term debt (excluding capital leases for equipment and sewer revenue bonds) not exceed 3 percent of the total market value of taxable real and personal property in the County and that annual debt service payments not exceed 10 percent of annual General Fund expenditures and transfers out. For fiscal year 2015, these percentages were 1.21 percent and 8.42 percent, respectively.
- In November 2014, the County issued \$202.2 million of Series 2014B General Obligation Refunding Bonds to advance refund multiple outstanding Series bonds, thereby taking advantage of lower interest rates to reduce the County's debt service payments by \$17.3 million over the next twelve years with a \$15.5 million net present value.
- In February 2015, the County entered into loan agreement with Bank of America, N.A. in a principal amount of \$18.3 million, which together with other County funds refinanced the FCRHA 2013A bond anticipation notes.
- In March 2015, the County issued \$227.3 million of Series 2015A General Obligation Public Improvement Bonds with a true interest cost of 2.68 percent and a premium of \$29.8 million. Proceeds of \$227.3 million are being used to fund new facilities and improvements, as follows (in millions):

#### County facilities:

Transportation Improvements.....	\$ 10.7
Public safety facilities.....	17.7
Other purposes .....	1.8
Park facilities .....	19.5
Transportation facilities .....	23.0
Public Schools facilities.....	<u>154.6</u>
Total bonds issued for new projects.....	<u>\$227.3</u>

In March 2015, the County also issued \$57.1 million of Series 2015B General Obligation Refunding Bonds to advance refund multiple outstanding series of bonds, thereby taking advantage of lower interest rates to

reduce the County's debt service payments by \$4.4 million over the next twelve years with a \$3.4 million net present value.

In March 2015, the County received an additional \$10 million from TD Bank, N.A., pursuant to a loan agreement with TD Bank, N.A. dated December 2013, to finance additional County building improvements.

The following is a summary of the County's gross outstanding long-term debt as of June 30, 2015 and 2014:

<b>Outstanding Long-term Debt As of June 30 (\$ in millions)</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
General obligation bonds issued for:						
County facilities	\$ 795.4	787.3	\$ -	-	\$ 795.4	787.3
Public Schools facilities	1,363.4	1,347.1	-	-	1,363.4	1,347.1
Revenue bonds	846.5	874.0	-	-	846.5	874.0
Sewer revenue bonds	-	-	592.1	616.5	592.1	616.5
Capital leases and other	-	53.5	-	-	-	53.5
Total County outstanding debt	\$ 3,005.3	3,061.9	\$ 592.1	616.5	\$ 3,597.4	3,678.4

Additional information related to the County's long-term debt can be found in Note K 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 2016:

- The assessed value of all real property increased by \$7.6 billion, or 3.46 percent, over the fiscal year 2015 value. This resulted from a moderate increase in existing residential property values and new construction in the County.
- Equalized residential property assessments increased to 3.39 percent and non-residential equalization decreased to 0.6 percent for fiscal year 2016. Existing residential property values have remained positive in each of the last five years indicating the continued stabilization of the residential housing market.
- Personal property tax revenue is projected to increase 1.1 percent in fiscal year 2016. The total vehicle volume is forecast to increase 0.3 percent in fiscal year 2016.

The fiscal year 2016 Adopted Budget includes revenues of \$3.81 billion, or a 2.9 percent increase over the fiscal year 2015 Revised Budget Plan. Real and personal property taxes represent the majority of budgeted revenues, comprising approximately 79.1 percent of the fiscal year 2016 General Fund revenues. Revenue from real property taxes alone makes up 63.9 percent of total revenues, as compared with approximately 63.5 percent in the fiscal year 2015 Adopted Budget.

Budgeted disbursements, which include expenditures and transfers out, are \$3.82 billion, a 0.63 percent increase from the fiscal year 2015 Revised Budget Plan. County funding for Public Schools is \$2.01 billion – approximately 52.7 percent of the County's total General Fund budget. This funding supports operating costs, school construction, and debt service. Total direct expenditure funding increased by \$15.7 million, or 1.13 percent, over fiscal year 2015.

The following tax rates and fees were approved for fiscal year 2016:

- Real estate tax rate remains at \$1.090 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 1 Transportation Improvement District decreased from \$0.21 to \$0.19 per \$100 of assessed value, levied on commercial and industrial properties in the district.
- 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 \$6.62 to \$6.65 per 1,000 gallons of water consumption and the Sewer Availability Charge for new single family homes remains at \$7,750 per unit. The Sewer Base Charge increases from \$15.86 to \$20.15 per quarter.
- Refuse collection rate for County collection sanitation districts remains at \$345 per household and the refuse disposal rate remains at \$62 per ton.
- The Stormwater Services rate increases from \$0.0225 to \$0.0250 per \$100 of assessed value.
- Special real estate tax rate collected on all properties within the Tysons Service District increases from \$0.04 to \$0.05 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 2016 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](http://www.fairfaxcounty.gov).







**COUNTY OF FAIRFAX, VIRGINIA**  
**Statement of Net Position**  
**June 30, 2015**

	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Equity in pooled cash and temporary investments	\$ 911,058,653	63,888,106	974,946,759
Cash in banks	-	-	-
Investments	560,968,143	-	560,968,143
Receivables (net of allowances):			
Accounts	25,979,786	3,209,181	29,188,967
Accrued interest	4,388,659	-	4,388,659
Property taxes:			
Delinquent	20,084,180	-	20,084,180
Not yet due	2,714,545,103	-	2,714,545,103
Business license taxes - delinquent	3,356,153	-	3,356,153
Loans	54,271,547	-	54,271,547
Notes	-	-	-
Due from intergovernmental units (net of allowances):			
Property tax relief:			
Property tax relief - not yet due	211,313,944	-	211,313,944
Other	93,156,796	48,820,019	141,976,815
Due from primary government	-	-	-
Due from component units	2,000,000	-	2,000,000
Loan to component unit	12,305,400	-	12,305,400
Lease to component unit	44,000,000	-	44,000,000
Inventories of supplies	3,056,887	377,130	3,434,017
Prepaid and other assets	1,535,887	-	1,535,887
Restricted assets:			
Equity in pooled cash and temporary investments	63,930,594	65,682,156	129,612,750
Cash with fiscal agents	198,620,469	14,580,855	213,201,324
Certificates of deposit - performance bonds	26,433	-	26,433
Investments	-	21,097,057	21,097,057
Unearned financing fees (net of amortization)	-	-	-
Net OPEB Asset	19,021,000	-	19,021,000
Land held for sale	-	-	-
Capital assets:			
Non-depreciable/non-amortizable:			
Land and easements	418,230,822	17,862,552	436,093,374
Construction in progress	220,927,357	102,977,703	323,905,060
Equipment under construction	8,917,243	-	8,917,243
Software in development	8,454,299	-	8,454,299
Depreciable/amortizable:			
Equipment	448,089,716	14,114,685	462,204,401
Software	96,302,671	-	96,302,671
Library collections	94,976,037	-	94,976,037
Purchased capacity	-	984,100,135	984,100,135
Buildings and improvements	1,680,760,729	88,413,982	1,769,174,711
Infrastructure	805,271,593	1,159,924,152	1,965,195,745
Accumulated depreciation	(1,125,986,992)	(595,394,964)	(1,721,381,956)
Accumulated amortization	(20,386,065)	(315,078,669)	(335,464,734)
Total assets	7,579,177,044	1,674,574,080	9,253,751,124
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflow for pension contributions subsequent to the measurement date	187,884,445	2,869,250	190,753,695
Deferred outflow for change in proportion (pensions)	-	-	-
Deferred amounts from the refunding of debt	49,781,492	15,883,879	65,665,371
Total deferred outflows of resources	\$ 237,665,937	18,753,129	256,419,066

See accompanying notes to the financial statements.

## EXHIBIT A

Total Component Units	Reclassifications (See Note A-12)	Total Reporting Entity	
<b>ASSETS</b>			
374,454,629	-	1,349,401,388	Equity in pooled cash and temporary investments
15,169,577	-	15,169,577	Cash in banks
4,655,000	-	565,623,143	Investments
			Receivables (net of allowances):
9,983,903	-	39,172,870	Accounts
470,399	-	4,859,058	Accrued interest
			Property taxes:
-	-	20,084,180	Delinquent
-	-	2,714,545,103	Not yet due
-	-	3,356,153	Business license taxes - delinquent
-	-	54,271,547	Loans
24,989,427	-	24,989,427	Notes
			Due from intergovernmental units (net of allowances):
			Property tax relief:
-	-	211,313,944	Property tax relief - not yet due
46,952,198	-	188,929,013	Other
2,637,727	-	2,637,727	Due from primary government
-	-	2,000,000	Due from component units
-	-	12,305,400	Loan to component unit
-	-	44,000,000	Lease to component unit
1,825,116	-	5,259,133	Inventories of supplies
1,404,923	-	2,940,810	Prepaid and other assets
			Restricted assets:
75,197,439	-	204,810,189	Equity in pooled cash and temporary investments
15,031,565	-	228,232,889	Cash with fiscal agents
3,372,488	-	3,398,921	Certificates of deposit - performance bonds
3,403,619	-	24,500,676	Investments
958,597	-	958,597	Unearned financing fees (net of amortization)
31,151,922	-	50,172,922	Net OPEB Asset
1,315,872	-	1,315,872	Land held for sale
			Capital assets:
			Non-depreciable/non-amortizable:
463,974,950	-	900,068,324	Land and easements
318,549,325	-	642,454,385	Construction in progress
-	-	8,917,243	Equipment under construction
378,394	-	8,832,693	Software in development
			Depreciable/amortizable:
317,644,227	-	779,848,628	Equipment
12,290,206	-	108,592,877	Software
31,334,836	-	126,310,873	Library collections
-	-	984,100,135	Purchased capacity
3,951,959,465	-	5,721,134,176	Buildings and improvements
-	-	1,965,195,745	Infrastructure
(2,035,045,055)	-	(3,756,427,011)	Accumulated depreciation
(4,325,385)	-	(339,790,119)	Accumulated amortization
3,669,735,364	-	12,923,486,488	Total assets
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
313,840,657	-	504,594,352	Deferred outflow for pension contributions subsequent to the measurement date
43,414,946	-	43,414,946	Deferred outflow for change in proportion (pensions)
389,920	-	66,055,291	Deferred amounts from the refunding of debt
357,645,523	-	614,064,589	Total deferred outflows of resources

continued

**COUNTY OF FAIRFAX, VIRGINIA**  
**Statement of Net Position**  
**June 30, 2015**

	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 61,881,611	1,841,469	63,723,080
Accrued salaries and benefits	56,146,881	1,173,853	57,320,734
Contract retainages	6,043,314	6,869,634	12,912,948
Accrued interest payable	36,615,448	6,496,562	43,112,010
Due to other governments	17,841,610	-	17,841,610
Due to primary government	-	-	-
Due to component units	2,637,727	-	2,637,727
Unearned revenue	29,695,504	-	29,695,504
Performance and other deposits	100,333,462	-	100,333,462
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds payable, net	216,404,584	-	216,404,584
Revenue bonds payable, net	35,706,163	24,349,678	60,055,841
Notes payable, net	10,145,000	-	10,145,000
Compensated absences payable	63,985,925	1,409,569	65,395,494
Landfill closure and postclosure obligation	2,300,000	-	2,300,000
Obligations under capital leases and installment purchases	4,291,820	-	4,291,820
Insurance and benefit claims payable	29,421,000	-	29,421,000
Loan from primary government	-	-	-
Unearned Rent	-	-	-
Other	19,578,889	-	19,578,889
Portion due or payable after one year:			
General obligation bonds payable, net	2,151,395,926	-	2,151,395,926
Revenue bonds payable, net	865,839,467	594,800,368	1,460,639,835
Notes payable, net	65,590,948	-	65,590,948
Compensated absences payable	48,789,833	852,460	49,642,293
Landfill closure and postclosure obligation	67,878,594	-	67,878,594
Obligations under capital leases and installment purchases	18,926,408	-	18,926,408
Insurance and benefit claims payable	31,993,000	-	31,993,000
Net pension liability	1,121,637,099	21,919,467	1,143,556,566
Loan from primary government	-	-	-
Unearned Rent	-	-	-
Other	26,164,915	-	26,164,915
Total liabilities	5,091,245,128	659,713,060	5,750,958,188
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflow related to differences between actual and expected experience (pensions)	-	-	-
Deferred tax revenue	3,039,021,582	-	3,039,021,582
Deferred revenue - other	4,001,073	-	4,001,073
Deferred gain on refunding of debt	1,298,916	3,439,513	4,738,429
Deferred recognition of pension investments	288,499,298	4,065,312	292,564,610
Deferred inflow for change in proportion (pensions)	911,191	1,004,803	1,915,994
Reduction of capital lease	-	-	-
Total deferred inflows of resources	3,333,732,060	8,509,628	3,342,241,688
<b>NET POSITION</b>			
Net investment in capital assets	1,875,208,103	892,414,328	2,767,622,431
Restricted for:			
Grant programs	39,619,967	-	39,619,967
Sewer improvements	-	51,457,807	51,457,807
Repair and replacement	-	-	-
Community centers	16,129,993	-	16,129,993
Housing	-	-	-
Transportation	263,216,622	-	263,216,622
Capital projects	-	-	-
Debt service	-	14,580,855	14,580,855
Unrestricted (deficit)	(2,802,308,892)	66,651,531	(2,735,657,361)
Net position	\$ (608,134,207)	1,025,104,521	416,970,314

See accompanying notes to the financial statements.

EXHIBIT A  
concluded

Total Component Units	Reclassifications (See Note A-12)	Total Reporting Entity	
<b>LIABILITIES</b>			
52,184,611	-	115,907,691	Accounts payable and accrued liabilities
45,867,709	-	103,188,443	Accrued salaries and benefits
16,294,069	-	29,207,017	Contract retainages
7,366,915	-	50,478,925	Accrued interest payable
-	-	17,841,610	Due to other governments
2,000,000	-	2,000,000	Due to primary government
-	-	2,637,727	Due to component units
23,397,046	-	53,092,550	Unearned revenue
5,599,285	-	105,932,747	Performance and other deposits
			Long-term liabilities:
			Portion due or payable within one year:
-	-	216,404,584	General obligation bonds payable, net
1,535,263	-	61,591,104	Revenue bonds payable, net
2,141,246	-	12,286,246	Notes payable, net
26,488,606	-	91,884,100	Compensated absences payable
-	-	2,300,000	Landfill closure and postclosure obligation
8,123,837	-	12,415,657	Obligations under capital leases and installment purchases
29,078,772	-	58,499,772	Insurance and benefit claims payable
327,900	-	327,900	Loan from primary government
526,055	-	526,055	Unearned Rent
-	-	19,578,889	Other
			Portion due or payable after one year:
-	-	2,151,395,926	General obligation bonds payable, net
27,640,996	-	1,488,280,831	Revenue bonds payable, net
56,939,759	-	122,530,707	Notes payable, net
12,597,250	-	62,239,543	Compensated absences payable
-	-	67,878,594	Landfill closure and postclosure obligation
71,405,108	-	90,331,516	Obligations under capital leases and installment purchases
31,160,088	-	63,153,088	Insurance and benefit claims payable
3,041,392,972	-	4,184,949,538	Net pension liability
11,977,500	-	11,977,500	Loan from primary government
625,835	-	625,835	Unearned Rent
-	-	26,164,915	Other
3,474,670,822	-	9,225,629,010	Total liabilities
<b>DEFERRED INFLOWS OF RESOURCES</b>			
16,127,403	-	16,127,403	Deferred inflow related to differences between actual and expected experience (pensions)
-	-	3,039,021,582	Deferred tax revenue
-	-	4,001,073	Deferred revenue - other
-	-	4,738,429	Deferred gain on refunding of debt
519,391,960	-	811,956,570	Deferred recognition of pension investments
724,952	-	2,640,946	Deferred inflow for change in proportion (pensions)
4,616,693	-	4,616,693	Reduction of capital lease
540,861,008	-	3,883,102,696	Total deferred inflow of resources
<b>NET POSITION</b>			
2,895,534,238	(1,569,082,723)	4,094,073,946	Net investment in capital assets
			Restricted for:
23,337,206	-	62,957,173	Grant programs
-	-	51,457,807	Sewer improvements
700,000	-	700,000	Repair and replacement
-	-	16,129,993	Community centers
18,341,352	-	18,341,352	Housing
-	-	263,216,622	Transportation
46,996,766	(46,996,766)	-	Capital projects
1,507,926	-	16,088,781	Debt service
(2,974,568,431)	1,616,079,489	(4,094,146,303)	Unrestricted (deficit)
11,849,057	-	428,819,371	Net position

**COUNTY OF FAIRFAX, VIRGINIA**  
**Statement of Activities**  
**For the fiscal year ended June 30, 2015**

		Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs	Expenses				
Primary government:					
Governmental activities:					
General government administration	\$ 183,647,484	23,239,854	6,756,090	3,740,383	
Judicial administration	55,830,358	13,564,794	8,000,987	-	
Public safety	670,432,665	71,729,966	61,895,040	1,184,744	
Public works	204,114,861	141,711,640	2,717,896	11,977,310	
Health and welfare	557,312,024	70,951,265	146,907,611	-	
Community development	352,960,858	256,353,218	16,024,985	17,504,938	
Parks, recreation, and cultural	112,338,852	16,531,289	980,371	-	
Education - for Public Schools	1,936,673,334	-	-	-	
Interest on long-term debt	101,276,354	-	-	-	
Total governmental activities	4,174,586,790	594,082,026	243,282,980	34,407,375	
Business-type activities:					
Public works - Sewer	174,932,128	209,227,867	-	3,277,159	
Total business-type activities	174,932,128	209,227,867	-	3,277,159	
Total primary government	4,349,518,918	803,309,893	243,282,980	37,684,534	
Component units:					
Public Schools	2,661,828,957	102,656,094	259,108,472	171,313,288	
Redevelopment and Housing Authority	106,019,079	43,344,485	62,266,387	1,599,304	
Park Authority	102,023,879	44,754,803	-	19,911,841	
Economic Development Authority	9,000,833	-	-	-	
Total component units	\$ 2,878,872,748	190,755,382	321,374,859	192,824,433	

**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, 2014 (as restated)

Net position, June 30, 2015

See accompanying notes to the financial statements.

## EXHIBIT A-1

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Total Component Units	Functions/Programs
Governmental Activities	Business-type Activities	Total Primary Government		
Primary government:				
Governmental activities:				
(149,911,157)	-	(149,911,157)	-	General government administration
(34,264,577)	-	(34,264,577)	-	Judicial administration
(535,622,915)	-	(535,622,915)	-	Public safety
(47,708,015)	-	(47,708,015)	-	Public works
(339,453,148)	-	(339,453,148)	-	Health and welfare
(63,077,717)	-	(63,077,717)	-	Community development
(94,827,192)	-	(94,827,192)	-	Parks, recreation, and cultural
(1,936,673,334)	-	(1,936,673,334)	-	Education - for Public Schools
(101,276,354)	-	(101,276,354)	-	Interest on long-term debt
(3,302,814,409)	-	(3,302,814,409)	-	Total governmental activities
Business-type activities:				
-	37,572,898	37,572,898	-	Public works - Sewer
-	37,572,898	37,572,898	-	Total business-type activities
(3,302,814,409)	37,572,898	(3,265,241,511)	-	Total primary government
Component units:				
-	-	-	(2,128,751,103)	Public Schools
-	-	-	1,191,097	Redevelopment and Housing Authority
-	-	-	(37,357,235)	Park Authority
-	-	-	(9,000,833)	Economic Development Authority
-	-	-	(2,173,918,074)	Total component units
General revenues:				
Taxes:				
\$ 2,356,421,557	-	2,356,421,557	-	Real property
368,390,092	-	368,390,092	-	Personal property
154,681,661	-	154,681,661	-	Business licenses
247,734,220	-	247,734,220	-	Local sales and use
100,484,941	-	100,484,941	-	Consumers utility
23,898,873	-	23,898,873	-	Recordation
33,775,982	-	33,775,982	-	Occupancy, tobacco, and other
211,423,648	-	211,423,648	462,361,662	Grants and contributions not restricted to specific programs
10,892,600	780,354	11,672,954	339,154	Revenue from the use of money
-	-	-	1,820,336,159	Revenue from primary government
-	-	-	1,688,236	Other
3,507,703,574	780,354	3,508,483,928	2,284,725,211	Total general revenues
204,889,165	38,353,252	243,242,417	110,807,137	Change in net position
(813,023,372)	986,751,269	173,727,897	(98,958,080)	Net position, July 1, 2014 (as restated)
\$ (608,134,207)	1,025,104,521	416,970,314	11,849,057	Net position, June 30, 2015



**COUNTY OF FAIRFAX, VIRGINIA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2015**

**EXHIBIT A-2**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Equity in pooled cash and temporary investments	\$ 297,096,841	390,221,392	687,318,233
Investments	242,481,365	318,486,778	560,968,143
Receivables (net of allowances):			
Accounts	13,866,219	11,977,307	25,843,526
Accrued interest	126,423	4,260,956	4,387,379
Property taxes:			
Delinquent	20,084,180	-	20,084,180
Not yet due	2,714,545,103	-	2,714,545,103
Business license taxes - delinquent	3,356,153	-	3,356,153
Loans	-	54,271,547	54,271,547
Due from intergovernmental units (net of allowances):			
Property tax relief - not yet due	211,313,944	-	211,313,944
Other	51,681,592	40,737,708	92,419,300
Due from component units	2,000,000	-	2,000,000
Loan to component unit	-	12,305,400	12,305,400
Lease to component unit	-	44,000,000	44,000,000
Interfund receivables	700,000	1,772,633	2,472,633
Prepaid and other assets	880,201	400,853	1,281,054
Restricted assets:			
Equity in pooled cash and temporary investments	-	63,930,594	63,930,594
Cash with fiscal agents	633,479	197,986,990	198,620,469
Certificates of deposit - performance bonds	26,433	-	26,433
Total assets	<u>3,558,791,933</u>	<u>1,140,352,158</u>	<u>4,699,144,091</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total deferred outflows of resources	-	-	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 3,558,791,933</b>	<b>1,140,352,158</b>	<b>4,699,144,091</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 25,252,496	30,958,937	56,211,433
Accrued salaries and benefits	44,812,775	9,927,550	54,740,325
Contract retainages	-	6,043,314	6,043,314
Due to other governments	58,233	17,783,377	17,841,610
Due to component units	2,034,970	602,757	2,637,727
Interfund payables	1,138,613	2,472,633	3,611,246
Unearned revenue	22,342,816	72,453,490	94,796,306
Performance and other deposits	76,808,279	23,525,183	100,333,462
Total liabilities	<u>172,448,182</u>	<u>163,767,241</u>	<u>336,215,423</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred tax revenue	3,039,021,582	-	3,039,021,582
Unavailable revenue	21,400,352	8,440,243	29,840,595
Total deferred inflows of resources	<u>3,060,421,934</u>	<u>8,440,243</u>	<u>3,068,862,177</u>
<b>Total liabilities and deferred inflows of resources</b>	<b>\$ 3,232,870,116</b>	<b>172,207,484</b>	<b>3,405,077,600</b>

continued

## EXHIBIT A-2

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid amounts	\$ 880,201	385,364	1,265,565
Total Nonspendable	880,201	385,364	1,265,565
Restricted for:			
Public safety, courts, and judicial	-	26,205,239	26,205,239
General public works	-	126,251,418	126,251,418
Stormwater management	-	25,496,466	25,496,466
Transportation	-	291,636,771	291,636,771
Social services, health and welfare	-	9,971,869	9,971,869
Housing and community development	-	33,093,150	33,093,150
Parks, recreation, and cultural	-	29,336,216	29,336,216
Debt service	-	6,596,450	6,596,450
Capital projects	-	256,579,105	256,579,105
Other purposes	-	1,456,297	1,456,297
Total Restricted	-	806,622,981	806,622,981
Committed to:			
Revenue stabilization	121,140,662	-	121,140,662
Managed reserves	76,702,689	-	76,702,689
Public safety, courts, and judicial	761,543	7,752,939	8,514,482
Transportation	-	12,704,610	12,704,610
Social services, health and welfare	1,304,071	13,576,811	14,880,882
Housing and community development	29,035	17,251,427	17,280,462
Parks, recreation, and cultural	1,620,666	-	1,620,666
Debt service	-	20,047,048	20,047,048
Capital projects	-	89,803,494	89,803,494
Other purposes	36,137,774	-	36,137,774
Total Committed	237,696,440	161,136,329	398,832,769
Assigned to:			
Public safety, courts, and judicial	11,575,060	-	11,575,060
General public works	3,169,124	-	3,169,124
Social services, health and welfare	7,633,703	-	7,633,703
Housing and community development	3,115,491	-	3,115,491
Parks, recreation, and cultural	2,568,300	-	2,568,300
Other purposes	5,202,661	-	5,202,661
Total Assigned	33,264,339	-	33,264,339
Unassigned:	54,080,837	-	54,080,837
Total fund balances	325,921,817	968,144,674	1,294,066,491
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,558,791,933	1,140,352,158	4,699,144,091
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, 2015**

**EXHIBIT A-2**  
concluded

Fund balances - Total governmental funds \$ 1,294,066,491

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	\$ 416,292,134	
Construction in progress	216,875,447	
Equipment under construction	2,043,928	
Software in development	8,454,299	
Depreciable/amortizable assets:		
Equipment	298,509,985	
Software	94,102,084	
Library collections	94,976,037	
Buildings and improvements	1,659,134,240	
Infrastructure	<u>802,003,907</u>	
Total capital assets	3,592,392,061	
Less accumulated depreciation/amortization	<u>(1,045,347,343)</u>	2,547,044,718

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

Delinquent taxes (net of allowances):		
Property	\$ 17,106,052	
Business license	3,356,153	
Sales and use and other taxes	638,597	
Lease to component unit	<u>44,000,000</u>	65,100,802

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	\$ 22,148,397	
EMS transport and other charges for services	<u>3,691,125</u>	25,839,522

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	\$ 49,781,492	
Deferred gain on refunding of debt	<u>(1,298,916)</u>	48,482,576

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

Deferred outflow for contributions subsequent to the measurement date	\$ 187,884,445	
Deferred recognition of pension investments	(288,499,298)	
Deferred inflow for change in proportion	<u>(911,191)</u>	(101,526,044)

Certain other receivables are accrued only in the government-wide statements 737,496

OPEB costs are recognized as expenditures in the fund statements, but are deferred in the government-wide 19,021,000

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	\$ 228,328,293	
Capital assets	189,538,406	
Less accumulated depreciation/amortization	(101,025,714)	
Liabilities	<u>(74,778,490)</u>	242,062,495

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	\$ (2,367,800,510)	
Revenue bonds payable, net	(901,545,630)	
Notes payable	(75,735,948)	
Compensated absences payable	(109,611,631)	
Landfill closure and postclosure obligation	(70,178,594)	
Obligations under capital leases and installment purchase	(20,098,800)	
Insurance and benefit claims payable	-	
Net pension liability	(1,121,637,099)	
Other long-term liabilities	(45,743,804)	
Accrued interest on long-term debt	<u>(36,611,247)</u>	(4,748,963,263)

Net position of governmental activities \$ (608,134,207)



**COUNTY OF FAIRFAX, VIRGINIA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the fiscal year ended June 30, 2015**

**EXHIBIT A-3**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 3,233,977,029	55,107,002	3,289,084,031
Permits, privilege fees, and regulatory licenses	45,545,990	25,480,511	71,026,501
Intergovernmental	344,894,850	214,414,780	559,309,630
Charges for services	71,273,201	316,490,412	387,763,613
Fines and forfeitures	16,298,999	138,939	16,437,938
Developers' contributions	5,757	10,740,889	10,746,646
Revenue from the use of money and property	15,701,691	15,378,976	31,080,667
Recovered costs	11,655,234	8,454,621	20,109,855
Gifts, donations, and contributions	916,287	558,806	1,475,093
Total revenues	3,740,269,038	646,764,936	4,387,033,974
<b>EXPENDITURES</b>			
Current:			
General government administration	162,063,387	960,255	163,023,642
Judicial administration	52,120,422	1,063,207	53,183,629
Public safety	634,174,750	65,029,145	699,203,895
Public works	84,038,207	115,166,937	199,205,144
Health and welfare	362,016,707	206,658,846	568,675,553
Community development	57,331,723	172,955,852	230,287,575
Parks, recreation, and cultural	34,297,699	16,345,226	50,642,925
Intergovernmental:			
Community development	10,492,636	100,538,513	111,031,149
Parks, recreation, and cultural	31,114,997	26,733,924	57,848,921
Education - for Public Schools	1,768,588,028	168,085,306	1,936,673,334
Capital outlay:			
General government administration	11,071,093	9,377,046	20,448,139
Judicial administration	225,921	10,931	236,852
Public safety	1,388,288	45,830,909	47,219,197
Public works	128,823	31,286,945	31,415,768
Health and welfare	319,412	18,206,642	18,526,054
Community development	7,318	33,389,574	33,396,892
Parks, recreation, and cultural	4,275,727	5,149,293	9,425,020
Debt service:			
Principal retirement	314,660	279,794,809	280,109,469
Interest and other charges	22,987	137,117,847	137,140,834
Total expenditures	3,213,992,785	1,433,701,207	4,647,693,992
Excess (deficiency) of revenues over (under) expenditures	526,276,253	(786,936,271)	(260,660,018)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	12,473,516	542,823,654	555,297,170
Transfers out	(515,632,051)	(65,634,123)	(581,266,174)
General obligation bonds issued	-	227,340,000	227,340,000
Premium on general obligation bonds issued	-	29,848,745	29,848,745
General obligation refunding bonds issued	-	259,260,000	259,260,000
Premium on general obligation refunding bonds issued	-	52,218,707	52,218,707
General obligation payments to refunded bonds escrow agent	-	(270,710,041)	(270,710,041)
Notes issued	-	48,951,647	48,951,647
Total other financing sources (uses)	(503,158,535)	824,098,589	320,940,054
Net change in fund balances	23,117,718	37,162,318	60,280,036
Fund balances, July 1, 2014	302,804,099	930,982,356	1,233,786,455
Fund balances, June 30, 2015	\$ 325,921,817	968,144,674	1,294,066,491

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, 2015

## EXHIBIT A-3

concluded

Net change in fund balances - Total governmental funds		\$	60,280,036
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	\$	160,667,922	
Less depreciation/amortization expense		(98,962,080)	61,705,842
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.			
			(495,911)
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.			
			20,624,025
Build America Bonds interest subsidy accrual is not recognized as revenue in the fund statements			
			(796)
Some of the County's receivables will not be collected soon enough to pay for the current period's expenditures and, therefore, are reported as unearned revenue in the funds:			
Delinquent property taxes	\$	(2,598,102)	
Delinquent business license taxes		(2,310,618)	
Other charges for services		(48,679)	(4,957,399)
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	\$	1,212,014	
EMS transport and other charges for services		1,322,692	2,534,706
The receipt of principal payments for the lease to the component unit does not result in a revenue in the statement of activities.			
			(1,470,000)
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 2015A General Obligation Bonds	\$	(257,188,745)	
Series 2014B and 2015B General Obligation Refunding Bonds		(311,478,707)	
Capital Renewal Note		(10,000,000)	
TIFIA Note		(20,691,647)	
Crescent Note		(18,260,000)	(617,619,099)
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.			
			9,191,391
Certain other long-term liabilities are recognized only in the government-wide statements, resulting in a net difference.			
			841,764
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	\$	276,618,502	
Payment to escrow agent to refund bonds		270,710,041	
Principal payments of capital leases and installment purchases		3,490,967	550,819,510
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	\$	(1,254,976)	
Amortization of bond premiums and discounts		38,409,196	
Amortization of deferred gains on bond refundings		1,794,602	
Amortization of deferred losses on bond refundings		(2,886,489)	36,062,333
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	\$	(1,042,372)	
Compensated absences		(5,479,152)	
Net pension liability		69,345,863	
Other		(6,052,856)	56,771,483
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.			
			30,601,280
Change in net position of governmental activities		\$	204,889,165

COUNTY OF FAIRFAX, VIRGINIA  
Statement of Net Position  
Proprietary Funds  
June 30, 2015

## EXHIBIT A-4

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
<b>ASSETS</b>		
Current assets:		
Equity in pooled cash and temporary investments	\$ 63,888,106	223,740,420
Accounts receivable	538,038	136,260
Accrued interest receivable	-	1,280
Due from intergovernmental units (net of allowance)	48,820,019	-
Interfund receivables	-	1,138,613
Inventories of supplies	377,130	3,056,887
Prepaid and other assets	-	254,833
Total unrestricted current assets	113,623,293	228,328,293
Restricted assets:		
Equity in pooled cash and temporary investments	65,682,156	-
Cash with fiscal agents	14,580,855	-
Investments	21,097,057	-
Total restricted current assets	101,360,068	-
Total current assets	214,983,361	228,328,293
Long-term assets:		
Capital assets:		
Non-depreciable/non-amortizable:		
Land	17,407,323	1,938,688
Easements	455,229	-
Construction in progress	102,977,703	4,051,910
Equipment under construction	-	6,873,315
Depreciable/amortizable:		
Equipment	14,114,685	149,579,731
Software	-	2,200,587
Purchased capacity	984,100,135	-
Buildings and improvements	88,413,982	21,626,489
Infrastructure	1,159,924,152	3,267,686
Accumulated depreciation	(595,394,964)	(99,943,544)
Accumulated amortization	(315,078,669)	(1,082,170)
Total capital assets, net	1,456,919,576	88,512,692
Other long-term asset		
Accounts Receivable	2,671,143	-
Total other long-term asset	2,671,143	-
Total long-term assets	1,459,590,719	88,512,692
Total assets	1,674,574,080	316,840,985
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred loss on refunding of debt	15,883,879	-
Deferred Outflow related to Pensions	2,869,250	-
Total deferred outflows of resources	\$ 18,753,129	-
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
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,841,469	5,670,178
Accrued salaries and benefits	1,173,853	1,406,556
Contract retainages	6,869,634	-
Accrued interest payable	6,496,562	4,201
Revenue bonds payable, net	24,349,678	-
Compensated absences payable	1,409,569	1,655,847
Obligations under capital leases	-	984,222
Insurance and benefit claims payable	-	29,421,000
Total current liabilities	42,140,765	39,142,004
Long-term liabilities:		
Revenue bonds payable, net	594,800,368	-
Compensated absences payable	852,460	1,508,280
Obligations under capital leases	-	2,135,206
Insurance and benefit claims payable	-	31,993,000
Net pension liability	21,919,467	-
Total long-term liabilities	617,572,295	35,636,486
Total liabilities	659,713,060	74,778,490
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflow related to Pensions	5,070,115	-
Deferred gain on refunding of debt	3,439,513	-
Total deferred inflow of resources	8,509,628	-
<b>NET POSITION</b>		
Net investment in capital assets	892,414,328	85,301,887
Restricted for:		
Sewer improvements	51,457,807	-
Debt service	14,580,855	-
Unrestricted	66,651,531	156,760,608
Net position	\$ 1,025,104,521	242,062,495



**COUNTY OF FAIRFAX, VIRGINIA**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the fiscal year ended June 30, 2015**

**EXHIBIT A-5**

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 187,538,854	318,608,433
Total operating revenues	187,538,854	318,608,433
<b>OPERATING EXPENSES:</b>		
Personnel services	26,416,320	29,760,926
Materials and supplies	14,063,157	1,279,457
Equipment operation and maintenance	-	42,833,734
Risk financing and benefit payments	-	184,984,264
Depreciation and amortization	58,046,612	15,556,360
Professional consultant and contractual services	51,832,079	31,199,590
Other	-	8,855,627
Total operating expenses	150,358,168	314,469,958
Operating gain	37,180,686	4,138,475
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Availability fees	21,689,013	-
Interest revenue	780,354	161,122
Interest expense	(23,677,340)	(197,860)
Amortization of deferred loss on bond refunding	(945,079)	-
Gain (loss) on disposal of capital assets	48,459	444,614
Total nonoperating (expenses)	(2,104,593)	407,876
Gain before contributions, special item, and transfers	35,076,093	4,546,351
Capital contributions	3,277,159	85,925
Transfers in	-	25,969,004
Change in net position	38,353,252	30,601,280
Net position, July 1, 2014 (as restated)	986,751,269	211,461,215
Net position, June 30, 2015	\$ 1,025,104,521	242,062,495

See accompanying notes to the financial statements.

**COUNTY OF FAIRFAX, VIRGINIA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the fiscal year ended June 30, 2015**

**EXHIBIT A-6**

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 190,980,176	-
Receipts from interfund services provided	-	318,412,766
Payments to suppliers and contractors	(75,481,704)	(73,094,643)
Payments to employees	(27,230,342)	(29,417,914)
Claims and benefits paid	-	(189,428,711)
Payments for interfund services used	-	(7,883,261)
Intergovernmental revenue received	-	-
Net cash provided by operating activities	88,268,130	18,588,237
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers from other funds	-	25,969,004
Net cash provided by noncapital financing activities	-	25,969,004
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Availability fees received	21,689,013	-
Capital grants received	900,914	-
Principal payments on sewer revenue bonds	(22,429,257)	-
Principal payments on capital leases and installment purchases	-	-
Interest payments on sewer revenue bonds	(24,334,573)	-
Proceeds from sale of capital assets	77,180	594,099
Purchase of capital assets, other than purchased capacity	(43,222,565)	(21,845,812)
Acquisition of purchased capacity	(49,754,724)	-
Principal payments on obligations under capital leases	-	(932,709)
Interest payments on obligations under capital leases	-	(198,702)
Net cash used by capital and related financing activities	(117,074,012)	(22,383,124)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sales of restricted investments	20,549,152	-
Purchases of investments	(21,891,582)	-
Interest received	780,353	160,367
Net cash provided by investing activities	(562,077)	160,367
Net increase (decrease) in cash and cash equivalents	(29,367,959)	22,334,484
Cash and cash equivalents, July 1, 2014	158,938,221	201,405,936
Cash and cash equivalents, June 30, 2015	\$ 129,570,262	223,740,420
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 37,180,686	4,138,475
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	58,046,612	15,556,360
Change in assets and liabilities:		
Increase in accounts receivable	-	(22,105)
Decrease in intergovernmental receivables	3,979,327	-
Increase in interfund receivables	-	(173,562)
(Increase) decrease in inventories of supplies	13,039	(263,924)
Increase in other assets	(3,039,509)	(254,019)
Decrease in accounts payable and accrued liabilities	(8,174,550)	(740,811)
Increase in accrued salaries and benefits	262,525	347,823
Total adjustments to operating	51,087,444	14,449,762
Net cash provided by operating activities	\$ 88,268,130	18,588,237
<b>Noncash investing, capital, and financing activities:</b>		
Capital contributions - sewer lines, manholes, and equipment	\$ 2,376,245	85,925
Initiation of an obligation under capital lease	-	3,318,540
Net increase in long-term debt resulting from the issuance of loans/revenue bonds by UOSA	2,520,436	-
Increase in fair value of investments not classified as cash and cash equivalents	22,816	-

See accompanying notes to the financial statements.

**COUNTY OF FAIRFAX, VIRGINIA**  
**Statement of Fiduciary Net Position**  
**June 30, 2015**

**EXHIBIT A-7**

	Pension/OPEB Trust Funds	Agency Funds
<b>ASSETS</b>		
Equity in pooled cash and temporary investments	\$ 13,135,883	2,154,751
Cash collateral for securities lending	312,530,003	-
Accounts receivable	-	59,936
Contributions receivable	11,798,379	-
Accrued interest and dividends receivable	17,487,738	-
Receivable from sale of pension investments	203,204,755	-
Equipment	3,626	-
Investments, at fair value:		
U.S. Government and agency securities	200,777,859	-
Asset-backed securities	384,500,632	-
Corporate and other bonds	577,308,051	-
Common and preferred stock	1,539,438,826	-
Short-term investments	360,607,736	-
Investment in pooled funds	3,679,566,641	-
Total assets	<u>7,300,360,129</u>	<u>\$ 2,214,687</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred amounts from the refunding of debt	-	
Deferred loss from sale-leaseback	-	
Total deferred outflows of resources	<u>-</u>	
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	12,250,225	-
Payable for purchase of pension investments	251,022,449	-
Liabilities for collateral received under securities lending agreements	312,530,003	-
Liabilities under reimbursement agreements	-	2,214,687
Total liabilities	<u>575,802,677</u>	<u>\$ 2,214,687</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Total deferred inflows of resources	<u>-</u>	
<b>NET POSITION</b>		
Held in trust for pension/OPEB benefits	<u>\$ 6,724,557,452</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, 2015**

**EXHIBIT A-8**

	Pension/OPEB Trust Funds
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 277,364,808
Plan members	53,556,797
Other	<u>1,308,470</u>
Total contributions	<u>332,230,075</u>
Investment income:	
From investment activities:	
Net appreciation in fair value of investments	23,396,638
Interest	33,476,730
Dividends	<u>47,681,596</u>
Total income from investment activities	<u>104,554,964</u>
Less investment activities expenses:	
Management fees	19,239,601
Other	<u>1,913,771</u>
Total investment activities expenses	<u>21,153,372</u>
Net income from investment activities	<u>83,401,592</u>
From securities lending activities:	
Securities lending income	<u>1,191,329</u>
Less securities lending expenses:	
Management fees	<u>389,879</u>
Total securities lending activities expenses	<u>389,879</u>
Net income from securities lending activities	<u>801,450</u>
Net investment income	<u>84,203,042</u>
Total additions	<u>416,433,117</u>
<b>DEDUCTIONS</b>	
Benefits	423,452,439
Refunds of contributions	4,847,719
Administrative expenses	<u>2,966,956</u>
Total deductions	<u>431,267,114</u>
Net decrease	(14,833,997)
Net position, July 1, 2014	<u>6,739,391,449</u>
Net position, June 30, 2015	<u>\$ 6,724,557,452</u>
See accompanying notes to the financial statements.	

**COUNTY OF FAIRFAX, VIRGINIA**  
**Combining Statement of Net Position**  
**Component Units**  
**June 30, 2015**

	Public Schools	Redevelopment and Housing Authority
<b>ASSETS</b>		
Equity in pooled cash and temporary investments	\$ 310,785,976	31,820,153
Cash in banks	-	15,169,577
Investments	-	4,655,000
Receivables (net of allowances):		
Accounts	8,455,250	1,484,586
Accrued interest	39,922	410,056
Notes	-	24,989,427
Due from intergovernmental units	46,823,707	-
Due from primary government	169,149	-
Inventories of supplies	1,825,116	-
Prepaid and other assets	424,886	915,913
Restricted assets:		
Equity in pooled cash and temporary investments	72,681,865	-
Cash with fiscal agents	-	15,031,565
Certificates of deposit - performance bonds	-	3,372,488
Investments	-	2,884,180
Net OPEB Asset	31,151,922	-
Unearned financing fees (net of amortization)	-	958,597
Property held for sale	-	1,315,872
Capital assets:		
Non-depreciable/non-amortizable:		
Land and easements	46,837,095	42,466,892
Construction in progress	310,065,859	144,891
Software in development	378,394	-
Depreciable/amortizable:		
Equipment	301,535,440	1,943,111
Software	12,290,206	-
Library collections	31,334,836	-
Buildings and improvements	3,306,535,250	226,930,528
Accumulated depreciation	(1,698,431,600)	(131,847,600)
Accumulated amortization	(4,325,385)	-
Total assets	<u>2,778,577,888</u>	<u>242,645,236</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflow for pension contributions subsequent to the measurement date	306,125,418	2,245,647
Deferred outflow for change in proportion (pensions)	42,714,707	-
Deferred amounts from the refunding debt	-	-
Total deferred outflows of resources	<u>\$ 348,840,125</u>	<u>2,245,647</u>

See accompanying notes to the financial statements.

## EXHIBIT A-9

Park Authority	Economic Development Authority	Total Component Units	
			<b>ASSETS</b>
31,848,500	-	374,454,629	Equity in pooled cash and temporary investments
-	-	15,169,577	Cash in banks
-	-	4,655,000	Investments
			Receivables (net of allowances):
44,067	-	9,983,903	Accounts
20,421	-	470,399	Accrued interest
-	-	24,989,427	Notes
128,491	-	46,952,198	Due from intergovernmental units
2,273,442	195,136	2,637,727	Due from primary government
-	-	1,825,116	Inventories of supplies
-	64,124	1,404,923	Prepaid and other assets
			Restricted assets:
2,515,574	-	75,197,439	Equity in pooled cash and temporary investments
-	-	15,031,565	Cash with fiscal agents
-	-	3,372,488	Certificates of deposit - performance bonds
519,439	-	3,403,619	Investments
-	-	31,151,922	Net OPEB Asset
-	-	958,597	Unearned financing fees (net of amortization)
-	-	1,315,872	Land held for sale
			Capital assets:
			Non-depreciable/non-amortizable:
374,670,963	-	463,974,950	Land and easements
8,338,575	-	318,549,325	Construction in progress
-	-	378,394	Software in development
			Depreciable/amortizable:
14,136,699	28,977	317,644,227	Equipment
-	-	12,290,206	Software
-	-	31,334,836	Library collections
417,725,726	767,961	3,951,959,465	Buildings and improvements
(204,290,964)	(474,891)	(2,035,045,055)	Accumulated depreciation
-	-	(4,325,385)	Accumulated amortization
647,930,933	581,307	3,669,735,364	Total assets
			<b>DEFERRED OUTFLOWS OF RESOURCES</b>
4,835,372	634,220	313,840,657	Deferred outflow for pension contributions subsequent to the measurement date
341,242	358,997	43,414,946	Deferred outflow for change in proportion (pensions)
389,920	-	389,920	Deferred amounts from the refunding debt
5,566,534	993,217	357,645,523	Total deferred outflows of resources

continued

**COUNTY OF FAIRFAX, VIRGINIA**  
**Combining Statement of Net Position**  
**Component Units**  
**June 30, 2015**

	Public Schools	Redevelopment and Housing Authority	Park Authority
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 42,099,894	7,016,813	2,977,512
Accrued salaries and benefits	42,156,980	772,885	2,768,976
Contract retainages	15,448,085	-	845,984
Accrued interest payable	778,731	6,542,415	45,769
Due to primary government	-	-	2,000,000
Unearned revenue	15,712,111	1,911,657	5,773,278
Performance and other deposits	2,496,151	2,184,692	918,442
Long-term liabilities:			
Portion due or payable within one year:			
Revenue bonds payable, net	-	781,599	753,664
Notes payable	-	2,141,246	-
Compensated absences payable	23,209,786	635,529	2,436,096
Obligations under capital leases and installment purchases	8,123,837	-	-
Insurance and benefit claims payable	29,078,772	-	-
Loan from primary government	-	-	327,900
Unearned rent	384,936	-	-
Portion due or payable after one year:			
Revenue bonds payable, net	-	23,776,627	3,864,369
Notes payable	-	56,939,759	-
Compensated absences payable	9,947,051	530,192	2,018,878
Obligations under capital leases and installment purchases	71,405,108	-	-
Insurance and benefit claims payable	31,160,088	-	-
Loan from primary government	-	-	11,977,500
Unearned rent	-	-	-
Net pension liability	2,980,288,442	17,501,779	38,774,320
Total liabilities	3,272,289,972	120,735,193	75,482,688
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflow related to differences between actual and expected experience (pensions)	16,127,403	-	-
Deferred recognition of pension investments	508,059,157	3,245,982	7,191,312
Deferred inflow for change in proportion (pensions)	-	724,952	-
Reduction of Capital Lease	4,616,693	-	-
Total deferred inflow of resources	528,803,253	3,970,934	7,191,312
<b>NET POSITION</b>			
Net investment in capital assets	2,226,691,150	74,473,555	594,047,486
Restricted for:			
Grant and education programs	12,727,348	-	-
Food Service	10,609,858	-	-
Repair and replacement	-	-	700,000
Housing	-	18,341,352	-
Capital projects	37,627,092	-	9,369,674
E.C. Lawrence Trust	-	-	1,507,926
Unrestricted (deficit)	(2,961,330,660)	27,369,849	(34,801,619)
Net position	\$ (673,675,212)	120,184,756	570,823,467

See accompanying notes to the financial statements.

**EXHIBIT A-9**  
 concluded

Economic Development Authority	Total Component Units	
		<b>LIABILITIES</b>
90,392	52,184,611	Accounts payable and accrued liabilities
168,868	45,867,709	Accrued salaries and benefits
-	16,294,069	Contract retainages
-	7,366,915	Accrued interest payable
-	2,000,000	Due to primary government
-	23,397,046	Unearned revenue
-	5,599,285	Performance and other deposits
		Long-term liabilities:
		Portion due or payable within one year:
-	1,535,263	Revenue bonds payable, net
-	2,141,246	Notes payable
207,195	26,488,606	Compensated absences payable
-	8,123,837	Obligations under capital leases and installment purchases
-	29,078,772	Insurance and benefit claims payable
-	327,900	Loan from primary government
141,119	526,055	Unearned rent
		Portion due or payable after one year:
-	27,640,996	Revenue bonds payable, net
-	56,939,759	Notes payable
101,129	12,597,250	Compensated absences payable
-	71,405,108	Obligations under capital leases and installment purchases
-	31,160,088	Insurance and benefit claims payable
-	11,977,500	Loan from primary government
625,835	625,835	Unearned rent
4,828,431	3,041,392,972	Net pension liability
6,162,969	3,474,670,822	Total liabilities
		<b>DEFERRED INFLOWS OF RESOURCES</b>
		Deferred inflow related to differences between actual and expected experience (pensions)
-	16,127,403	
895,509	519,391,960	Deferred recognition of pension investments
-	724,952	Deferred inflow for change in proportion (pensions)
-	4,616,693	Reduction of Capital Lease
895,509	540,861,008	Total deferred inflow of resources
		<b>NET POSITION</b>
322,047	2,895,534,238	Net investment in capital assets
		Restricted for:
-	12,727,348	Grant and education programs
-	10,609,858	Food Service
-	700,000	Repair and replacement
-	18,341,352	Housing
-	46,996,766	Capital projects
-	1,507,926	E.C. Lawrence Trust
(5,806,001)	(2,974,568,431)	Unrestricted (deficit)
(5,483,954)	11,849,057	Net position



**COUNTY OF FAIRFAX, VIRGINIA**  
**Combining Statement of Activities**  
**Component Units**  
**For the fiscal year ended June 30, 2015**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Public Schools:				
Education	\$ 2,661,828,957	102,656,094	259,108,472	171,313,288
Redevelopment and Housing Authority:				
Community development	106,019,079	43,344,485	62,266,387	1,599,304
Park Authority:				
Parks, recreation, and cultural	102,023,879	44,754,803	-	19,911,841
Economic Development Authority:				
Community development	9,000,833	-	-	-
<b>Total component units</b>	<b>\$ 2,878,872,748</b>	<b>190,755,382</b>	<b>321,374,859</b>	<b>192,824,433</b>

**General revenues:**

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, 2014 (as restated)

Net position, June 30, 2015

See accompanying notes to the financial statements.

## EXHIBIT A-10

<b>Net (Expense) Revenue and Changes in Net Position</b>					
Public Schools	Redevelopment and Housing Authority	Park Authority	Economic Development Authority	Total Component Units	
(2,128,751,103)	-	-	-	(2,128,751,103)	
-	1,191,097	-	-	1,191,097	
-	-	(37,357,235)	-	(37,357,235)	
-	-	-	(9,000,833)	(9,000,833)	
(2,128,751,103)	1,191,097	(37,357,235)	(9,000,833)	(2,173,918,074)	
\$ 452,931,821	-	9,429,841	-	462,361,662	
20,870	288,090	30,194	-	339,154	
1,768,498,393	-	42,714,813	9,122,953	1,820,336,159	
1,688,236	-	-	-	1,688,236	
2,223,139,320	288,090	52,174,848	9,122,953	2,284,725,211	
94,388,217	1,479,187	14,817,613	122,120	110,807,137	
(768,063,429)	118,705,569	556,005,854	(5,606,074)	(98,958,080)	
\$ (673,675,212)	120,184,756	570,823,467	(5,483,954)	11,849,057	



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**COUNTY OF FAIRFAX, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The County of Fairfax, Virginia, (the County) is organized under the Urban County Executive form of government (as defined under Virginia law). The governing body of the County is the Board of Supervisors (the Board), which makes policies for the administration of the County. The Board is comprised of ten members: the Chairman, elected at large for a four-year term, and one member from each of nine supervisor districts, elected for a four-year term by the voters of the district in which the member resides. The Board appoints a County Executive to act as the administrative head of the County. The County Executive serves at the pleasure of the Board, carries out the policies established by the Board, directs business and administrative procedures, and recommends officers and personnel to be appointed by the Board.

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

**1. Reporting Entity**

As required by GAAP, the accompanying financial statements present the financial data of the County (the primary government) and its component units. The financial data of the component units are included in the County's basic financial statements because of the significance of their operational or financial relationships with the County. The County and its component units are together referred to herein as the reporting entity.

Blended Component Units

Blended component units are entities that are legally separate from the County but that are so closely related to the County that they are, in essence, extensions of the County. The blended component units that are reported as part of the primary government are:

Solid Waste Authority of Fairfax County (SWA) - The SWA is considered a blended component unit because the Board of Supervisors comprises the Board of Directors of the SWA and has the ability to impose its will on the SWA. The SWA is authorized under the Virginia Water and Waste Authorities Act and was created by the Board of Supervisors on June 29, 1987. The SWA has financed the construction of a solid waste to energy facility, which is contractually owned and operated by a commercial entity in accordance with agreements between the County, the SWA, and the commercial entity. The County has assumed the responsibility for the management of the arrangement between the SWA and the commercial entity and for providing sufficient solid waste to result in a financially viable operation; this activity is reported in a special revenue fund of the County, the Energy Resource Recovery Facility Fund. Separate financial statements are not prepared for the SWA.

Small District One - The Board of Supervisors created Small District One, which is located within the Dranesville Magisterial District, in 1970 to provide for the construction of a community center and the operation of its social, cultural, educational, and recreational facilities. This small district is reported as a separate special revenue fund of the County, the

McLean Community Center Fund, 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 2015, Fairfax Water collected approximately \$174.7 million on behalf of the County, and as of June 30, 2015, the County has receivables of approximately \$42.0 million due from Fairfax Water.

#### Joint Ventures

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

The County is a participant in the Northern Virginia Regional Park Authority (NVRPA). NVRPA is a joint venture created under the Virginia Park Authorities Act of 1959 to protect and preserve Northern Virginia's rich heritage of woods, meadows, lakes, and streams. The governing body of NVRPA is comprised of two members from each of the 6 member jurisdictions: Fairfax, Arlington, and Loudoun Counties, and the Cities of Alexandria, Falls Church, and Fairfax. Each member jurisdiction provides contributions in direct proportion to its share of the region's population. The County's contributions are accounted for in the County Construction capital projects fund. The County has no

explicit and measurable financial interest in NVRPA. Complete financial statements of NVRPA can be obtained by writing to NVRPA, 5400 Ox Road, Fairfax Station, Virginia 22039.

#### Jointly Governed Organization

The State Route 28 Highway Transportation Improvement District (District) was created in 1987 under the provisions of the Transportation Improvements District Act by the County and Loudoun County, Virginia, in conjunction with the Commonwealth of Virginia Transportation Board (CVTB), for the purpose of undertaking various improvements to State Route 28. The District is governed by a nine-member Commission comprised of four members from each of the Boards of Supervisors of the County and Loudoun County and the Chairman of the CVTB or his designee. The County has no financial interest in the District. See Note K-8 for additional information related to the District.

## **2. Basis of Presentation**

#### Government-wide Statements

The statement of net position and the statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to avoid the double-counting of interfund activities. These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed primarily by fees charged to external parties. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities presents a comparison between direct expenses and program revenues for each activity of the County. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular activity. Program revenues include: (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and, (b) grants and contributions that are restricted to meet the operations or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

#### Fund Financial Statements

The accounts of the reporting entity are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, with each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major fund types:

General Fund - The General Fund is the County's primary operating fund, and it is used to account for all revenue sources and expenditures which are not accounted for in other funds.

Enterprise Fund - The Fairfax County Integrated Sewer System (Sewer System) is the only enterprise fund of the County. This fund is used to account for the financing, construction, and operations of the countywide sewer system.



The County reports the following nonmajor governmental fund types:

Special Revenue Funds - The special revenue funds are used to account for the proceeds of specific revenue sources (other than debt service and major capital projects) that are legally restricted or committed to expenditure for specified purposes.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, the general obligation debt service of the County and for the debt service of the lease revenue bonds and special assessment debt. This includes the general obligation debt the County has issued to fund Public Schools capital projects.

Capital Projects Funds - The capital projects funds are used to account for financial resources used for all general construction projects other than enterprise fund construction.

The County reports the following additional fund types:

Internal Service Funds - These funds are proprietary funds used to account for the provision of general liability, malpractice, and workers' compensation insurance, health benefits for employees and retirees, vehicle services, document services, and technology infrastructure support that are provided to County departments on a cost reimbursement basis.

Pension and Other Post-Employment Benefits (OPEB) Trust funds - These are fiduciary funds used to account for the assets held in trust by the County for the employees and beneficiaries of its defined benefit pension and OPEB plans – the Employees' Retirement System, the Police Officers Retirement System, the Uniformed Retirement System, and the Other Post-Employment Benefits (OPEB) Trust Fund.

Agency Funds - These are fiduciary funds used to account for monies received, held, and disbursed on behalf of developers, welfare recipients, the Commonwealth of Virginia, the recipients of certain bond proceeds, and certain other local governments.

### **3. Measurement Focus and Basis of Accounting**

#### Government-wide, Proprietary, and Fiduciary Fund Statements

The government-wide, proprietary, and trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The agency funds also use the accrual basis of accounting to recognize assets and liabilities. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and entitlements. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. For the trust funds, member and employer contributions as applicable are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. For the Sewer System, principal operating revenues include sales to existing customers for continuing sewer service. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues



and expenses. Also, unbilled Sewer System receivables, net of an allowance for 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, 2015, 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, 2015, interest earned by these funds and assigned directly to the County's General Fund is as shown on the right.

<b><u>Primary Government</u></b>	
Nonmajor Governmental Funds	\$ 2,026,307
Internal Service Funds	63,522
<b>Total primary government</b>	<b>2,089,829</b>
<b><u>Component Units</u></b>	
Public Schools	640,197
FCRHA	17,701
Park Authority	1,610
<b>Total component units</b>	<b>659,508</b>
<b>Total reporting entity</b>	<b>\$ 2,749,337</b>

#### **5. Cash and Cash Equivalents**

For purposes of the statements of cash flows, the amounts reported as cash and cash equivalents for the proprietary fund types represent amounts maintained in the reporting entity's

investment pool, as they are considered to be demand deposits for the purpose of complying with GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting."

## **6. Investments**

Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost, which approximates fair value. Other investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Asset-backed securities are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar investments. Investment ownership is recorded as of the trade date. Transactions are finalized and money movement occurs on the settlement date. 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**

The consumption method of accounting for inventories is used. Under this method, inventories are expensed as they are consumed as operating supplies and spare parts in the period to which they apply.

## **9. Restricted Assets**

Restricted assets are liquid assets which have third-party limitations on their use. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Unspent amounts from the issuance of general obligation bonds are reported as restricted assets in the County's capital projects funds. The County also holds certificates of deposit purchased by developers and cash deposits under the terms of performance agreements. The County may require a developer to enter into these agreements in order to ensure that certain structures and improvements are completed according to approved site plans. The certificates, issued by various financial institutions, and cash deposits are released to the developer when the terms of the agreement have been satisfied. If the terms of the agreement are not satisfied, the County uses the cash deposits and proceeds from the certificates to correct or complete the project as necessary. The amount of the certificates and cash deposits held is reported as restricted assets in the General Fund.

In accordance with the provisions of the 1985 General Bond Resolution as modified through July 2009, certain assets of the Sewer System are restricted for specific future uses, such as repayment of debt obligations, payments on construction projects, and extensions and improvements. Certain

assets are restricted to fund the construction of nitrogen removal facilities. As of June 30, 2015, the Sewer System has cash and investments that are restricted for the following uses:

<b>Restricted Assets of the Sewer System</b>	
Extensions and improvements	\$ 59,478,878
Long-term debt service requirements	27,300,335
Current debt service requirements	14,580,855
Total restricted assets	<u>\$ 101,360,068</u>

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

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

## 10. Capital Assets

Capital assets, including land, permanent easements, buildings, improvements, equipment, library collections, purchased capacity, and infrastructure, that individually cost \$5,000 or more and software with a cost of \$100,000 or more, with useful lives greater than one year, are reported in the proprietary funds and applicable governmental or business-type activities columns in the government-wide financial statements. The County has capitalized general infrastructure assets, including solid waste disposal facilities, storm water management facilities, public drainage systems, mass transportation facilities, commercial revitalization improvements, and public trails and walkways that were acquired or substantially improved subsequent to July 1, 1980. The County does not capitalize roads and bridges as these belong to the Commonwealth of Virginia.

Purchased capacity consists of payments made by the Sewer System under intermunicipal agreements with the District of Columbia Water and Sewer Authority (Blue Plains), UOSA, Alexandria Sanitation Authority (ASA), Arlington County, Loudoun Water, and Prince William County Service Authority (PWSA) for the Sewer System's allocated share of improvements to certain specified treatment facilities owned and operated by these jurisdictions.

Purchased capital assets are stated at historical cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value as of the date of donation. Capital assets are depreciated/amortized over their estimated useful lives using the straight-line method. The estimated useful lives are shown in the table on the right.

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.

<b>Capital Assets</b>	<b>Useful Lives</b>
Infrastructure	10 - 50 years
Sewer lines	50 years
Buildings	20 - 50 years
Purchased capacity	30 - 99 years
Improvements	10 - 25 years
Equipment	5 - 20 years
Library collections	5 years
Software	5 - 20 years

## 11. Compensated Absences

All reporting entity employees earn annual leave based on a prescribed formula which allows employees with less than ten years of service to accumulate a maximum of 240 hours and employees with ten years or more of service to accumulate a maximum of 320 hours of annual leave as of the end of each year. In addition, employees, except for Public Schools employees, may accrue compensatory leave for hours worked in excess of their scheduled hours. Compensatory leave in excess of 240 hours at the end of the calendar year is forfeited.

The current pay rate, including certain additional employer-related fringe benefits, is used to calculate compensated absences accruals at June 30. The entire liability for compensated absences is reported in the government-wide and proprietary fund statements; whereas, only the matured portion resulting from employee resignations and retirements is reported in the governmental fund statements.

## 12. Net Position

Net position is comprised of three categories: Net investment in capital assets; Restricted net position; and Unrestricted net position. The first category of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds that are attributable to these capital assets. Restricted net position is restricted assets reduced by liabilities and deferred inflows of resources related to those assets. As of June 30, 2015, the primary government had \$385.0 million restricted net position, of which \$279.3 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 \$1,569.1 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 \$47.0 million for capital projects with the balance of \$41.9 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	
Investment in capital assets, net of related	\$ 2,767,622,431	2,897,162,437	(1,403,881,161)	(165,201,562)	(1,569,082,723)	4,095,702,145
Restricted	385,005,244	91,781,745	(88,615,271)	(307,648)	(88,922,919)	387,864,070
Unrestricted	(2,735,657,361)	(2,977,095,125)	1,492,496,432	165,509,210	1,658,005,642	(4,054,746,844)
Net position	\$ 416,970,314	11,849,057	-	-	-	428,819,371

### 13. Fund Balance Classification

The Board of Supervisors, as the highest level of authority within the County, establishes the commitment of fund balance to purposes through the approval of the annual budget plan by resolution, in conjunction with the resolutions associated with the establishment of fee and tax rates, and acceptance or appropriation of funds. All subsequent changes to the budget plan to add, reduce, or redirect resources to other purposes are also accomplished by board resolution. As a result, all unrestricted amounts directed toward a purpose are shown as committed. Balances shown as assigned in the general fund represent encumbrances which would otherwise be unassigned.

The County considers restricted balances to be expended first in cases where both restricted and unrestricted amounts are available. When utilizing unrestricted balances, committed balances are applied first, followed by assigned then unassigned balances.

### 14. Encumbrances

The County uses encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve that portion of the applicable appropriation. Encumbrances represent the estimated amount of expenditures ultimately to result if unperformed contracts and open purchase orders are completed. Encumbrances for the capital projects funds do not lapse until the completion of the projects and are reported as reservations of fund balance at year end. Funding for all other encumbrances lapses at year end and requires reappropriation by the Board. Funds with significant encumbrance balances are as follows:

	Encumbrance Balance
<b>Primary Government</b>	
<b>General Fund</b>	
Public safety, courts, and judicial	\$ 11,575,060
General public works	3,169,124
Social services, health and welfare	7,633,703
Housing and community development	3,115,491
Parks, recreation, and cultural	2,568,300
Other purposes	11,733,048
Total General Fund	39,794,726
<b>Capital Projects Funds</b>	
Capital Project	\$ 148,492,834

### 15. Stabilization and Managed Reserve

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

#### **16. Recovered Costs**

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

#### **17. Intermunicipal Agreements**

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

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

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

#### **18. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



**B. DEPOSITS AND INVESTMENTS****1. Deposit and Investment Policies**

The reporting entity maintains an investment policy, the overall objectives of which are the preservation of capital and the protection of investment principal; maintenance of sufficient liquidity to meet operating requirements; conformance with federal, state, and other legal requirements; diversification to avoid incurring unreasonable risks regarding specific security types or individual financial institutions; and attainment of a market rate of return. Oversight of investment activity is the responsibility of the Investment Committee, which is comprised of the chief financial officer and certain key management and investment staff.

It is the reporting entity's policy to pool for investing purposes all available funds of the County and its component units that aren't otherwise required to be kept separate. The investment policy, therefore, applies to the activities of the reporting entity with regard to investing the financial assets of its pooled investment funds.

The primary government 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 VIP Trust seeks to maintain a bond fund rating on the Portfolio of AA/S1 or better from S&P.

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, 919 East Main Street, Suite 1100, Richmond, Virginia 23219.

The Code of Virginia (Code) authorizes the reporting entity to purchase the following types of investments:

- Commercial paper
- U.S. Treasury and agency securities
- U.S. Treasury strips
- 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

However, the investment policy precludes the investment of pooled funds in derivative securities, reverse repurchase agreements, security lending programs, asset-backed securities, hedged debt, obligations of sovereign governments, obligations of the Commonwealth of Virginia and its instrumentalities, obligations of counties, cities, towns, and other public bodies located within the Commonwealth of Virginia and obligations of state and local government units located within other states.



The Code also authorizes the reporting entity to purchase other investments for its pension trust funds and OPEB trust funds, including common and preferred stocks and corporate bonds that meet the standard of judgment and care set forth in the Code. The pension trust funds' Boards of Trustees' investment policies permit these funds to lend their securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future.

## 2. Interest Rate Risk

The reporting entity's policy is to minimize the risk that the fair market value of securities in its portfolio will fall due to changes in market interest rates. To achieve this minimization of risk, the reporting entity structures the pooled investment portfolio so that sufficient securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Pooled investments that are purchased to meet liquidity needs shall have a target weighted average maturity of 90 days or less. All other pooled funds are invested primarily in shorter-term securities, with a maximum maturity of two years. The reporting entity's pooled investments as of June 30, 2015, are summarized at fair value as shown below:

Investment Type	Fair Value	Weighted Average Maturity (Days)
<b>Primary Government - Pooled Investments:</b>		
<b>Pooled Investments:</b>		
Agency Notes	\$ 257,836,745	575
Commercial Paper	249,780,088	226
Corporate Notes	146,005,053	186
Money Market Funds	75,978,795	1
Negotiable Certificates of Deposit	743,720,949	77
VA Investment Pool	39,877,464	14
Total fair value	<u>\$ 1,513,199,094</u>	
Portfolio weighted average maturity		191
<b>Component Units - Pooled Investments:</b>		
Agency Notes	\$ 68,400,332	575
Commercial Paper	66,263,018	226
Corporate Notes	38,733,013	186
Money Market Funds	20,156,067	1
Negotiable Certificates of Deposit	197,298,331	77
VA Investment Pool	10,578,910	14
Total fair value	<u>\$ 401,429,671</u>	
Portfolio weighted average maturity		191

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, 2015, are summarized at fair value is shown as follows:

Investment Type	Fair Value	Duration (Years)
<b>Primary Government - Pension Trust Funds:</b>		
U.S. Government securities		
Employees' Retirement System	\$ 111,393,309	7.6
Police Officers Retirement System	53,758,847	7.3
Uniformed Retirement System	35,625,703	13.5
Corporate and other bonds		
Employees' Retirement System	441,530,101	4.5
Police Officers Retirement System	50,064,788	4.9
Uniformed Retirement System	85,713,162	3.7
Asset-backed securities *		
Employees' Retirement System	204,539,081	3.1
Police Officers Retirement System	78,818,452	4.2
Uniformed Retirement System	101,143,099	3.7
Short-term investments		
Employees' Retirement System	189,194,157	0.1
Police Officers Retirement System	44,075,294	0.1
Uniformed Retirement System	127,338,284	0.1
Total fair value	<u>\$ 1,523,194,277</u>	
<b>Component Unit - Pension Trust Fund:</b>		
U.S. Government Obligations	\$ 102,759,104	5.7
Agencies	9,062,097	5.3
Credit	72,321,391	6.7
Cash and Cash equivalents	16,954,446	-1.4
Corporate bonds	140,429,621	7.8
Mortgages	83,770,913	4.0
ABS/CMBS	44,175,155	6.0
Foreign bonds	29,030,769	5.0
Convertible and preferred	26,728,867	5.8
Emerging markets	46,339,029	4.7
Bank Loans	6,211,341	0.3
Floating rate notes	8,043,207	0.3
Inflation linked bond	2,327,148	0.4
Other	10,215,398	0.0
Total fair value	<u>\$ 598,368,486</u>	

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

### 3. Credit Risk

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

Investors Service, Inc. (Moody's) Watchlist or Standard & Poor's, Inc. (S&P) Credit Watch with a negative short term rating. The policy specifies the following acceptable credit ratings for specific types of investments in the pooled portfolio:

- U.S. government sponsored enterprise instruments shall be rated by both Moody's and S&P with a minimum rating of Prime 1 and A-1, respectively.
- Prime quality commercial paper shall be rated by at least two of the following: Moody's, with a rating of P-1; S&P, A-1; Fitch Investor's Services, Inc. (Fitch), F-1; or by Duff and Phelps, Inc., D-1.
- Mutual funds must have a rating of AAA or better by S&P, Moody's, or another nationally recognized rating agency.
- Bank deposit notes must have a rating of at least A-1 by S&P and P-1 by Moody's.
- Banker's acceptances shall be rated by at least two of the following: Moody's, with a rating of P-1; S&P, A-1; Fitch, F-1; or by Duff and Phelps, Inc., D-1.
- Corporate notes must have a rating of at least Aa by Moody's and a rating of at least AA by S&P.

While the overall investment guidelines for the primary government's pension trust funds do not specifically address credit risk, investment managers have specific quality limits appropriate for the type of mandate they are managing and that fit within the total risk tolerance of the fund. The component unit's pension trust fund's investment policy states that the average credit quality of a fixed income portfolio must be at least 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.

The VIP Trust Fund's policy is to maintain a bond fund rating on the Portfolio of AA/S1 or better from S&P. Moody's, S&P and Fitch are nationally recognized statistical rating organizations (NRSRO) serving investors, regulators and issuers.

As of June 30, 2015, the primary government and component units of the reporting entity had pooled investments in the following issuers with credit quality ratings as a percent of total investments in debt securities as follows:

Credit Quality Rating *				
AA	A-1	AAA-m	Aaf/S1	Unrated
U.S. Treasury and Agencies** 15.0%	Commercial paper 14.5%	Money Market Funds 4.4%	Virginia Investment Pool 2.3%	Demand Deposit Accounts 7.1%
Corporate Notes 8.6%	Negotiable CD 43.2%	- -	- -	Insured CD 1.4%
- -	- -	- -	- -	Collateralized CDs 3.5%
23.6%	57.7%	4.4%	2.3%	12.0%

\* 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, 2015.

\*\* U.S. Treasury and Agencies AA+

As of June 30, 2015, the primary government and component units' pension trust funds of the reporting entity had pooled investments in the following issuers with credit quality ratings as a percent of total investments in debt securities as shown below:

Investment Type	Credit Quality Rating *							
	AAA	AA	A	BBB	BB	B	Below B	Unrated
<b>Primary Government</b>								
<b>Pension Trust Funds:</b>								
U.S. Government securities	- %	12.9 %	- %	- %	- %	- %	0.2 %	- %
Corporate and other bonds	0.6	3.4	5.6	3.5	8.4	9.0	2.6	4.8
Asset-backed securities	0.1	9.4	0.4	0.8	0.3	0.4	7.2	6.7
Short-term investments	-	-	-	-	-	-	-	23.7
<b>Component Units</b>								
<b>Pension Trust Fund:</b>								
U.S. Government obligations	3.8 %	13.4 %	- %	- %	- %	- %	- %	- %
Mortgage-backed securities	1.8	13.6	0.8	0.6	0.3	0.2	0.2	1.7
Domestic bonds	3.9	3.0	6.9	9.6	5.4	2.9	1.0	0.2
Convertible securities	0.1	0.3	0.9	1.1	1.1	0.7	-	-
International bonds	2.0	0.6	4.2	6.8	1.3	0.6	-	0.4
Cash and cash equivalents	0.7	-	-	-	-	-	-	2.2
Bank loans	-	-	-	0.1	0.5	0.4	-	-
Fixed income securities	1.9	0.8	0.3	1.6	0.9	0.6	0.3	0.2
Preferred securities	-	-	-	-	-	-	-	0.2

\* Credit quality ratings are determined using S&P's long-term rating schema, which approximates the greatest degree of risk as of June 30, 2015.

#### 4. Concentration of Credit Risk

The reporting entity's investment policy sets the following limits for the types of securities held in its pooled investment portfolio:

U.S. Treasury securities and agencies	100%	maximum
Banker's acceptances	40%	maximum
Negotiable certificates of deposit and bank deposit notes	40%	maximum
Non-negotiable certificates of deposit	40%	maximum
Insured certificates of deposit	40%	maximum
Commercial paper	35%	maximum
Repurchase agreements	30%	maximum
Mutual funds	30%	maximum
Collateralized deposit account	30%	maximum
Insured deposit account	30%	maximum
Corporate notes	25%	maximum
Virginia investment pool	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, banker's acceptances, corporate notes, and bank notes. 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, 2015, ERFC had four active fixed income managers and one passive fixed income manager. The active manager portfolios had values of \$201.0 million, \$83.4 million, \$174.7 million and \$53.5 million. The indexed portfolio had a value of \$85.7 million. The market value of the largest issue other than the U.S. Government in the portfolios of the active managers was only 8.62 percent of that portfolio. Since the passive manager's portfolio is an indexed mutual fund, it is excluded from the concentration of credit risk measurement.

## **5. Custodial Credit Risk**

For deposits, custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the Virginia Security for Public Deposits Act (Act), all of the reporting entity's deposits are covered by federal depository insurance or collateralized in accordance with the Act, which provides for the pooling of collateral pledged by financial institutions with the Treasurer of Virginia to secure public deposits as a class. No specific collateral can be identified as security for one public depositor, and public depositors are prohibited from holding collateral in their name as security for deposits. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. If the value of the pool's collateral is inadequate to cover a loss, additional amounts are assessed on a pro rata basis to the members of the pool. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by participating financial institutions. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance, therefore, funds deposited in accordance with the requirements of the Act are considered to be fully insured.

For investments, custodial credit risk is the risk that, in the event of the failure of a counterparty, the reporting entity will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Per policy, all of the investments purchased by the reporting entity are insured or registered or are securities held by the reporting entity or its agent in the reporting entity's name.

The Boards of Trustees of the pension trust funds permit the funds to participate in a securities lending program, which is administered by a custodian. Under this program, certain securities are loaned to approved broker/dealers who borrow the securities and provide collateral in the form of cash, U.S. Treasury or government agency securities, letters of credit, and other securities as specified in the securities lending agreement. The value of the collateral for domestic securities must equal 102 percent of the market value of the security and 105 percent of the market value of the foreign security. The custodian monitors the market value of the collateral on a daily basis. Cash collateral is invested in a fund which is maintained by the custodian or its affiliate. The pension trust funds did not impose any restrictions during the period on the amounts of loans security lending agents made on their behalf, and the agents have agreed to indemnify the pension trust funds by purchasing replacement securities, or returning the cash collateral thereof, in the event a borrower fails to return loaned securities or pay distributions thereon. There were no such failures by any borrower during the fiscal year, nor were there any losses during the period resulting from the default of a borrower or lending agent. At year end, the pension trust funds had no custodial credit risk exposure to borrowers because

the amounts the pension trust funds owed the borrower exceeded the amounts the borrowers owed the pension trust funds. Information pertaining to the securities lending transactions as of June 30, 2015, is presented as follows:

Securities Lent	Underlying Securities	Cash Collateral Investment Value	Securities Collateral Investment Value
<b>Primary Government - Pension Trust Funds:</b>			
Lent for cash collateral:			
U.S. Government securities	\$ 4,229,888	4,318,778	-
Corporate and other bonds	42,656,132	43,771,003	-
Common and preferred stock	256,417,268	264,440,222	-
Lent for securities collateral:			
U.S. Government securities	85,271,485	-	88,721,568
Corporate and other bonds	11,875,169	-	12,293,225
Common and preferred stock	158,504,104	-	175,576,806
Sovereign debt	-	-	-
Total securities lent	<u>\$ 558,954,046</u>	<u>312,530,003</u>	<u>276,591,599</u>
<b>Component Unit - Pension Trust Fund:</b>			
Lent for cash collateral:			
U.S. Government and securities	\$ 398,796	407,177	-
Domestic corporate bonds	22,808,681	23,378,960	-
Domestic stock	124,424,783	127,565,905	-
International bonds	463,013	517,398	-
International stock	7,580,018	8,676,982	-
Total securities lent	<u>\$ 155,675,291</u>	<u>160,546,422</u>	<u>-</u>

## 6. Foreign Currency Risk

Per the reporting entity's policy, pooled investments are limited to U.S. dollar denominated instruments. The pension trust funds are allowed to invest in foreign currency denominated instruments. The component unit's pension trust fund's policy allows investment managers to invest up to 25 percent of the portfolio in securities issued by non-U.S. guarantors with up to 10 percent in emerging markets. As of June 30, 2015, the fair value in U.S. dollars of the pension trust funds' foreign currency investments follows on the next page:

International Securities	Cash and Cash Equivalents	Equity	Convertible and Fixed Income	Total U.S. Dollars
<b>Primary Government - Pension Trust Funds:</b>				
Australian dollar	\$ (57,802)	26,987,989	17,718,186	44,648,373
Brazil real	44,436	-	12,517,949	12,562,385
Canadian dollar	41,688	14,202,272	119,188	14,363,148
Danish krone	705	22,768,844	-	22,769,549
Euro currency unit	(112,505)	113,540,328	29,591,688	143,019,511
Hong Kong dollar	628,763	37,604,845	-	38,233,608
Hungarian forint	1,113	-	8,331,574	8,332,687
Indian Rupee	-	-	859,052	859,052
Indonesian rupiah	-	22,802	10,692,464	10,715,266
Japanese yen	2,100,758	122,531,746	(641)	124,631,863
Malaysian ringgit	-	95,261	7,157,575	7,252,836
Mexican new peso	42,838	2,610,129	39,329,399	41,982,366
New Zealand dollar	25,150	320,089	9,096,863	9,442,102
Philippines peso	-	-	1,107,117	1,107,117
Pound Sterling	1,084,237	95,302,236	3,807,617	100,194,090
Singapore dollar	2	11,276,210	420,441	11,696,653
South African comm rand	27	2,057,528	10,580,538	12,638,093
South Korean won	-	4,548,224	11,132,631	15,680,855
Swedish krona	2,935	11,975,026	-	11,977,961
Swiss franc	3,193	24,424,244	-	24,427,437
Thailand baht	-	346,772	-	346,772
Other currencies	473,207	7,127,672	5,887,551	13,488,430
Total fair value	\$ 4,278,745	497,742,217	168,349,192	670,370,154
<b>Component Unit - Pension Trust Fund: *</b>				
Australian dollar	\$ 165,806	11,861,744	3,167,996	15,195,546
Brazil real	(417,265)	2,209,472	16,824,310	18,616,517
British pound	59,720	-	-	59,720
Canadian dollar	291,619	17,874,914	4,893,220	23,059,753
Chilean peso	-	-	135,489	135,489
Columbian peso	47,256	-	3,294,775	3,342,031
Chinese Yuan	3,858,918	-	98,934	3,957,852
Danish krone	1,183	1,956,173	15,054	1,972,410
Euro currency unit	404,208	68,816,220	10,935,000	80,155,428
German mark	-	-	48,469	48,469
Hong Kong dollar	105,552	13,460,034	607,854	14,173,440
Indian rupee	2,854,164	-	-	2,854,164
Indonesian rupiah	9,617	2,422	3,909,493	3,921,532
Israeli Shekel	7	-	-	7
Japanese yen	50,856	50,468,556	872,209	51,391,621
Malaysian ringgit	53,697	666,925	3,278,857	3,999,479
Mexican new peso	311,134	1,260,751	13,260,235	14,832,120
New Taiwan Dollar	80,380	5,529,640	-	5,610,020
New Turkish Lira	-	224,055	-	224,055
New Zealand dollar	76,086	601,292	6,729,503	7,406,881
Norwegian krone	48,076	1,579,900	2,041,037	3,669,013
Peruvian nuevo sol	14,667	-	2,726,639	2,741,306
Philippine peso	114,681	23,700	-	138,381
Polish zloty	41,567	1,288,299	3,725,632	5,055,498
Pound sterling	147,050	39,168,238	3,858,600	43,173,888
Qatari riyal	-	1,186,705	-	1,186,705
Russian rouble	-	-	3,072,899	3,072,899
South African comm rand	88,889	1,930,264	4,776,649	6,795,802
Singapore dollar	1	3,029,091	137,889	3,166,981
South Korean Won	7,401	11,362,673	133,644	11,503,718
Swedish krona	18,019	5,737,829	-	5,755,848
Swiss franc	76,344	19,018,431	1,249,200	20,343,975
Thailand baht	9,140	698,779	-	707,919
Turkish lira	-	-	3,282,726	3,282,726
Total fair value	\$ 8,518,773	259,956,107	93,076,313	361,551,193

\*Includes preferred securities investments in Fixed income balance.



## 7. 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 2015, 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, 2015 is shown in the table on the following page:



Future Contract Types	Amount
<b>Primary Government - Pension Trust Funds:</b>	
Cash & Cash Equivalent Futures:	
Long	\$ (101,616,775)
Short	-
Equity Futures:	
Long	290,874,330
Short	-
Fixed Income Futures:	
Long	335,007,447
Short	(1,746,953)
Commodity Futures	
Long	23,189,653
Short	(13,224,472)
Total	<u>\$ 532,483,230</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, 2015 is summarized as follows:

Swap Types	Base Exposure	Fair Market Value
<b>Primary Government - Pension Trust Funds:</b>		
Equity Swaps:		
Total Return Swaps	\$ -	3,122,671
Variance Swaps	9,969	9,969
Fixed Income Swaps:		
Credit Default Swaps	26,816	27,388
Inflation Swaps	(77,587)	(77,587)
Interest Rate Swaps	(142,312)	(115,856)
Total Return Swaps	-	(926,235)
Commodity Swaps:		
Commodity Swaps	36,125	36,125
Total	<u>\$ (146,989)</u>	<u>2,076,475</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, 2015 are presented on the facing page.

	Proceeds	Fair Market Value	Unrealized Gain/(loss)
<b>Primary Government - Pension Trust Funds:</b>			
Cash & cash Equivalent Options:			
Call	\$ (57,136)	(56,548)	588
Put	(40,857)	(28,658)	12,199
Commodity Options:			
Call	(9,383)	(31,406)	(22,023)
Put	27,892	(16,334)	(44,226)
Equity Options:			
Call	(11,944)	(1,201)	10,743
Put	(3,980)	(2,748)	1,232
Fixed Income Options:			
Call	(67,158)	(53,661)	13,497
Put	(8,348)	16,644	24,992
Other			
Call	(3,750)	(3,750)	-
Put	-	-	-
Total	<u>\$ (174,664)</u>	<u>(177,662)</u>	<u>(2,998)</u>

Currency forwards represent foreign exchange contracts and are used to effect settlements and to protect the base currency value of portfolio assets denominated in foreign currencies against fluctuations in the exchange rates of those currencies or to gain exposure to the change in market value of a specific currency. A forward foreign currency exchange contract is a commitment to purchase or sell a foreign currency at a future date and at a negotiated price. The credit risk of currency contracts that are exchange-traded lies with the clearinghouse of the exchange where the contracts are traded. The credit risk of currency contracts traded over-the counter lies with the counterparty, and exposure usually is equal to the unrealized profit on in-the money contracts. All counterparties are rated A or better. The market risk in foreign currency contracts is related to adverse movements in currency exchange rates. The net unrealized gain on foreign currency spot and forward contract at June 30, 2015 was \$725,473, and the Pension trust funds' currency forwards contracts are summarized as follows:

Foreign Currency Contracts Purchased	Notional (Local Currency)	Fair Value of Foreign Currency Contract Payable in U.S. Dollars
<b>Primary Government - Pension Trust Funds:</b>		
Australian Dollar	424,000	\$ (2,643)
Brazil Real	(7,658,177)	76,557
Euro Currency Unit	(39,586,909)	181,235
Israeli Shekel	(1,555,000)	(7,220)
Japanese Yen	(666,898,551)	(53,953)
Mexican New Peso	(39,907,771)	22,269
New Zealand Dollar	(14,084,000)	763,178
Pound Sterling	(5,015,000)	(97,463)
Singapore dollar	(14,673)	2
South Korean Won	(431,704,850)	12,383
Total Foreign Currency Contracts Purchased		<u>\$ 894,345</u>

Foreign Currency Contracts Sold		
<b>Primary Government - Pension Trust Funds:</b>		
Australian Dollar	287,000	\$ (1,845)
Brazil Real	6,831,732	(2,685)
Chilean Peso	7,686,500,000	(482,341)
Euro Currency Unit	11,865,000	(79,441)
Indian Rupee	840,444,442	118,992
Japanese Yen	319,507,000	27,289
Mexican New Peso	12,163,916	(7,436)
Norwegian Krone	61,800,000	(71,832)
Pound Sterling	2,542,000	2,215
Swedish Krona	68,400,000	328,212
Total Foreign Currency Contracts Sold		<u>\$ (168,872)</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, ERFC invests in derivative instruments on a limited basis in accordance with the ERFC Board's investment policy. Derivatives provide a means for ERFC to increase earnings and/or hedge against potential losses. During the fiscal year, ERFC invested in collateralized mortgage obligation (CMO) derivatives. These derivatives are securities created using the underlying cash flows from mortgage backed securities as collateral. As of June 30, 2015, the fair value of the CMOs was \$512,304. 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 (F/X) financing into fixed rate loans for real estate investments. Futures, because they are more liquid than over the counter derivatives, have among the lowest transaction costs available, carry minimal counterparty risk and are de facto currency hedged. Non Deliverable Forward's (NDF's) obtain exposure to a currency and its interest rate where the actual purchase of onshore debt is difficult. The interest rate exposure comes through the difference between the spot F/X rate and the forward F/X rate, and through investing the USD cash used as collateral in short dated US bonds. 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. At June 30, 2015, exposure to interest rate swaps was \$(2,618,836), exposure to interest rate caps was \$1,252,599, exposure to futures contracts was (\$199,397), exposure to options was \$737,331, exposure to swap options was \$40,987, and exposure to CDSs was (\$52,891).

## **C. Property Taxes**

Real estate is assessed on January 1 each year at the estimated fair market value of all land and improvements. Real estate taxes are due in equal installments, on July 28 and December 5. Unpaid taxes automatically constitute liens on real property which must be satisfied prior to sale or transfer, and after three years, foreclosure proceedings can be initiated.

Personal property taxes on vehicles and business property are based on the estimated fair market value at January 1 each year. The tax on a vehicle may be prorated for the length of time the vehicle has situs in the County. A declaration form is required to be filed, and there is a ten percent penalty for late filing. Personal property taxes are due on October 5, with certain exceptions. Delinquency notices are sent before statutory measures, such as the seizure of property and the placing of liens on bank accounts and/or wages, are initiated.

Real estate and personal property taxes not paid by the due dates are assessed a ten percent late payment penalty on the tax amount. Furthermore, interest accrues from the first day following the due date at an annual rate of ten percent for the first year and thereafter at the rate set by the Internal Revenue Service. The net delinquent taxes receivable, including interest and penalties, as of June 30, 2015, after allowances for uncollectible amounts, is \$20,084,181 of which \$2,978,129 has been included in tax revenue for fiscal year 2015 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 2015 as receivables (net of payments totaling \$113,162,536 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, 2015; however, these resources, which amount to \$3,039,021,582, will not be available to the County until fiscal year 2016.

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, 2015, consist of the following:

	General Fund	Nonmajor Governmental Funds	Enterprise Fund	Internal Service Funds	Total Primary Government (Exhibit A)
Receivables:					
Accounts	\$ 19,194,485	12,248,914	3,209,181	136,260	34,788,840
Accrued interest	126,423	4,260,956	-	1,280	4,388,659
Property taxes:					
Delinquent	34,380,535	-	-	-	34,380,535
Not yet due	2,721,629,819	-	-	-	2,721,629,819
Business license taxes - delinquent	19,205,450	-	-	-	19,205,450
Loans	-	55,168,190	-	-	55,168,190
Total receivables	2,794,536,712	71,678,060	3,209,181	137,540	2,869,561,493
Allowances for uncollectibles:					
Accounts receivable	(5,328,266)	(271,607)	-	-	(5,599,873)
Property taxes:					
Delinquent	(14,296,355)	-	-	-	(14,296,355)
Not yet due	(7,084,716)	-	-	-	(7,084,716)
Business license taxes - delinquent	(15,849,297)	-	-	-	(15,849,297)
Loans	-	(896,643)	-	-	(896,643)
Total allowances for uncollectibles	(42,558,634)	(1,168,250)	-	-	(43,726,884)
Total net receivables	\$ 2,751,978,078	70,509,810	3,209,181	137,540	2,825,834,609

Receivables of the component units, excluding fiduciary funds, at June 30, 2015, consist of the following:

	Public Schools	FCRHA	Park Authority	EDA	Total Component Units
Receivables:					
Accounts	\$ 8,455,250	1,628,389	44,067	-	10,127,706
Accrued interest	39,922	410,056	20,421	-	470,399
Notes	-	24,989,427	-	-	24,989,427
Total receivables	8,495,172	27,027,872	64,488	-	35,587,532
Allowances for uncollectible	-	(143,803)	-	-	(143,803)
Total net receivables	\$ 8,495,172	26,884,069	64,488	-	35,443,729

Delinquent property taxes receivable from taxpayers in the General Fund as of June 30, 2015, consist of the following:

Year of Levy	Real Estate	Personal Property	Total
2014	\$ 6,896,025	7,008,271	13,904,296
2013	1,867,112	3,099,080	4,966,192
2012	903,653	2,284,579	3,188,232
Prior years	2,211,321	4,163,366	6,374,687
Total delinquent taxes	\$ 11,878,111	16,555,296	28,433,407
Penalty and interest			5,947,128
Total delinquent taxes, penalty and interest			34,380,535
Allowances for uncollectibles			(14,296,355)
Net delinquent tax receivables			\$ 20,084,180

Amounts due to the primary government and component units from other governmental units at June 30, 2015, include the following:

	Primary Government				Component Unit - Public Schools
	General Fund	Nonmajor Governmental Funds	Enterprise Fund	Total (Exhibit A)	
Federal government	\$ 3,501,441	12,761,978	229,346	16,492,765	25,822,195
State government:					
Property tax relief - not yet due	211,313,944	-	-	211,313,944	-
Other	47,237,449	26,120,238	-	73,357,687	20,888,377
Local governments	942,702	1,855,492	48,590,673	51,388,867	113,135
Total intergovernmental units	\$ 262,995,536	40,737,708	48,820,019	352,553,263	46,823,707
Federal-Build America Bond subsidy				737,496	
Total (Exhibit A)				353,290,759	

## 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, 2015, is as follows:

	Interfund Receivables	Interfund Payables
<b>Primary Government</b>		
General Fund	\$ 700,000	1,138,613
Nonmajor Governmental Funds	1,772,633	2,472,633
Internal Service Funds	1,138,613	-
<b>Total primary government</b>	<b>\$ 3,611,246</b>	<b>3,611,246</b>
<b>Component Unit</b>		
<b>Public Schools:</b>		
General Fund	\$ 37,700	-
Fiduciary Funds	-	37,700
<b>Total component units</b>	<b>\$ 37,700</b>	<b>37,700</b>

Due to/from primary government and component units represent amounts paid by one entity on behalf of the other entity. Due to/from primary government and component units as of June 30, 2015, are as follows:

Receivable Entity	Payable Entity	Amount
<b><u>Component Units</u></b>	<b><u>Primary Government</u></b>	
Public Schools	General Fund	\$ 169,149
Park Authority	General Fund	1,670,685
Park Authority	Nonmajor Governmental Fund	602,757
EDA	General Fund	195,136
<b>Total</b>		<b>\$ 2,637,727</b>
<b><u>Primary Government</u></b>	<b><u>Component Unit</u></b>	
General Fund	FCCA	\$ 2,000,000
<b>Total</b>		<b>\$ 2,000,000</b>

The primary purpose of interfund transfers is to provide funding for operations, including those of the Fairfax-Falls Church Community Services Board, debt service, and capital projects. Interfund transfers for the year ended June 30, 2015, are as follows:

	Transfers In	Transfers Out
<b><u>Primary Government</u></b>		
General Fund	\$ 12,473,516	515,632,051
Nonmajor Governmental Funds	542,823,654	65,634,123
Internal Service Funds	25,969,004	-
<b>Total primary government</b>	<b>\$ 581,266,174</b>	<b>581,266,174</b>
<b><u>Component Unit</u></b>		
<b><u>Public Schools:</u></b>		
General Fund	\$ -	30,490,872
Capital Projects Fund	12,469,898	-
Nonmajor Governmental Funds	18,020,974	-
<b>Total component units</b>	<b>\$ 30,490,872</b>	<b>30,490,872</b>

## F. CAPITAL ASSETS

Capital assets activity for the primary government for the year ended June 30, 2015, is as follows:

	Balances July 1, 2014	Increases	Decreases	Balances June 30, 2015
<b>Primary Government</b>				
<b>Governmental activities:</b>				
Non-depreciable/non-amortizable:				
Land and easements	\$ 417,277,062	996,608	(42,848)	418,230,822
Construction in progress	266,627,915	95,357,525	(141,058,083)	220,927,357
Equipment under construction	5,065,278	7,872,007	(4,020,042)	8,917,243
Software in development	4,669,886	8,454,299	(4,669,886)	8,454,299
Total non-depreciable/non-amortizable	693,640,141	112,680,439	(149,790,859)	656,529,721
Depreciable/amortizable:				
Equipment	416,384,506	53,185,271	(21,480,061)	448,089,716
Software	93,165,847	4,646,286	(1,509,462)	96,302,671
Library collections	90,740,515	4,235,522	-	94,976,037
Buildings	1,362,734,487	143,769,419	(1,182,651)	1,505,321,255
Improvements	169,699,057	7,491,942	(1,751,525)	175,439,474
Infrastructure	767,478,139	43,057,616	(5,264,162)	805,271,593
Total depreciable/amortizable	2,900,202,551	256,386,056	(31,187,861)	3,125,400,746
Less accumulated depreciation/amortization for:				
Equipment	(224,936,760)	(40,171,826)	17,525,457	(247,583,129)
Software	(13,537,552)	(6,849,292)	779	(20,386,065)
Library collections	(80,785,044)	(3,329,009)	-	(84,114,053)
Buildings	(415,707,933)	(50,308,758)	74,523	(465,942,168)
Improvements	(62,563,871)	(6,985,584)	92,499	(69,456,956)
Infrastructure	(252,132,510)	(6,873,971)	115,795	(258,890,686)
Total accumulated depreciation/amortization	(1,049,663,670)	(114,518,440)	17,809,053	(1,146,373,057)
Total capital assets, being depreciated/amortized, net	1,850,538,881	141,867,616	(13,378,808)	1,979,027,689
<b>Total capital assets, net - Governmental activities</b>	2,544,179,022	254,548,055	(163,169,667)	2,635,557,410
<b>Business-type activities:</b>				
Non-depreciable/non-amortizable:				
Land and easements	17,814,152	48,400	-	17,862,552
Construction in progress	116,847,901	32,181,304	(46,051,502)	102,977,703
Total non-depreciable/non-amortizable	134,662,053	32,229,704	(46,051,502)	120,840,255
Depreciable/amortizable:				
Equipment	12,342,537	2,370,581	(598,433)	14,114,685
Purchased capacity	934,345,410	49,754,725	-	984,100,135
Buildings and Improvements	88,398,832	15,150	-	88,413,982
Infrastructure	1,102,833,994	57,090,158	-	1,159,924,152
Total depreciable/amortizable	2,137,920,773	109,230,614	(598,433)	2,246,552,954
Less accumulated depreciation/amortization for:				
Equipment	(8,691,310)	(935,778)	514,429	(9,112,659)
Purchased capacity	(285,937,804)	(29,140,865)	-	(315,078,669)
Buildings and Improvements	(41,349,556)	(2,140,036)	-	(43,489,592)
Infrastructure	(516,962,780)	(25,829,933)	-	(542,792,713)
Total accumulated depreciation/amortization	(852,941,450)	(58,046,612)	514,429	(910,473,633)
Total capital assets, being depreciated/amortized, net	1,284,979,323	51,184,002	(84,004)	1,336,079,321
<b>Total capital assets, net - Business-type activities</b>	1,419,641,376	83,413,706	(46,135,506)	1,456,919,576
<b>Total capital assets, net - Primary government</b>	\$ 3,963,820,398	337,961,761	(209,305,173)	4,092,476,986

Capital assets activity for the component units for the year ended June 30, 2015, is as follows:

	Balances June 30, 2014	Increases	Decreases	Balances June 30, 2015
<b>Component Units</b>				
<b>Public Schools</b>				
Non-depreciable/non-amortizable:				
Land	\$ 46,837,095	-	-	46,837,095
Construction in progress	261,520,672	164,720,506	(116,175,319)	310,065,859
Software in development	7,584,455	94,435	(7,300,496)	378,394
Total non-depreciable/non-amortizable	315,942,222	164,814,941	(123,475,815)	357,281,348
Depreciable/amortizable:				
Equipment	284,978,864	28,269,874	(11,713,298)	301,535,440
Software	4,865,424	7,424,782	-	12,290,206
Library collections	34,500,761	2,099,501	(5,265,426)	31,334,836
Buildings	1,236,684,714	875,977	(68,412)	1,237,492,279
Improvements	1,916,238,308	152,837,890	(33,227)	2,069,042,971
Total depreciable/amortizable	3,477,268,071	191,508,024	(17,080,363)	3,651,695,732
Less accumulated depreciation/amortization for:				
Equipment	(195,394,535)	(24,784,870)	10,917,380	(209,262,025)
Software	(3,333,219)	(992,166)	-	(4,325,385)
Library collections	(25,271,395)	(3,252,855)	5,265,426	(23,258,824)
Buildings	(534,488,645)	(24,509,846)	-	(558,998,491)
Improvements	(831,627,863)	(75,285,061)	664	(906,912,260)
Total accumulated depreciation/amortization	(1,590,115,657)	(128,824,798)	16,183,470	(1,702,756,985)
Total capital assets, being depreciated/amortized, net	1,887,152,414	62,683,226	(896,893)	1,948,938,747
<b>Total capital assets, net - Public Schools</b>	2,203,094,636	227,498,167	(124,372,708)	2,306,220,095
<b>FCRHA</b>				
Non-depreciable/non-amortizable:				
Land	42,311,894	154,998	-	42,466,892
Construction in progress	271,478	1,617,372	(1,743,959)	144,891
Total non-depreciable/non-amortizable	42,583,372	1,772,370	(1,743,959)	42,611,783
Depreciable/amortizable:				
Equipment	1,943,111	-	-	1,943,111
Buildings and improvements	224,546,618	2,383,910	-	226,930,528
Total depreciable/amortizable	226,489,729	2,383,910	-	228,873,639
Less accumulated depreciation/amortization for:				
Equipment	(5,072,518)	(287)	-	(5,072,805)
Buildings and improvements	(120,603,575)	(6,171,220)	-	(126,774,795)
Total accumulated depreciation/amortization	(125,676,093)	(6,171,507)	-	(131,847,600)
Total capital assets, being depreciated/amortized, net	100,813,636	(3,787,597)	-	97,026,039
<b>Total capital assets, net - FCRHA</b>	143,397,008	(2,015,227)	(1,743,959)	139,637,822
<b>Park Authority</b>				
Non-depreciable/non-amortizable:				
Land and easements	370,311,665	5,493,774	(1,134,476)	374,670,963
Construction in progress	15,619,937	25,973,550	(33,254,912)	8,338,575
Total non-depreciable/non-amortizable	385,931,602	31,467,324	(34,389,388)	383,009,538
Depreciable/amortizable:				
Equipment	13,654,116	752,707	(270,124)	14,136,699
Buildings and improvements	383,695,645	34,882,378	(852,297)	417,725,726
Total depreciable/amortizable	397,349,761	35,635,085	(1,122,421)	431,862,425
Less accumulated depreciation/amortization for:				
Equipment	(12,393,690)	2,110,457	263,721	(10,019,512)
Buildings and improvements	(180,487,022)	(13,813,881)	29,451	(194,271,452)
Total accumulated depreciation/amortization	(192,880,712)	(11,703,424)	293,172	(204,290,964)
Total capital assets, being depreciated/amortized, net	204,469,049	23,931,661	(829,249)	227,571,461
<b>Total capital assets, net - Park Authority</b>	590,400,651	55,398,985	(35,218,637)	610,580,999
<b>EDA</b>				
Depreciable/amortizable:				
Equipment	38,847	-	(9,870)	28,977
Buildings	767,961	-	-	767,961
Total depreciable/amortizable	806,808	-	(9,870)	796,938
Less accumulated depreciation/amortization for:				
Equipment	(38,592)	(255)	9,870	(28,977)
Buildings	(371,595)	(74,319)	-	(445,914)
Total accumulated depreciation/amortization	(410,187)	(74,574)	9,870	(474,891)
<b>Total capital assets, net - EDA</b>	396,621	(74,574)	-	322,047
<b>Total capital assets, net - Component units</b>	\$ 2,937,288,916	280,807,351	(161,335,304)	3,056,760,963



Depreciation and amortization expense for the year ended June 30, 2015, charged to the functions of the primary government and component units is as follows:

	Governmental Activities	Business-type Activities	Component Units
<b><u>Primary Government</u></b>			
General government administration	\$ 27,327,134	-	-
Judicial administration	4,654,582	-	-
Public safety	8,380,091	-	-
Public works	32,456,874	58,046,612	-
Health and welfare	3,521,951	-	-
Community development	14,432,227	-	-
Parks, recreation, and cultural	8,189,221	-	-
In addition, depreciation on capital assets held by the County's internal service funds is charged to the various functions based on asset usage.	15,556,360	-	-
<b><u>Component Units</u></b>			
Public Schools	-	-	128,824,798
FCRHA	-	-	6,171,507
Park Authority	-	-	11,703,424
EDA	-	-	74,574
Total depreciation and amortization expense	<b>\$ 114,518,440</b>	<b>58,046,612</b>	<b>146,774,303</b>

## 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 65.9 percent including business type activities, FCPS 28.2 percent, EDA 0.5 percent, FCRHA 1.7 percent, FCPA 3.7 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, 10680 Main Street, Suite 280, Fairfax, VA 22030, 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. [http://www.fairfaxcounty.gov/retirement/retired\\_employees/publications.htm](http://www.fairfaxcounty.gov/retirement/retired_employees/publications.htm).

#### 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, 10680 Main Street, Suite 280, Fairfax, VA 22030, 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. [http://www.fairfaxcounty.gov/retirement/retired\\_employees/publications.htm](http://www.fairfaxcounty.gov/retirement/retired_employees/publications.htm).

#### 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, 10680 Main Street, Suite 280, Fairfax, VA 22030, 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. [http://www.fairfaxcounty.gov/retirement/retired\\_employees/publications.htm](http://www.fairfaxcounty.gov/retirement/retired_employees/publications.htm).

#### 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. [www.fcps.edu/erfc/publications.shtml](http://www.fcps.edu/erfc/publications.shtml).

## **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.

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.

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.

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 members are age 60 with five years of service or any age with 30 years of service. Annual post-retirement cost-of-living increases of 3 percent are effective each March 31. Participants in their first full year of retirement receive a 1.49 percent increase. Participants who retire on or after January 1 receive no cost-of-living increase that first March. 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 as of the June 30, 2014 was 19.3 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 2015, the amortization target was increased to 93 percent, and for fiscal year 2016, it will be increased to a 95 percent level. Per the County's pension funding policy as approved by the Board of Supervisors as part of

the FY 2016 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 was \$129,618,309.

#### 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 10.0 percent of compensation at June 30, 2014. For 2015 this has been adjusted to 8.65 percent of compensation.

The County is required to contribute at an actuarially determined rate; the rate for the year ended June 30, 2014 was 33.9 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 2015, the amortization target was to a 93 percent level, and for fiscal year 2016, it will be increased to a 95 percent level. Per the County's pension funding policy as approved by the Board of Supervisors as part of the FY 2016 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 is \$34,178,960.

#### 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, 2014 was 36.4 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 2015, the amortization target was increased to a 93 percent level, and for fiscal year 2016, it will be increased to a 95 percent level. Per the County's pension funding policy as approved by the Board of Supervisors as part of the FY 2016 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 is \$56,094,960.

#### 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. The contribution requirements of members and the employer are established and may be amended by the ERFC Board, subject to School Board approval. Members are required to contribute 3 percent of annual salary. The employer is required to contribute at an actuarially determined rate which presently is 5.6 percent.

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, 2011 valuation recommended that the contribution rate for the two-year period beginning July 1, 2013 to June 30, 2015 be increased to 5.6 percent. Restructuring of the VRS employee contribution rate caused the School Board to decrease the ERFC member contribution rate to 3 percent beginning in fiscal year 2013.

#### 4. Actuarial Methods and Assumptions

The reported total pension liability (TPL) was determined as part of the July 1, 2013, actuarial valuation using the entry age actuarial cost method and rolled forward to the measurement date of June 30, 2014. Significant actuarial assumptions used in the valuation for ERS, PORS, and URS include:

Discount rate, net of plan investment expenses	7.5%
Inflation	3.0%
Salary increases, including inflation	3.0% + merit
Investment rate of return, net of plan investment expenses	7.5%
Municipal bond rate	N/A
Projected period of unfunded benefit payments	None

ERFC assumptions deviate from the chart for salary increases, using a range of 3.75% - 9.05%.

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 2011.

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.

Mortality rates with adjustments for mortality improvements were based on the RP 2000 Mortality tables projected to 2015 using Scale AA.

The actuary recommended and the Board of Trustees adopted refinements to the termination assumption and recognition of unused sick leave balances in the development of the TPL.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010. ERFC valuation date December 31, 2013 based on experience study from January 1 2005 to December 31, 2009.

#### Expected Returns and Changes in Discount Rate

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 target asset allocation for the plans as of June 30, 2014, are summarized below:

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

Asset Class	ERS*	PORS*	URS*	ERFC	Asset Class
U.S. Equities	4.5%/20.0%	4.5%/17.0%	4.5%/13.0%	4.5%/16.0%	Domestic Large Cap Equity
International Equities	5.1%/10.0%	5.1%/12.0%	5.1%/14.0%	4.75%/6.0%	Domestic Small Cap Equity
Private Equities	-	-	8.1%/3.0%	5.0%/14.0%	International Equity
Core Fixed Income	2%/73.0%	2%/30.0%	2%/25.0%	6.25%/3.0%	Emerging Market Equity
High Yield	3.2%/7.5%	-	-	3.25%/7.5%	Real Estate
Absolute Return	6%/20.0%	-	-	1.21%/18.0%	Core Fixed Income
Real Estate	5.3%/7.5%	5.3%/5.0%	5.3%/8.0%	2.0%/8.0%	Investment Grade Credit
Alternatives	-	6%/37.0%	6%/22.0%	4.0%/3.0%	Emerging Market Debt (Local)
Risk Parity	-	6%/30.0%	6%/20.0%	4.01%/15.0%	Global Asset Allocation
Commodity	4.5%/5.0%	-	-	3.75%/8.0%	Absolute rate of return
				6.5%/1.5%	Private Equity

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

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	URS	ERFC
Total pension liability	\$ 4,807,873,661	\$ 1,453,060,383	\$ 1,781,130,985	\$ 2,697,688,622
Pension plan's fiduciary net position	(3,766,059,665)	(1,260,757,215)	(1,516,720,045)	(2,204,927,191)
Net pension liability	<u>\$ 1,041,813,996</u>	<u>\$ 192,303,168</u>	<u>\$ 264,410,940</u>	<u>\$ 492,761,431</u>
Plan fiduciary net position as a percentage of the total pension liability	78.3%	86.8%	85.2%	81.7%

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

	Increases (Decreases) in (000)		
	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a-b)</b>
<b>Balances 6/30/2014</b>	<u>\$ 10,313,457</u>	<u>7,732,041</u>	<u>2,581,416</u>
Changes for Year:			
Service cost	230,370	-	230,370
Interest	761,796	-	761,796
Differences between expected and actual experience	(19,052)	-	(19,052)
Benefit payments, including refunds of member contributions	(546,818)	(546,815)	(3)
Contributions - employer	-	294,066	(294,066)
Contributions - member	-	93,775	(93,775)
Net investment income	-	1,181,777	(1,181,777)
Administrative expense	-	(6,380)	6,380
<b>Net Changes</b>	<u>426,296</u>	<u>1,016,423</u>	<u>(590,127)</u>
<b>Balances 6/30/2015</b>	<u>\$ 10,739,753</u>	<u>8,748,464</u>	<u>1,991,289</u>

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

	Dollar amounts in (000)				
	ERS	PORS	URS	ERFC	Total
<b>Total Pension Liability</b>					
Service cost	\$ 84,074.83	30,859	39,648	75,788	230,370
Interest	340,920	102,492	125,660	192,724	761,796
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	-	-	(19,052)	(19,052)
Changes of assumptions	-	-	-	-	-
Benefit payments, including refunds of member contributions	(238,562)	(62,288)	(78,918)	(167,050)	(546,818)
<b>Net change in total pension liability</b>	<u>186,433</u>	<u>71,063</u>	<u>86,390</u>	<u>82,410</u>	<u>426,296</u>
<b>Total pension liability - 6/30/2014</b>	<u>4,621,440</u>	<u>1,381,997</u>	<u>1,694,741</u>	<u>2,615,279</u>	<u>10,313,457</u>
<b>Total pension liability - 6/30/2015</b>	<u>\$ 4,807,873</u>	<u>1,453,060</u>	<u>1,781,131</u>	<u>2,697,689</u>	<u>10,739,753</u>
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	\$ 129,618	34,179	56,095	74,174	294,066
Contributions - member	32,759	10,091	10,906	40,019	93,775
Net investment income	490,196	176,684	210,256	304,641	1,181,777
Benefit payments, including refunds of member contributions	(238,560)	(62,288)	(78,917)	(167,050)	(546,815)
Administrative expense	(1,885)	(431)	(434)	(3,630)	(6,380)
<b>Net change in plan fiduciary net position</b>	<u>412,128</u>	<u>158,235</u>	<u>197,906</u>	<u>248,154</u>	<u>1,016,423</u>
<b>Plan fiduciary net position - 6/30/2014</b>	<u>3,353,932</u>	<u>1,102,522</u>	<u>1,318,814</u>	<u>1,956,773</u>	<u>7,732,041</u>
<b>Plan fiduciary net position - 6/30/2015</b>	<u>\$ 3,766,060</u>	<u>1,260,757</u>	<u>1,516,720</u>	<u>2,204,927</u>	<u>8,748,464</u>
<b>Net pension liability - 6/30/2015</b>	<u>\$ 1,041,813</u>	<u>192,303</u>	<u>264,411</u>	<u>492,762</u>	<u>1,991,289</u>



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 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Total Pension Liability	\$ 5,480,533,135	\$ 4,807,873,661	\$ 4,259,269,552
Plan Fiduciary Net Position	(3,766,059,665)	(3,766,059,665)	(3,766,059,665)
Net Pension Liability	<u>\$ 1,714,473,470</u>	<u>\$ 1,041,813,996</u>	<u>\$ 493,209,887</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.7%	78.3%	88.4%

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

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Total Pension Liability	\$ 1,705,162,383	\$ 1,453,060,383	\$ 1,255,039,056
Plan Fiduciary Net Position	(1,260,757,215)	(1,260,757,215)	(1,260,757,215)
Net Pension Liability	<u>\$ 444,405,168</u>	<u>\$ 192,303,168</u>	<u>\$ (5,718,159)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.9%	86.8%	100.5%

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

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Total Pension Liability	\$ 2,066,236,723	\$ 1,781,130,985	\$ 1,554,084,893
Plan Fiduciary Net Position	(1,516,720,045)	(1,516,720,045)	(1,516,720,045)
Net Pension Liability	<u>\$ 549,516,678</u>	<u>\$ 264,410,940</u>	<u>\$ 37,364,848</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.4%	85.2%	97.6%

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

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	<u>\$ 813,126,598</u>	<u>\$ 492,761,431</u>	<u>\$ 226,956,209</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.8%	78.1%	90.6%

## 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	7,263	907	1,155	10,156
Terminated employees entitled to, but not yet receiving, benefits	1,576	33	47	3,509
DROP participants	670	89	126	N/A
Active plan members	14,011	1,237	1,862	21,643
Total number of plan members	23,520	2,266	3,190	35,308

## 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 below:

	ERS		PORS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	-	\$ -	-
Net difference between projected and actual earning on pension plan investments	-	193,220,907	-	75,739,012
Contributions subsequent to the measurement date	138,493,099	-	37,867,181	-
Total	<u>\$ 138,493,099</u>	<u>193,220,907</u>	<u>\$ 37,867,181</u>	<u>75,739,012</u>
<b>Pension Expense Recognized 2015</b>	<u>\$ 97,145,111</u>		<u>\$ 22,746,234</u>	
<b>Net Pension Liability June 30, 2015</b>	<u>\$ 1,041,813,996</u>		<u>\$ 192,303,168</u>	
	URS		ERFC	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	-	\$ -	16,127,403
Net difference between projected and actual earning on pension plan investments	-	89,439,786	-	128,000,865
Contributions subsequent to the measurement date	60,928,766	-	74,324,396	-
Total	<u>\$ 60,928,766</u>	<u>89,439,786</u>	<u>\$ 74,324,396</u>	<u>144,128,268</u>
<b>Pension Expense Recognized 2015</b>	<u>\$ 34,018,658</u>		<u>\$ 52,557,894</u>	
<b>Net Pension Liability June 30, 2015</b>	<u>\$ 264,410,940</u>		<u>\$ 492,761,431</u>	

Deferred outflows associated with contributions made subsequent to the measurement date will be recognized as a reduction to the net pension liability in 2016. The remaining deferred outflows and inflows will impact pension expense in subsequent years as follows:

Year ended June 30:				
	ERS	PORS	URS	ERFC
2016 \$	(48,305,227)	(18,934,753)	(22,359,946)	(34,924,443)
2017 \$	(48,305,227)	(18,934,753)	(22,359,947)	(34,924,443)
2018 \$	(48,305,227)	(18,934,753)	(22,359,946)	(34,924,443)
2019 \$	(48,305,226)	(18,934,753)	(22,359,947)	(34,924,443)
2020 \$	-	-	-	(4,430,496)

ERS balances have been allocated between the primary government and discretely presented component units as follows:

	Total	Primary Government	FCPS	EDA	FCRHA	FCPA
Total pension liability	\$ 4,807,873,661	3,169,715,716	1,356,166,539	22,284,494	80,767,470	178,939,442
Pension plan's fiduciary net position	(3,766,059,665)	(2,482,872,916)	(1,062,299,528)	(17,456,063)	(63,266,036)	(140,165,122)
Net pension liability	\$ 1,041,813,996	686,842,800	293,867,011	4,828,431	17,501,434	38,774,320
Deferred Outflows:						
Contributions after Measurement Date	\$ 138,493,099	91,911,809	38,866,051	634,220	2,245,647	4,835,372
Changes in Proportion	2,640,946	-	1,940,707	358,997	-	341,242
Total Deferred Outflows (ERS)	\$ 141,134,045	91,911,809	40,806,758	993,217	2,245,647	5,176,614
Deferred Inflows:						
Investment Return	\$ 193,220,907	127,385,812	54,502,292	895,509	3,245,982	7,191,312
Changes in Proportion	2,640,946	1,915,994	-	-	724,952	-
Total Deferred Inflows (ERS)	\$ 195,861,853	129,301,806	54,502,292	895,509	3,970,934	7,191,312
Pension Expense	\$ 97,145,111	63,566,394	27,887,135	539,981	1,450,735	3,700,866

## 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 State and provide coverage for State 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 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. Prior to July 1, 2012, all or part of the 5.0 percent member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5.0 percent member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.0 percent member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. Each school division's contractually required contribution rate for the year ended June 30, 2015 was 14.50 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20 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 79.69 percent of the actuarial rate for the year ended June 30, 2015. Employer contributions to the pension plan were \$192,934,971 and \$154,954,000 for the years ended June 30, 2015 and June 30, 2014, respectively.

### Actuarial Methods and Assumptions

The total pension liability for VRS was based on an actuarial valuation as of June 30, 2013, 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, 2014. The assumptions used were as follows:

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25 percent per year

Inflation	2.5%
Salary increases, including inflation	3.5% to 5.95%
Investment rate of return, net of pension plan investment expense, including inflation (a)	7.0%

(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 GASB 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.

Pre-Retirement	Mortality Rates	
	Post-Retirement	Post-Disablement
RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females are set back 5 years	RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females were set back 3 years	RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement

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

At June 30, 2015, FCPS reported a liability of \$2,193,660,000 for its proportionate share of the net pension liability. The net pension liability was determined based on an actuarial valuation as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014. At June 30, 2014, FCPS's proportion was 18.15 percent, an increase of 0.36 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, FCPS recognized pension expense of \$182,516,000. At June 30, 2015, 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
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 325,556,000
Changes in proportion and differences between contributions and proportionate share of contributions	40,774,000	-
Contributions subsequent to the measurement date	192,934,971	-
Total	<u>\$ 233,708,971</u>	<u>\$ 325,556,000</u>

\$192,934,971 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, 2016. 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:**

2016	\$ (72,395,000)
2017	(72,393,000)
2018	(72,393,000)
2019	(72,393,000)
2020	4,792,000
	<u>\$ (284,782,000)</u>

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
U.S. Equity	19.50 %	6.46 %	1.26 %
Developed Non U.S. Equity	16.50	6.28	1.04
Emerging Market Equity	6.00	10.00	0.60
Fixed Income	15.00	0.09	0.01
Emerging Debt	3.00	3.51	0.11
Rate Sensitive Credit	4.50	3.51	0.16
Non Rate Sensitive Credit	4.50	5.00	0.23
Convertibles	3.00	4.81	0.14
Public Real Estate	2.25	6.12	0.14
Private Real Estate	12.75	7.10	0.91
Private Equity	12.00	10.41	1.25
Cash	1.00	(1.50)	(0.02)
Total	<u>100.00 %</u>		<u>5.83 %</u>
		Inflation	<u>2.50</u>
		Expected arithmetic nominal return (a)	<u>8.33 %</u>

(a) Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

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, 2018, 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, 2018 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%
Net Pension Liability	\$ 3,221,170,000	\$ 2,193,660,000	\$ 1,347,678,000

#### Plan Fiduciary Net Position

Detailed information about the VRS net position is available in the separately issued VRS 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2014 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/Pdf/Publications/2014-annual-report.pdf>.

## **H. OTHER POST-EMPLOYMENT BENEFITS**

The reporting entity administers two separate other post-employment benefits (OPEB) plans and has established trust funds to account for the cost of OPEB.

### **1. Fairfax County OPEB Plan**

#### Plan Description

The Fairfax County OPEB Trust Fund is a single-employer defined benefit plan administered by Fairfax County. The County provides medical/dental, vision, and life insurance benefits to eligible retirees and their spouses. In order to participate, retirees must have reached the age of 55 or be on disability retirement and must have health benefit coverage in a plan provided by the County. Retirees must have five years of service in order to participate in this program. Beginning in fiscal year 2004, the amount of monthly subsidy provided by the County is based on years of service and ranges from \$30 per month to \$220 per month. Retirees receiving the subsidy prior to fiscal year 2004 are grandfathered at \$100 per month unless their years of service entitle them to receive a higher monthly subsidy.

In addition, the Board of Supervisors has established a program to subsidize the continuation of term life insurance, at reduced coverage amounts, for retirees. Retirees generally pay for 50 percent of their coverage amounts at age-banded premium rates, with the County incurring the balance of the cost. Benefit provisions are established and may be amended by the Board of Supervisors.

#### Funding Policy

The contributions to the OPEB Trust Fund are established and may be amended by the Board of Supervisors. The contributions are typically based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits. GASB Statement No. 45 requires recognition of the current expense of OPEB based on each governing body's annual required contribution, but does not require funding of the related liability.

Fairfax County is one of the founding participants in the Virginia Pooled OPEB Trust Fund sponsored by VML/VACo. The Virginia Pooled OPEB Trust Fund is established as an investment vehicle for



participating employers to accumulate assets to fund OPEB. Plan assets for purposes of GASB Statement No. 45 are usually in the form of stocks, bonds, and other classes of investments, that have been segregated and restricted in a trust, in which (a) contributions to the plan are irrevocable, (b) assets are dedicated to providing benefits to retirees and their beneficiaries, and (c) assets are legally protected from creditors of the employer or plan administrator, for the payment of benefits in accordance with the terms of the plan. Further information, including financial statements, can be obtained by writing to VML/VACo Finance Program, 919 East Main Street, Suite 1100, Richmond, Virginia 23219.

#### Annual OPEB Cost

The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for 2015, 2014, and 2013 are as follows:

	2015	2014	2013
ARC, for the year ended June 30	\$ 31,033,000	30,452,000	38,858,000
Interest on net OPEB asset from prior year	(739,000)	(114,000)	(153,000)
Actuarial adjustment	613,000	94,000	127,000
Annual OPEB cost	30,907,000	30,432,000	38,832,000
Actual contributions	(40,076,000)	(38,768,000)	(38,306,000)
(Increase) decrease in net OPEB asset, for the year ended June 30	(9,169,000)	(8,336,000)	526,000
Net OPEB asset, beginning of year	(9,851,610)	(1,515,610)	(2,041,610)
Net OPEB (asset) obligation, end of year	\$ (19,020,610)	(9,851,610)	(1,515,610)
Percentage of annual OPEB cost contributed	129.67%	127.39%	98.65%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, also presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

For the fiscal years 2013 through 2015 the County's OPEB funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (000) ( a )	Actuarial Accrued Liability (AAL) - Entry Age (000) ( b )	Unfunded AAL (UAAL) (Funding Excess) (000) ( b-a )	Funded Ratio ( a/b )	Covered Payroll (000) ( c )	UAAL (Funding Excess) as a Percentage of Covered Payroll ( ( b-a ) / c )
7/1/2012	\$ 103,270	\$ 503,786	\$ 400,516	20.50 %	\$ 824,504	48.58 %
7/1/2013	148,543	455,386	306,843	32.62	825,441	37.17
7/1/2014	192,951	486,131	293,180	39.69	856,566	34.23



Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The ARC for fiscal year 2015 was determined as part of the July 1, 2014, actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include:

- a. A rate of return on the investment of present and future assets of 7.5 percent per year compounded annually.
- b. Projected annual salary increases of 3.0 percent.
- c. An annual healthcare cost trend rate of 6.34 percent initial Pre 65 and 6.71 percent Post 65, reduced by decrements to an ultimate rate of 5.0 percent.

The actuarial value of the OPEB assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. Any excess of these assets over actuarial accrued liability is amortized as a level percentage of projected payroll over an open 30 year period. The remaining amortization period is 30 years.

The Fairfax County OPEB Trust Fund does not issue a stand-alone financial report and is not included in the report of a public employee retirement system or of another entity.

#### Concentrations

The Fairfax County OPEB Trust Fund does not have investments (other than U.S. Government and U.S. Government guaranteed obligations) in any one organization that represent 5.0 percent or more of net position held in trust for OPEB benefits.

## **2. Public Schools OPEB Plan**

#### Plan Description

The Fairfax County Public Schools OPEB Trust Fund is a single-employer defined benefit plan administered by the Fairfax County Public Schools (Public Schools). Public Schools provides health benefits to eligible retirees and their spouses. In order to participate, retirees must have reached the age of 55 or be on disability retirement and must have health benefit coverage in a plan provided by Public Schools. There is no minimum number of years of service required to participate in this plan. Plan participants may continue medical coverage by paying the appropriate subsidized premiums. The amount of monthly subsidy is based on years of service and ranges from \$15 per month to \$175 per month. Benefit provisions may be amended by the School Board.

#### Funding Policy

The contributions to the Public Schools OPEB Trust Fund are established and may be amended by the School Board. The contributions are typically based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits. The costs of administering the plan are paid for by the Public Schools OPEB Trust Fund through the use of investment income and employer contributions. GASB Statement No. 45 requires recognition of the current expense of the plan based on each annual required contribution, but it does not require funding of the related liability.

Public Schools is a participant in the Virginia Pooled OPEB Trust Fund sponsored by the Virginia Municipal League and the Virginia Association of Counties (VML/VACo). The Virginia Pooled OPEB Trust Fund is established as an investment vehicle for participating employers to accumulate assets to fund OPEB. Plan assets for purposes of GASB Statement No. 45 are usually in the form of stocks, bonds, and other classes of investments, that have been segregated and restricted in a trust, in which (a) contributions to the plan are irrevocable, (b) assets are dedicated to providing benefits to retirees and their beneficiaries, and (c) assets are legally protected from creditors of the employer or plan administrator, for the payment of benefits in accordance with the terms of the plan. Further information, including financial statements, can be obtained by writing to VML/VACo Finance Program, 919 East Main Street, Suite 1100, Richmond, Virginia 23219.

#### Annual OPEB Cost

Public Schools' annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over an open period not to exceed thirty years.

For the year ended June 30, 2015, 2014, and 2013, Public Schools' OPEB funding progress is presented as follows:

	2015	2014	2013
ARC, for the year ended June 30	\$ 17,384,000	17,003,000	31,142,000
Interest on net OPEB asset from prior year	(1,024,000)	(1,004,000)	-
Actuarial adjustment	759,001	745,000	(9,000)
Annual OPEB cost	17,119,001	16,744,000	31,133,000
Actual contributions	(26,097,000)	(25,524,938)	(34,471,108)
(Increase) decrease in net OPEB asset, for the year ended June 30	(8,977,999)	(8,780,938)	(3,338,108)
Net OPEB obligation (asset), beginning of year	(22,173,923)	(13,392,985)	(10,054,877)
Net OPEB obligation (asset), end of year	\$ (31,151,922)	(22,173,923)	(13,392,985)
Percentage of annual OPEB cost contributed	152.44%	152.44%	110.72%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, also presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

For the fiscal years 2013 through 2015, Public Schools' OPEB funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (000) ( a )	Actuarial Accrued Liability (AAL) - Entry Age (000) ( b )	Unfunded AAL (UAAL) (Funding Excess) (000) ( b-a )	Funded Ratio ( a/b )	Covered Payroll (000) ( c )	UAAL (Funding Excess) as a Percentage of Covered Payroll ( ( b-a ) / c )
7/1/2012	\$ 53,423	\$ 448,849	\$ 395,426	11.90 %	\$ 1,045,000	37.84 %
7/1/2013	64,925	273,983	209,058	23.70	1,109,000	18.85
7/1/2014	71,192	283,680	212,488	25.03	1,153,000	18.45

Projections of benefits for financial reporting purposes are based on Public Schools' substantive plan (the plan as understood by Public Schools and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between Public Schools and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The ARC for fiscal year 2015 was determined as part of the July 1, 2013, actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include certain annual health care cost trends, and a rate of return on the investment of present and future assets of 7.5 percent per year compounded annually, including an inflation component of 4.0 percent.

The actuarial value of OPEB assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. Any excess of these assets over actuarial accrued liability is amortized as a level percentage of projected payroll over an open 30 year period. The remaining amortization period is 30 years.

The Public Schools OPEB Trust Fund does not issue a stand-alone financial report and is not included in the report of a public employee retirement system or of another entity.

#### Concentrations

The Fairfax County Public Schools OPEB Trust Fund does not have investments (other than U.S. Government and U.S. Government guaranteed obligations) in any one organization that represent 5.0 percent or more of net position held in trust for OPEB benefits.

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

The latest actuarial valuations for Fairfax County and Fairfax County Public Schools were July 1, 2014 and July 1, 2013, respectively. At that time membership in the reporting entity's plans is presented as follows:

	Primary Government	Component Unit - Public Schools
	OPEB	OPEB
Retirees and beneficiaries receiving benefits	4,679	9,137
Active employees	13,156	19,757
Total number of plan members	17,835	28,894

## **I. RISK MANAGEMENT**

The reporting entity is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The County and Public Schools maintain self-insurance internal service funds for workers' compensation claims and certain property and casualty risks and for health insurance benefits. The County and Public Schools believe that it is more cost effective to manage certain risks internally rather than purchase commercial insurance. The FCRHA, Park Authority, and EDA participate in the County's self-insurance program. Participating funds and agencies are charged "premiums" which are computed based on relevant data coupled with actual loss experience applied on a retrospective basis.

Liabilities are reported in the self-insurance funds when it is probable that losses have occurred and the amounts of the losses can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported to date. Because actual claims liabilities depend on such complex factors as inflation, changes in governing laws and standards, and court awards, the process used in computing claims liabilities is reevaluated periodically, to include an annual actuarial study, to take into consideration the history, frequency and severity of recent claims and other economic and social factors. These liabilities are computed using a combination of actual claims experience and actuarially determined amounts and include any specific, incremental claim adjustment expenses and estimated recoveries. The liabilities do not include nonincremental claim adjustment expenses.

The claims liabilities in the self-insurance funds are discounted at 0.75 percent and 0.50 percent at June 30, 2015 and 2014, respectively, to reflect anticipated investment income. Changes in the balances of claims liabilities during fiscal years 2015 and 2014 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, 2013	\$ 47,157,000	11,522,843	34,291,320	18,894,000
Claims and changes in estimates	18,253,832	148,147,974	12,032,499	327,515,454
Claims payments	(17,337,832)	(148,607,399)	(10,318,266)	(323,085,454)
Liability balances, June 30, 2014	48,073,000	11,063,418	36,005,553	23,324,000
Claims and changes in estimates	23,153,169	157,607,523	11,832,649	343,229,129
Claims payments	(20,612,169)	(157,870,941)	(10,307,342)	(343,845,129)
Liability balances, June 30, 2015	\$ 50,614,000	10,800,000	37,530,860	22,708,000

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. There has been one automobile liability claim settled which exceeded the liability SIR in the past three fiscal years.

## J. SHORT-TERM OBLIGATIONS

In December 2013, EDA and the County entered into a master credit agreement with Bank of America, N.A., pursuant to which a revolving line of credit in an amount of up to \$100,000,000 is made available to the County to provide interim financing for projects within the County's Capital Improvement Program or other similar projects. On January 30, 2014, the County drew on the revolving line of credit in the amount of \$30,000,000 to finance the leasehold acquisition of the Lorton Workhouse Arts Center located in Lorton, Virginia. The \$30 million draw from the revolving line of credit was paid on July 29, 2014 through the issuance of Series 2014 B Bonds to permanently finance the leasehold acquisition from LAF, LLC of the Workhouse Arts Center.

The following is a summary of changes in the short-term obligations of the primary government for the year ended June 30, 2015 (in thousands):

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015
<b>Primary Government</b>				
<b>Nonmajor Governmental Funds:</b>				
Short-term notes payable	\$ 30,000	-	(30,000)	-

**K. LONG-TERM OBLIGATIONS**

The following is a summary of changes in the government-wide long-term obligations of the primary government and component units for the year ended June 30, 2015 (in thousands):

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
<b>Primary Government</b>					
<b>Governmental activities:</b>					
General obligation bonds payable:					
Principal amount of bonds payable	\$ 2,134,460	486,600	(462,219)	2,158,841	186,825
Premium on bonds payable	177,166	82,067	(50,273)	208,960	29,580
Revenue bonds payable:					
Principal amount of bonds payable	873,984	-	(27,464)	846,520	30,434
Premium on bonds payable	61,332	-	(5,573)	55,759	5,317
Discount on bonds payable	(778)	-	45	(733)	(45)
Notes payable, net	32,418	48,963	(5,645)	75,736	10,145
Bond anticipation notes:					
Principal amount of bonds anticipation notes	21,465	-	(21,465)	-	-
Compensated absences payable	107,126	69,199	(63,549)	112,776	63,986
Landfill closure and postclosure obligation	69,136	1,043	-	70,179	2,300
Obligations under capital leases and installment purchases	24,323	3,319	(4,424)	23,218	4,292
Insurance and benefit claims payable	59,136	180,761	(178,483)	61,414	29,421
Net pension liability	1,465,510	118,539	(462,412)	1,121,637	-
Other:					
HUD Section 108 loans	10,826	-	(674)	10,152	681
Obligations for claims and judgments	12,000	6,053	-	18,053	18,053
Library Exchange	18,381	-	(842)	17,539	845
Total governmental activities	5,066,485	996,544	(1,282,978)	4,780,051	381,834
<b>Business-type activities:</b>					
Sewer revenue bonds payable:					
Principal amount of bonds payable	616,545	-	(24,459)	592,086	23,070
Premium on bonds payable	28,422	-	(1,358)	27,064	1,280
Compensated absences payable	2,153	1,481	(1,372)	2,262	1,410
Total business-type activities	647,120	1,481	(27,189)	621,412	25,760
<b>Total long-term liabilities - Primary government</b>	<b>\$ 5,713,605</b>	<b>998,025</b>	<b>(1,310,167)</b>	<b>5,401,463</b>	<b>407,594</b>
<b>Component Units</b>					
<b>Public Schools</b>					
Compensated absences payable	\$ 33,959	22,969	(23,771)	33,157	23,210
Obligations under capital leases and installment purchases	76,413	18,353	(15,237)	79,529	8,124
Insurance and benefit claims payable	59,330	1,737	(828)	60,239	29,079
Unearned rent	545	-	(160)	385	385
Total Public Schools	170,247	43,059	(39,996)	173,310	60,798
<b>FCRHA</b>					
Mortgage revenue bonds payable	25,302	-	(744)	24,558	782
Mortgage notes payable	61,842	-	(2,761)	59,081	2,141
Compensated absences payable	1,126	573	(533)	1,166	636
Total FCRHA	88,270	573	(4,038)	84,805	3,559
<b>Park Authority</b>					
Revenue bonds payable:					
Principal amount of bonds payable	4,800	-	(615)	4,185	630
Premium on bonds payable	571	-	(138)	433	124
Loan from primary government	12,589	-	(284)	12,305	328
Compensated absences payable	4,562	2,267	(2,374)	4,455	2,436
Total Park Authority	22,522	2,267	(3,411)	21,378	3,518
<b>EDA</b>					
Compensated absences payable	290	242	(224)	308	207
Unearned rent	888	-	(121)	767	141
Total EDA	1,178	242	(345)	1,075	348
<b>Total long-term liabilities - Component units</b>	<b>\$ 282,217</b>	<b>46,141</b>	<b>(47,790)</b>	<b>280,568</b>	<b>68,223</b>

Compensated absences payable, obligations under capital leases, obligation to component unit, and obligations for claims and judgments for the primary government are liquidated by the General Fund and other governmental funds. The landfill closure and postclosure obligation will be liquidated by the I-95 Refuse Disposal Fund, a special revenue fund. In addition, the County, FCRHA, Park Authority, and EDA are required to adhere to and be in compliance with the rebate and reporting requirements of the federal regulations pertaining to arbitrage investment earnings on certain bond proceeds. Trust funds have been established for the liquidation of obligations associated with pensions and other post employment benefits.

## 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, 2015, the amount of general obligation bonds authorized and unissued is summarized to the right (in thousands).

Bond Purpose	Amount
School improvements	\$ 391,118
Transportation improvements	157,435
Parks and park facilities	64,285
Public safety facilities	69,537
Public library facilities	25,000
Flood control	28,225
Total authorized but unissued bonds	<u>\$ 735,600</u>

The Commonwealth of Virginia does not impose a legal limit on the amount of general obligation indebtedness that the County can incur or have outstanding. The Board of Supervisors, however, has self-imposed bond limits to provide that the County's net debt may not exceed three percent of the total market value of taxable real and personal property in the County. In addition, the annual debt service may not exceed ten percent of the annual General Fund disbursements. As a financial guideline, the Board of Supervisors also follows a self-imposed limitation in total general obligation bond sales of \$1.375 billion over a five-year period or an average of \$275 million annually, with a maximum of \$300 million in any given year. All self-imposed bond limits have been complied with at June 30, 2015.

In November 2014, the County issued \$202,190,000 of Series 2014B General Obligation Public Improvement Refunding Bonds with average interest rate of 4.78 percent. The Refunding Bonds, totaling \$202,190,000 of par and \$40,845,806 of premium, were issued to current refund \$39,580,000 of outstanding Series 2004B bonds, and advance refund \$6,350,000 of outstanding Series 2005A bonds, \$23,460,000 of outstanding Series 2007A bonds, \$58,605,000 of outstanding Series 2008A bonds, \$49,875,000 of outstanding Series 2009A bonds, \$17,260,000 of outstanding Series 2011A bonds, \$5,425,000 of outstanding Series 2012A bonds, and \$20,630,000 of outstanding Series 2013A bonds. Proceeds of \$39,761,456 were used to redeem the Series 2004B bonds on November 4, 2014 and \$202,501,552 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 2005A bonds on October 1, 2015, the Series 2007A bonds on April 1, 2015, the Series 2008A bonds on April 1, 2018, the Series 2009A bonds on April 1, 2019, the Series 2011A bonds on April 1, 2021, the Series 2012A bonds on April 1, 2020, and the Series 2013A on October 1, 2021. The County refunded these bonds to reduce its total debt service payments over the next twelve years by approximately \$17.3 million and to obtain an economic gain of approximately \$15.5 million.

In March 2015, the County issued \$227,340,000 of Series 2015A General Obligation Public Improvement Bonds with an average interest rate of 4.18 percent. The bonds were issued to finance projects related to school improvements, public safety, park facilities, and other purposes.



In March, 2015, the County issued \$57,070,000 of Series 2015B General Obligation Public Improvement Refunding Bonds with average interest rate of 4.40 percent interest rate. The Refunding Bonds, totaling \$57,070,000 of par and \$11,372,901 premium, were issued to advance refund \$11,720,000 of outstanding Series 2008A bonds, \$19,950,000 of outstanding Series 2009A bonds, \$17,260,000 of outstanding Series 2011A bonds, and \$10,315,000. Proceeds of \$68,204,889 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 2008A on April 1, 2018, the Series 2009A on April 1, 2019, the Series 2011 on April 1, 2021, and the Series 2013A on October 1, 2021. The County refunded these bonds to reduce its total debt service payments over the next twelve years by approximately \$4.4 million and to obtain an economic gain of approximately \$3.4 million.

Detailed information regarding the general obligation bonds outstanding as of June 30, 2015, is contained in Section 5 of this note.

## **2. Revenue Bonds**

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

In June 2003, the EDA issued \$70,830,000 of revenue bonds to finance the development and construction of a public high school and a public golf course and related structures, facilities, and equipment in the Laurel Hill area of the southern part of the County. In April 2012, the Authority issued \$47,745,000 to advance refund a portion of the outstanding Series 2003 Laurel Hill revenue bonds.

In January 2005, the EDA issued \$60,690,000 of facilities revenue bonds to finance the acquisition of land and an existing office building to enable the Fairfax County Public Schools to consolidate numerous Public Schools administrative offices. In 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 May 2011, the EDA issued \$205,705,000 of transportation district improvement revenue bonds (Silver Line Phase 1 Project) Series 2011 and in September 2012, the EDA issued \$42,390,000 of transportation district improvement revenue bonds (Silver Line Phase 1 Project) Series 2012 to finance a portion of the costs of the construction of the first phase of an extension of the Washington Metropolitan Area Transit Authority's mass transit system in Fairfax County.

In July 2011, the EDA issued \$99,430,000 of revenue bonds Series 2011 to finance a portion of the costs of the construction of a public parking facility on public lands within Fairfax County, Virginia, to serve the Wiehle Avenue Metrorail Station.

In May 2012, the EDA issued \$65,965,000 of revenue bonds Series 2012 to finance the improvement of certain properties to be used by Fairfax County as mental health facilities and as a neighborhood community center.

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 Fairfax 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. 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 July 2003, the FCRHA issued \$2,530,000 of lease revenue bonds for the purpose of financing the construction of one Head Start facility.

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

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

In November 2013, the County issued a \$11,085,000 special subfund revenue bond (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.

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, 2015 is contained in Section 5 of this note.

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

In October 2004, the Sewer System issued \$94,005,000 of Series 2004 Sewer Revenue Refunding Bonds with an average interest rate of 4.61 percent to advance refund \$91,430,000 of the outstanding Series 1996 Sewer Revenue Bonds with an average interest rate of 5.82 percent. Net proceeds of the Refunding Bond were used mostly to redeem the Series 1996 Bonds on July 15, 2006.

In June 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.



In August 2012, the System issued \$90,710,000 of Series 2012 Sewer Revenue Bonds with an average interest rate 4.54 percent to fund upgrade costs allocable to the System at certain treatment facilities that are owned by, or that provide service to, the County, the purchase of additional capacity, and the costs for other system improvements.

In April 2014, the System issued \$61,755,000 of Series 2014 Sewer Revenue Refunding Bonds with an average interest rate of 4.14 percent to 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 refinancing resulted in the net deferred loss of \$4,045,945, which will be amortized over the next 15 periods. This refunding resulted in the aggregate decrease in the overall debt service of \$15,461,166.

As of June 30, 2015, the outstanding bonds consist of \$61,755,000 of Series 2014 Revenue Refunding Bonds, \$87,795,000 of Series 2012 Revenue Bonds, and \$139,415,000 of Series 2009 Revenue Bonds.

The aforementioned sewer revenue bonds were issued in accordance with the General Bond Resolution adopted by the Board of Supervisors on July 29, 1985, and are payable from and secured by the net revenue generated through the Sewer System's operations. Accordingly, the Master Bond Resolution includes a rate covenant under which the Sewer System agreed that it will charge reasonable rates for the use of and services rendered by the Sewer System. Furthermore, the Sewer System will adjust the rates from time to time to generate net revenues sufficient to provide an amount equal to 100 percent of its annual principal and interest requirements and the Sewer System's annual commitments to fund its proportionate share of other jurisdictions' debt service requirements. In addition, payment of the principal and interest on all bonds is insured by municipal bond insurance policies.

In January 1995, UOSA, a joint venture, issued \$288,600,000 of Regional Sewer System Revenue Bonds to finance the cost of expanding the capacity of its wastewater treatment facilities and \$42,260,000 of Regional Sewer System Revenue Refunding Bonds to refund certain outstanding bonds that had been issued to finance a prior expansion.

In December 2003, UOSA issued \$58,150,000 of Regional Sewer System Revenue Refunding Bonds to advance refund its outstanding Series 1993 bonds. In November 2004, UOSA issued \$49,395,000 of Regional Sewer System Revenue Refunding Bonds to advance refund a portion of the outstanding Series 1995 bonds.

On July 1, 2005, UOSA issued \$82,465,000 of Regional Sewer System Revenue Refunding Bonds, of which the Sewer System's share is \$53,201,198, to advance refund another portion of the outstanding Series 1995 bonds, resulting in a \$1,909,604 accounting gain, which is being amortized over the life of the Series 2005 Bonds.

In February 2007, UOSA issued \$90,315,000 of Regional Sewer System Revenue Refunding bonds, of which the Sewer System's share is \$58,265,521, to advance refund another portion of the outstanding Series 1995 Bonds, resulting in an \$83,868 accounting loss, which is amortized over the life of the Series 2007 Bonds.

In December 2007, UOSA issued \$119,715,000 of Regional Sewer System Revenue Bonds, of which the System's share is \$53,925,458, to finance the cost of expanding its wastewater treatment and conveyance facilities.

In December 2010, UOSA issued \$85,180,000 of Regional Sewer System Revenue Bonds, of which the System's share is \$34,113,615, to finance the cost of certain capital improvements.

In July 2011, UOSA entered into VRA loan 2011A to fund costs related to the Energy Service (ESCO) project. In December 2011, UOSA entered into VRA loan 2011B to fund Phase 1 of the Nutrient Compliance Improvement Project (P1NR).

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

In November 2013, UOSA issued \$37,735,000 of Regional Sewer System Revenue Refunding Bonds of which the System's share is \$23,911,671 to refund the outstanding Series 2003 Bonds. Although the refunding resulted in an accounting loss of \$2,520,436 which is being amortized over the life of the Series 2013B Bonds, the System reduced total interest payments over future years by approximately \$2.1 million.

In fiscal year 2015, UOSA refinanced a portion of Bond Series 2007. Of the \$112,190,980 balance, \$93,175,291 was refunded into Bond Series 2014. This resulted in a gain of \$2,029,198 which will be amortized over the next 24 years. This refunding resulted in an aggregate decrease in the overall debt service of \$6,359,189. The System's share of UOSA's total outstanding debt as of June 30, 2015, is \$265,680,629 and it is subordinate to the Sewer Revenue Bonds issued by the System.

In June 2001 and June 2002, the Sewer System issued 20-year subordinated sewer revenue bonds in the amounts of \$40,000,000 and \$50,000,000, respectively, to the Virginia Water Facilities Revolving Fund, acting by and through the Virginia Resources Authority. The proceeds have been used to finance a portion of the Sewer System's share of incurred expansion and upgrade costs of the Alexandria Sanitation Authority's wastewater treatment facilities, which provide service to certain County residents. In September 2012, the System executed a rate reduction agreement with VRA reducing the interest rates on these bonds from 4.10 percent per annum and 3.75 percent per annum, respectively, to 2.35 percent per annum and the collectively required semi-annual debt service payments from \$3,318,536 to \$3,101,638. The bonds are subordinated to all outstanding prior bond issues of the Sewer System and payments for operation and maintenance expenses. As of June 30, 2015, the outstanding principal for the 2001 and 2002 subordinated revenue bonds is \$15,534,615 and \$21,906,079 respectively.

Detailed information regarding the sewer revenue bonds outstanding as of June 30, 2015 is contained in Section 5 of this note.

#### **4. Bond Anticipation Notes**

In February 2008, the FCRHA issued a \$37,615,000 refunding bond anticipation notes to repay a portion of a 2007 short-term note that matured on February 12, 2008. The original short-term note was issued to partially finance the purchase of a multi-family rental housing complex as part of the County's affordable housing initiative. In May 2011, the FCRHA issued \$28,905,000 of bond anticipation notes to current refund \$30,215,000 of outstanding Series 2008A bond anticipation notes. In February 2013, the FCRHA issued \$24,650,000 of bond anticipations notes to current refund \$26,725,000 of outstanding Series 2011 bond anticipation notes. The note matures on

March 1, 2015. 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. As the County is responsible, under the related documents and subject to appropriation, to pay timely the principal of and interest on the note, the related transactions, including the liability for the note, have been recorded in the County's financial

statements and not in those of the FCRHA. The note is not a general obligation debt of the County, and the full faith and credit of the County is not pledged to the note.

In December 2013, EDA and the County entered into a loan agreement with TD Bank, N.A., pursuant to which the proceeds of the loan in the amount of \$25,000,000 are 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. pursuant to the loan agreement to finance additional County building improvements. The County is obligated by a contract with EDA to pay amounts equal to the debt service on the loan.

On December 17, 2014, the Economic Development Authority (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 Supervisors 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, 2015, the outstanding principal of the TIFIA Loan was \$20,703,448.

Detailed information regarding the bond anticipation notes and notes payable outstanding as of June 30, 2015, 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, 2015, are comprised of the issues presented on the following pages:

Series		Interest Rate (%)	Issue Date	Final Maturity Date	Annual Principal Payments (000)	Original Issue (000)	Principal Outstanding (000)	Interest Payable to Maturity (000)	Total Principal Outstanding & Interest Payable to Maturity (000)
<b>Governmental activities:</b>									
General obligation bonds:									
General County:									
Series 2005A	Public Improvement	4.00-5.00	08-16-05	10-01-25	65-4,310	85,655	16,756	4,652	21,408
Series 2005A	Refunding	4.25-5.00	08-16-05	10-01-21	3,045-10,140	117,505	51,814	6,970	58,784
Series 2008A	Public Improvement	4.13-5.00	01-30-08	04-01-28	4,955-4,960	99,155	19,835	4,145	23,980
Series 2009A	Public Improvement	3.50-5.00	01-28-09	04-01-29	2,450	49,000	17,150	4,539	21,689
Series 2009 C	Refunding	3.00-5.00	10-28-09	10-01-19	3,019-14,578	48,527	45,482	5,047	50,529
Series 2009 E	Public Improvement (BABs)	3.10-5.25	10-28-09	10-01-29	4,247	63,700	63,700	23,040	86,740
Series 2011 A	Public Improvement	4.00-5.00	02-10-11	04-01-31	2,400	47,880	28,800	11,232	40,032
Series 2012 A	Public Improvement	2.00-5.00	02-02-12	04-01-32	1,936-3,860	77,185	63,686	19,876	83,562
Series 2012 B	Refunding	4.00-5.00	02-02-12	04-01-24	3,969-13,142	74,759	72,426	22,431	94,857
Series 2013 A	Public Improvement	4.00-5.00	01-24-13	10-01-32	3,925-3,930	78,535	58,900	26,183	85,083
Series 2013 B	Refunding	3.00-4.00	01-24-13	10-01-25	1,242-9,255	54,389	47,676	10,875	58,551
Series 2014 A	Public Improvement	3.00-5.00	02-06-14	10-01-33	6,170-6,175	123,426	117,251	46,029	163,280
Series 2014 A	Refunding	3.00-5.00	02-06-14	10-01-23	821-6,637	18,569	17,513	1,879	19,392
Series 2014 B	Refunding	1.50-5.00	11-04-14	10-01-26	649-15,893	70,399	70,399	24,972	95,371
Series 2015 A	Public Improvement	2.00-5.00	03-04-15	10-01-34	4,297-4,305	86,037	86,037	36,249	122,286
Series 2015 B	Refunding	3.00-5.00	03-11-15	10-01-26	1,824-8,613	17,989	17,990	8,454	26,444
Total general obligation bonds - General County						1,112,710	795,415	256,573	1,051,988
Schools:									
Series 2005A	Public Improvement	4.00-5.00	08-16-05	10-01-25	80-5,275	104,685	20,499	5,691	26,190
Series 2005A	Refunding	4.25-5.00	08-16-05	10-01-21	5,820-20,295	235,740	105,491	14,338	119,829
Series 2008A	Public Improvement	4.13-5.00	01-30-08	04-01-28	6,765	135,320	27,060	5,657	32,717
Series 2009A	Public Improvement	3.50-5.00	01-28-09	04-01-29	7,525	150,510	52,675	13,940	66,615
Series 2009C	Refunding	3.00-5.00	10-28-09	10-01-19	5,081-24,052	83,273	77,388	8,209	85,597
Series 2009E	Public Improvement (BABs)	3.10-5.25	10-28-09	10-01-29	9,233	138,500	138,500	50,093	188,593
Series 2011 A	Public Improvement	4.00-5.00	02-10-11	04-01-31	6,230	123,515	74,760	29,156	103,916
Series 2012 A	Public Improvement	2.00-5.00	02-02-12	04-01-32	3,524-7,025	140,470	115,894	36,167	152,061
Series 2012 B	Refunding	4.00-5.00	02-02-12	04-01-24	4,671-21,058	117,591	113,074	35,257	148,331
Series 2013 A	Public Improvement	4.00-5.00	01-24-13	10-01-32	6,390	127,800	95,850	42,621	138,471
Series 2013 B	Refunding	3.00-4.00	01-24-13	10-01-25	1,518-14,285	73,611	64,019	14,540	78,559
Series 2014 A	Public Improvement	3.00-5.00	02-06-14	10-01-33	7,045	140,904	133,859	52,557	186,416
Series 2014 A	Refunding	3.00-5.00	02-06-14	10-01-23	1,553-11,203	33,411	32,182	3,477	35,659
Series 2014 B	Refunding	1.50-5.00	11-04-14	10-01-26	1,976-28,423	131,791	131,791	45,173	176,964
Series 2015 A	Public Improvement	2.00-5.00	03-04-15	10-01-34	1,229-11,203	141,303	141,303	59,551	200,854
Series 2015 B	Refunding	3.00-5.00	03-11-15	10-01-26	1,229-11,203	39,081	39,081	18,281	57,362
Total general obligation bonds - Schools						1,917,505	1,363,426	434,708	1,798,134
Total general obligation bonds						3,030,215	2,158,841	691,281	2,850,122
Revenue bonds:									
EDA revenue bonds:									
Series 2003	Refunding	5.00	10-01-03	11-15-18	6,645-7,885	85,650	28,825	3,508	32,333
Series 2010		2.00-5.00	03-10-10	04-01-32	1,280-2,785	43,390	30,390	9,998	40,388
Series 2011	Silver Line Phase 1 Project	5.00	05-26-11	04-01-36	5,035-13,685	205,705	184,705	117,020	301,725
Series 2011	Metrarail Station Parking Project	2.00-5.00	07-28-11	08-01-34	3,275-7,225	99,430	99,430	48,287	147,717
Series 2012A	Refunding Laurel Hill Project	3.00-5.00	04-17-12	06-01-33	670-4,205	47,745	40,230	10,547	50,777
Series 2012A	Facilities Revenue Bonds	4.50-5.00	05-30-12	03-01-42	1,240-3,700	65,965	61,305	45,662	106,967
Series 2012	Silver Line Phase 1 Project	3.00-5.00	10-10-12	04-01-37	1,035-2,835	42,390	39,215	26,276	65,491
Series 2014A	Public Safety Facility Project	4.00-5.00	06-26-14	10-01-34	7,035-7,040	126,690	126,690	69,254	195,944
Series 2014A	County Facilities Refunding	3.00-5.00	06-26-14	10-01-34	1,375-3,385	44,000	44,000	25,378	69,378
Series 2014B	County Facilities Project	.25-4.38	06-26-14	10-01-33	1,185-2,085	30,175	28,770	11,735	40,505
FCRHA lease revenue bonds:									
Series 2003		3.50	07-22-03	8-01-23	44-171	2,530	1,260	196	1,456
Series 2009		2.75-5.00	08-20-09	10-01-39	1,940-5,610	94,950	85,520	58,277	143,797
VRA Subfund Revenue bonds:									
Series 2013C		2.07-5.13	11-20-13	10-01-33	550-555	11,085	10,530	4,603	15,133
CDA revenue bonds:									
Series 2011A	Tax-Exempt	6.25-6.88	06-09-11	03-01-36	465-5,315	46,980	46,980	48,231	95,211
Series 2011A	Taxable	7.25	07-06-11	03-01-36	150-2,180	18,670	18,670	20,574	39,244
Total revenue bonds						965,355	846,520	499,546	1,346,066

(Continued)

## 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)
<b>Notes payables:</b>								
Salona	3.87-4.29	12-27-05	12-31-25	645	12,900	6,773	1,555	8,328
Capital Renewal	1.24	12-18-13	01-01-19	5,000	25,000	20,000	621	20,621
Capital Renewal	1.30	03-10-15	01-01-20	2,000	10,000	10,000	364	10,364
Crescent	2.22	02-25-15	03-01-18	2,500-13,260	18,260	18,260	1,056	19,316
TIFIA Loan	2.73	12-17-14	04-01-46	1015-1846	403,275	20,703	99	20,802
Total notes payables					469,435	75,736	3,695	79,431
<b>HUD Section 108 Loans:</b>								
HUD Section 108 loan #8	4.97-6.67	07-01-01	08-01-21	115	2,300	805	59	864
HUD Section 108 loan #11	Variable	06-29-09	08-01-28	196-334	5,040	3,845	1,148	4,993
HUD Section 108 loan #12	Variable	02-14-11	08-01-30	343-344	6,535	5,502	1,284	6,786
Total HUD Section 108 loans					13,875	10,152	2,491	12,643
Total governmental activities					4,478,880	3,091,249	1,197,013	4,288,262
<b>Business-type activities:</b>								
<b>Sewer revenue bonds:</b>								
UOSA Bonds Subordinated	2.00-6.00	01-12-95	07-01-43	1,828-21,526	277,621	265,680	124,353	390,033
Series 2001 Subordinated	2.35	06-01-01	02-01-21	2,384-2,743	40,000	15,535	1,212	16,747
Series 2002 Subordinated	2.35	09-01-02	03-01-22	2,847-3,353	50,000	21,906	1,979	23,885
Series 2004 Refunding	5.00	10-14-04	07-15-15	3,335	94,005	-	-	-
Series 2009 Revenue	4.00-5.00	06-17-09	07-15-40	2,805-9,415	152,255	139,415	101,896	241,311
Series 2012 Revenue	4.00-5.00	08-08-12	07-15-42	1,475-5,435	90,710	87,795	67,786	155,581
Series 2014 Refunding	2.00-5.00	04-16-14	07-15-28	3,175-5,770	61,755	61,755	19,323	81,078
Total business-type activities					766,346	592,086	316,549	908,635
<b>Total County bond, note, and loan indebtedness</b>					<b>\$ 5,245,226</b>	<b>3,683,335</b>	<b>1,513,562</b>	<b>5,196,897</b>

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, 2015, 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
2016	\$ 186,825	93,673	30,434	40,307	10,826	1,424	23,070	24,046	251,155	159,450
2017	180,120	85,110	31,979	39,135	10,833	1,165	23,904	23,232	246,836	148,642
2018	170,170	77,180	38,574	37,573	21,600	982	24,803	22,344	255,147	138,079
2019	168,360	69,323	39,714	35,658	8,348	559	25,781	21,378	242,203	126,918
2020	160,060	61,878	32,119	34,054	3,356	429	26,827	20,366	222,362	116,727
2021-2025	675,110	209,235	171,040	147,010	27,265	1,308	130,076	87,590	1,003,491	445,143
2026-2030	447,185	81,296	195,645	104,646	3,317	314	136,910	60,786	783,057	247,042
2031-2035	171,010	13,586	232,040	51,968	343	5	78,469	37,529	481,862	103,088
2036-2040	-	-	67,735	8,701	-	-	97,015	17,613	164,750	26,314
2041-2045	-	-	7,240	494	-	-	25,231	1,665	32,471	2,159
Totals	\$ 2,158,840	691,281	846,520	499,546	85,888	6,186	592,086	316,549	3,683,334	1,513,562

### 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, 2015, 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)
<b>Housing Bonds Payable:</b>							
Mortgage revenue bonds	Little River Glen rental property	4.65-6.10	08-29-96	09-01-26	\$ 150-190	\$ 6,340	3,880
Tax-exempt revenue bonds	Herndon Harbor I - rental property	6.10	08-01-97	07-01-27	24-30	2,875	645
Multi-family revenue bonds	Castellani Meadows	6.15	04-01-98	03-01-28	20-26	1,700	584
Lease revenue refunding bonds	FCRHA revenues	4.71	06-15-98	06-15-18	180-220	3,630	785
Multi-family revenue bonds	Herndon Harbor II - rental property	4.875-5.50	05-01-99	05-01-29	44-56	2,000	1,400
Multi-family revenue bonds	Cedar Ridge Apartments	5.984	03-29-07	10-01-48	62-115	13,200	12,462
Multi-family revenue bonds	Olley Glen - senior rental property	3.15-5.75	08-26-08	08-01-51	30-355	12,220	4,802
Total mortgage bonds payable - FCRHA						41,965	24,558
<b>Mortgage Notes Payable and Loan from County:</b>							
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	2,445
	East Market, Fair oaks, Bryson	6.14	12-06-07	12-01-22	15-22	856	720
	Stockwell, Northampton, Halstead I & II	6.11	07-24-09	07-01-24	15-22	868	759
	Unsecured	Libor + 80bps	varies	varies	-	3,401	1,389
Sun Trust Bank	Leland Road Group Home property	5.55	10-06-99	04-01-17	34-43	615	96
	Hopkins Glen rental property	4.33	12-02-02	10-01-16	10-62	475	96
	The Green rental property	7.14	08-07-00	08-01-15	40	400	309
	Stonegate rental property	6.16	02-08-05	01-08-24	112	1,286	778
U.S. Dept. of Housing and Urban Development	Various FCRHA rental properties	5.36-7.66	08-01-96	08-01-15	5-50	1,080	25
	Various FCRHA rental properties	1.21-5.29	08-07-03	08-01-17	35	500	108
	Olley Glen property	1.29-3.44	01-29-09	08-01-23	100-125	2,050	1,287
Virginia Housing Development Authority	Minerva Fisher-Hall Group Home property	8.07	07-01-79	06-01-19	2-16	437	124
	Penderbrook rental property	7.17	09-01-88	10-01-18	16-25	770	208
	First Stop Group Home property	8.00	01-01-93	04-01-22	5-15	246	267
	Herndon Harbour House	5.00	varies	06-01-15	5	1,000	694
The City of Fairfax	Various properties owned by note holder	9.00-12.50	varies	varies	5-6	65	47
Fairfax County Redevelopment and Housing Authority	Herndon Harbour House	2.00-6.35	varies	08-01-27	-	2,487	2,653
	The Green rental property	3.37	varies	11-01-28	-	1,257	1,233
	Unsecured	2.00	varies	01-01-25	-	131	131
RHA	Murrygate Housing	1.0	varies	10-01-24	-	500	500
	Stonegate	1.0	varies	04-01-24	-	1,957	1,957
Total mortgage notes payable - FCRHA						23,379	15,826
Total public housing bonds, notes, and loans payable - FCRHA primary government						\$ 65,344	40,384

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, 2015, are presented on the following page:



Fiscal Year	Component Unit - FCRHA (Primary Government)					
	Housing Bonds Payable		Mortgage Notes Payable and Loan from County		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 781,599	1,325,757	1,673,525	342,955	2,455,124	1,668,712
2017	825,059	1,282,329	1,921,904	311,971	2,746,963	1,594,300
2018	874,645	1,236,548	489,692	287,955	1,364,337	1,524,503
2019	635,415	1,192,752	432,040	265,201	1,067,455	1,457,953
2020	672,009	1,153,083	395,694	763,171	1,067,703	1,916,254
2021-2025	4,050,019	5,127,971	6,307,656	12,971	10,357,675	5,140,942
2026-2030	3,521,875	3,902,963	4,335,270	-	7,857,145	3,902,963
2031-2035	2,090,670	3,253,409	-	-	2,090,670	3,253,409
2036-2040	2,981,874	2,582,372	-	-	2,981,874	2,582,372
2041-2045	3,964,709	1,687,874	-	-	3,964,709	1,687,874
2046-2050	3,781,130	554,150	-	-	3,781,130	554,150
2051-2055	379,222	13,449	270,500	-	649,722	13,449
Totals	\$ 24,558,226	23,312,657	15,826,281	1,984,224	40,384,507	25,296,881

## 7. Park Authority Bonds, Loans, and Notes Payable

In February 1995, the Park Authority issued \$13,870,000 of Park Facilities Revenue Bonds, Series 1995, to fund the construction of additional golf facilities for County residents and patrons. In September 2001, the Park Authority issued \$13,015,000 of Park Facilities Revenue Refunding Bonds, Series 2001, to advance refund \$11,670,000 of the outstanding Series 1995 bonds. The outstanding \$7.02 million of Revenue Bonds Series 2001 was refunded on June 5, 2013 through the Virginia Resources Authority bond sale of Series 2013, which resulted in a total debt service savings of \$1.92 million. The bonds are solely the obligation of the Park Authority and are payable from the Park Revenue Fund's revenues from operations, earnings on investments, and certain fund balance reserves.

In June 2003, the Park Authority received a \$15,530,000 loan from the County to fund the development and construction of a public golf course and related structures, facilities, and equipment to be located in the Laurel Hill area of the southern part of the County. The loan is solely the obligation of the Park Authority and is payable from the Park Revenue Fund's revenues from operations, earnings on investments, and certain fund balance reserves.

The debt service requirements to maturity for the outstanding bonds and loan at June 30, 2015, are as follows:

Fiscal Year	Revenue Bonds			Loan from Primary Government			Total	
	Int. Rate	Principal	Interest	Int. Rate	Principal	Interest	Principal	Interest
2016	4.12	\$ 630,000	171,088	5.00	327,900	473,094	957,900	644,182
2017	3.42	655,000	146,884	5.00	372,600	456,699	1,027,600	603,583
2018	4.82	680,000	119,275	5.00	422,300	438,069	1,102,300	557,344
2019	4.23	705,000	87,959	5.00	471,400	416,954	1,176,400	504,913
2020	4.82	740,000	55,206	5.00	526,100	393,384	1,266,100	448,590
2021-2025	4.82	775,000	18,684	5.00	3,355,100	1,545,115	4,130,100	1,563,799
2026-2030	-	-	-	3.00-5.00	4,055,000	900,394	4,055,000	900,394
2031-2033	-	-	-	3.00-4.00	2,775,000	199,931	2,775,000	199,931
Totals		\$ 4,185,000	599,096		12,305,400	4,823,640	16,490,400	5,422,736

## 8. Conduit Debt Obligations

The FCRHA is empowered by the Commonwealth of Virginia to issue tax-exempt bonds on behalf of qualified businesses to develop or rehabilitate low income housing within the County. Principal and interest on the tax-exempt bonds are paid entirely by the owners of the properties, who have entered into binding contracts to develop or rehabilitate the subject properties. The terms of the tax-exempt bonds stipulate that neither the FCRHA nor the County guarantees the repayment of principal and interest to the bondholders. A bondholder's sole recourse in the event of default on the tax-exempt bonds is to the subject property and third-party beneficiaries. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2015, approximately \$27.1 million of such tax-exempt bonds that are still outstanding.

The EDA is empowered by the Commonwealth of Virginia to issue Industrial Revenue Bonds (IRBs) on behalf of businesses relocating and/or expanding their operations within the County. Principal and interest on the IRBs are paid entirely by the businesses. The terms of the IRBs stipulate that neither the EDA nor the County guarantees the repayment of principal and interest to the bondholders. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2015, the cumulative amount of all IRBs outstanding was \$573,060,099.

In October 2003, August 2004, March 2007, and July 2008, 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. 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 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, 2015, the total outstanding principal amount of these transportation contract revenue bonds outstanding was \$173,855,000.

In December 2005, the Park Authority issued two notes totaling \$12.9 million to finance the acquisition of a permanent conservation easement. As the County is responsible, under the related documents and subject to appropriation, to pay the principal and interest on the notes, the related transactions, including the liability for the notes, have been recorded in the County's financial statements and not in those of the Park Authority. The notes are not general obligation debt of the County, and the full faith and credit of the County is not pledged to the notes. As of June 30, 2015, \$6.8 million of these notes are outstanding.

## 9. Debt Guarantee

In 1989 and 1990, EDA 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. EDA issued \$25,735,000 in bonds on November 10, 1999, to finance a second parking structure at the Vienna Metrorail Station. In August 2005, EDA 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 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 its Board of Supervisors, to make payments to EDA sufficient to pay such debt service. As of June 30, 2015, \$10,920,000 of such bonds remain outstanding.

#### **10.      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, 2015, the outstanding bonds considered defeased but not yet redeemed are \$327.1 million in general obligation bonds.

#### **11.      Sanitary Landfill Closure and Postclosure Obligation**

State and federal laws require the County to place a final cover on its I-95 Sanitary Landfill when it stops accepting solid waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The existing Municipal Solid Waste unit stopped accepting waste on December 31, 1995 and the placement of the final closure cap was completed during 2008. The ash disposal unit continues to accept incinerator ash from the waste to energy facilities and the Norman Cole Pollution Prevention Plant. Closure expenditures have been incurred for approximately 70 percent of the total area involved. The County holds permits that allow it to continue using the landfill until approximately 2042.

The \$70.2 million reported as the landfill closure and post closure obligation at June 30, 2015, represents the total estimated cost remaining to be incurred based on landfill capacity used to date. The actual cost may vary due to inflation, changes in technology, or changes in regulations. It is expected that the landfill closure and post closure care costs will be funded from existing resources in the I-95 Refuse Disposal Fund.

#### **12.      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, 2015, are presented on the following page.

Asset Class	Primary Government - Governmental Activities	Component Unit - Public Schools
Land	\$ -	6,000,000
Buildings	-	56,910,185
Improvements	3,774,949	-
Equipment	41,364,583	72,545,775
Total assets, at cost	45,139,532	135,455,960
Accumulated depreciation	(22,517,268)	(47,669,004)
Total assets, net	\$ 22,622,264	87,786,956
Fiscal Year	Minimum Obligations	Minimum Obligations
2016	\$ 4,960,280	16,092,026
2017	4,722,300	14,586,375
2018	4,722,300	10,920,526
2019	3,590,889	7,261,464
2020	3,590,889	5,709,692
2021-2025	3,792,762	17,344,750
2026-2030	-	17,345,375
2031-2035	-	17,339,875
2036-2040	-	-
Total minimum obligations	25,379,420	106,600,083
Portion representing interest	(2,161,190)	(27,071,138)
Present value of minimum obligations	\$ 23,218,230	79,528,945

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 K-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 \$44.0 million and unearned revenue in the amount of \$44.0 million is reported. Minimum lease payments for each of the five succeeding fiscal years are \$1,375,000; \$1,415,000; \$1,470,000; \$1,530,000 and \$1,600,000 respectively.

## L. 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 \$41.9 million for fiscal year 2015 was funded with \$26.8 million of County general

obligation bond proceeds, and \$15.1 million of state aid provided through the Northern Virginia Transportation Commission (NVTC). It is anticipated that the County's obligation for fiscal year 2016 will amount to \$26.8 million and be funded with \$9.4 million of state aid provided through the NVTC, and \$17.4 million of County general obligation bond proceeds.

### Operating Subsidies

The County and other local jurisdictions contribute annually toward WMATA's deficits resulting from the operation of its rail, bus, and paratransit systems. For fiscal year 2015, the County's obligation of approximately \$103.9 million for operating subsidies was funded with \$9.4 million from the County's Metro Operations and Construction Fund, \$94.6 million from state aid and regional gasoline tax receipts provided through the NVTC. It is anticipated that the County's obligation for fiscal year 2015 will amount to \$118.1 million and be funded with \$102.6 million of state aid and regional gasoline tax receipts provided through the NVTC and \$15.5 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 of Supervisors of Fairfax County approved the Commuter Rail Master Agreement and financial plans. These have subsequently been amended to reflect voting criteria for member jurisdictions, new member requirements, and fairness in the subsidy allocation formula which took effect for fiscal year 2008. The Board approved this Amended Master Agreement on September 10, 2007. The Amended Master Agreement requires the County to contribute to capital, operating, and debt service costs of the VRE on a pro rata basis according to its share of ridership. The County's fiscal year 2015 contribution to the VRE was \$4.9 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

Fiscal Year	Primary Government	Component Units	
	Governmental Activities	Public Schools	EDA
2016	\$ 17,436,018	5,269,757	754,273
2017	15,846,447	4,797,862	775,047
2018	15,219,067	4,940,772	796,263
2019	12,984,845	5,085,898	818,142
2020	5,577,000	5,237,176	280,228
2021-2025	7,340,881	5,393,261	-
2026-2030	3,555,481	-	-
2031-2035	1,234,422	-	-
2036-2040	1,012,029	-	-
Total	\$ 80,206,190	30,724,726	3,423,953

of Supervisors appropriating funds for each fiscal year's payments. For fiscal year 2015, the County's, Public Schools', and EDA's total expenditures for these operating leases were \$18.4 million, \$4.7 million, and \$0.7 million, respectively. At June 30, 2015, the minimum long-term lease commitments accounted for as operating leases were as shown:

#### 4. Intermunicipal Agreements

##### City of Alexandria, Virginia, Renew Enterprises

The Sewer System is obligated under an agreement with the City of Alexandria, Virginia, Renew Enterprises (ARE) to share the construction and operating costs and debt service requirements for its sewage treatment facility. Currently, the Sewer System has a capacity entitlement of 32.4 MGD, which is 60 percent of the facility's total capacity of 54 MGD. The Sewer System is allowed only one non-voting representative at the meetings of the ARE and has no significant influence in the management of the treatment facility. In addition, the Sewer System has no direct ongoing equity interest in the assets or liabilities of the ARE.

The ARE facility is currently undergoing major improvements to meet new water quality standards. The Sewer System paid ARE \$23.5 million for purchase capacity in fiscal year 2015, to fund its share of construction costs, and it estimates its share of the remaining construction costs to be \$110.1 million of which \$23.5 million, is expected to be incurred in fiscal year 2016 and the balance over fiscal years 2017 to 2025. In addition, the Sewer System made payments of \$13.4 million to the ARE during fiscal year 2015 for its share of the ARE's operating costs.

##### District of Columbia Water and Sewer Authority

The Sewer System is obligated under an intermunicipal agreement between the County; the District of Columbia (District); District of Columbia Water and Sewer Authority (DC Water); Montgomery County, Maryland; Prince George's County, Maryland; and the Washington Suburban Sanitary Commission to share the construction and operating costs of the Blue Plains Wastewater Treatment Plant, which is operated by DC Water. Currently, the Sewer System has a capacity entitlement of 31 MGD, which is approximately 8.4 percent of the Plant's total capacity of 370 MGD. DC Water has a Board of Directors comprised of six members from the District, two each from Montgomery and Prince George's Counties, and one from the County. The County has no significant control over plant operations and construction and no ownership interest in the assets of DC Water.

The Blue Plains Plant is currently undergoing a major renovation of its chemical additions and sludge disposal systems. The Sewer System paid DC Water \$26.2 million for purchase capacity during fiscal year 2015 to fund its share of construction costs, and it estimates its share of the remaining construction costs to be \$93.1 million, of which \$15.7 million is expected to be incurred in fiscal year 2016 and the balance over fiscal years 2017 to 2025. In addition, the Sewer System made payments of \$15.0 million for contractual services to DC Water during fiscal year 2015 for its share of the Plant's operating costs.

##### Upper Occoquan Sewage Authority

As described in Note A, UOSA is a joint venture created under the provisions of the Virginia Water and Waste Authorities Act to be the single regional entity to construct, finance, and operate the regional sewage treatment facility for the upper portion of the Occoquan Watershed. The Sewer System's allocated share of the UOSA plant's total capacity of 54.0 MGD is 22.6 MGD, or approximately 42 percent.

UOSA's current operating expenses, construction costs, and annual debt service payments are funded by each of the participating jurisdictions based on their allocated capacity, with certain modifications. The Sewer System made contractual service payments to UOSA in fiscal year 2015 of \$12.7 million to pay its share of UOSA's operating costs.

Summarized UOSA financial information as of and for the years ended June 30, 2014, and 2013 (the most recent audited financial information available), is shown below:

	2014	2013
Total assets	\$ 616,213,701	627,740,768
Deferred outflows of resources	8,642,846	10,636,054
Total liabilities	(539,636,065)	(548,166,869)
Net position	\$ 85,220,482	90,209,953
Operating revenues	\$ 28,140,951	26,918,771
Operating expenses	(52,692,746)	(49,846,103)
Nonoperating revenues, net	4,722,304	4,011,892
Capital contributions	14,840,020	12,369,757
Increase (decrease) in net position	\$ (4,989,471)	(6,545,683)

#### Arlington County, Virginia

The Sewer System is obligated under an agreement with Arlington County, Virginia, to share the construction and operating costs of the sewage treatment facility owned and operated by Arlington County. Currently, the Sewer System has a capacity entitlement of 3 MGD, which is 7.5 percent of the facility's total capacity of 40 MGD. The Sewer System has no significant influence over the management of the treatment facility. In addition, the Sewer System has no direct on-going equity interest in the facility's assets and liabilities.

The Arlington facility is currently undergoing a major upgrade to meet new water quality standards. The Sewer System paid Arlington \$34,227 in fiscal year 2015 to fund its share of the construction costs, and it estimates its share of the remaining construction costs to be \$6.5 million, of which \$1.5 million is expected to be incurred in fiscal year 2016 and the balance over fiscal years 2017 to 2025. In addition, the Sewer System made payments of \$2.7 million for contractual services to Arlington during fiscal year 2015 for its share of Arlington's operating costs.

#### Loudoun County, Virginia

The Sewer System is obligated under an agreement with Loudoun County, Virginia, to share the construction and operating costs and debt service requirements for the sewage treatment facility owned and operated by Loudoun Water. Currently, the Sewer System has a capacity entitlement of 1.0 MGD, which is 9.0 percent of the facility's total capacity of 11 MGD. The Sewer System has no significant influence over the management of the treatment facility. Furthermore, the Sewer System has no direct on-going equity interest in the facility's assets and liabilities.

The System did not pay any operating cost to Loudoun Water in fiscal year 2015. 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 2016.

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

At June 30, 2015, the primary government had contractual commitments of \$152,416,159 in the capital projects funds and \$20,183,000 in the Sewer System for construction of various sewer projects. At June 30, 2015, the component units had contractual commitments of \$170,564,459 and

\$7,516,010 in the capital projects funds of the Public Schools and the Park Authority, respectively, for construction of various projects.

#### **M. 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.

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

In Fiscal Year 2015, the County implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Statement No. 68 establishes the standards for accounting and reporting regarding employee pension plans including the recognition and measurement of liabilities, deferred inflows and outflows, expenses and expenditures. Statement No. 71 specifies the treatment of contributions made subsequent to the liability measurement date in the year of implementation.

Statement 68 represents a significant change in reporting and disclosure requirements for pension plans. Information previously discussed in the note disclosures will now be shown on the face of the financial statements. Under GASB 27, the information regarding pension assets or obligations was based on funding information. This has been replaced with the Net Pension Liability information, which represents the actuarially calculated amount of liability associated with the pension benefits accrued by current and former Employees of the County and component units of the County. The liability is presented net of the fiduciary net position of the pension trust funds.

Certain estimates and assumption are involved with the calculation and actual results may differ. The impact of the differences between the estimates and actual results are presented as deferred inflows or deferred outflows of resources. These will be applied in the calculation of pension expense and impact the liability over time, to reduce the volatility created from items such as investment performance.

As a result of this change in accounting standards, net position as of July 1, 2014 has been restated to remove the net pension obligation, and to establish a net pension liability and a deferred outflow of resources associated with contributions made after the measurement date. Measurement date for the 2014 balances was June 30, 2013.

To facilitate the implementation of this change in accounting requirements, adjusted July 1, 2014 Statement of Net position balances are presented on the following page:

	2014 Total net position	Eliminate Net Pension Obligation	Include Net Pension Liability	Deferred Outflow-Contributions made after the measurement date	2014 net position, as adjusted
Governmental Activities	\$ 344,516,235	134,969,399	(1,465,509,701)	173,000,695	(813,023,372)
Business-type Activities	1,011,948,148	-	(27,924,011)	2,727,132	986,751,269
Total Primary Government	1,356,464,383	134,969,399	(1,493,433,712)	175,727,827	173,727,897
Component Units	3,166,611,648	-	(3,538,861,942)	273,292,214	(98,958,080)
Total Reporting Entity	\$ 4,523,076,031	134,969,399	(5,032,295,654)	449,020,041	74,769,817

**COUNTY OF FAIRFAX, VIRGINIA**  
**Budgetary Comparison Schedule - General Fund (Budget Basis)**  
**For the fiscal year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 3,213,704,343	3,204,619,110	3,233,977,029	29,357,919
Permits, privilege fees, and regulatory licenses	39,438,395	41,902,168	45,545,990	3,643,822
Intergovernmental	334,259,518	334,484,898	337,068,898	2,584,000
Charges for services	77,379,473	73,422,479	72,911,452	(511,027)
Fines and forfeitures	14,235,071	13,348,086	13,115,761	(232,325)
Revenue from the use of money and property	14,871,937	15,888,034	15,338,715	(549,319)
Recovered costs	15,324,755	20,112,361	20,126,106	13,745
Total revenues	3,709,213,492	3,703,777,136	3,738,083,951	34,306,815
<b>EXPENDITURES</b>				
General government administration	104,859,485	110,178,398	102,874,796	7,303,602
Judicial administration	34,633,571	35,004,580	36,124,593	(1,120,013)
Public safety	445,560,141	456,889,624	441,515,810	15,373,814
Public works	71,865,538	73,086,861	69,682,283	3,404,578
Health and welfare	295,781,705	302,492,502	286,273,614	16,218,888
Community development	47,134,284	50,121,010	45,249,037	4,871,973
Parks, recreation, and cultural	51,352,783	53,084,228	49,934,830	3,149,398
Nondepartmental	314,197,826	313,398,277	308,335,918	5,062,359
Total expenditures	1,365,385,333	1,394,255,480	1,339,990,881	54,264,599
Excess of revenues over expenditures	2,343,828,159	2,309,521,656	2,398,093,070	88,571,414
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in from other primary government funds	8,148,516	12,148,516	12,148,516	-
Transfers out to other primary government funds	(579,579,218)	(620,782,888)	(620,782,888)	-
Transfers out to component units	(1,770,368,076)	(1,770,368,076)	(1,770,368,076)	-
Total other financing (uses)	(2,341,798,778)	(2,379,002,448)	(2,379,002,448)	-
Net change in fund balance	\$ 2,029,381	(69,480,792)	19,090,622	88,571,414

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	2015
<b>Total Pension Liability</b>		
Service cost	\$	84,074.83
Interest		340,920
Changes in benefit terms		-
Differences between expected and actual experience		-
Changes of assumptions		-
Benefit payments, including refunds of member contributions		(238,562)
<b>Net change in total pension liability</b>		186,433
<b>Total pension liability - beginning</b>		4,621,440
<b>Total pension liability - ending</b>	\$	4,807,873
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$	129,618
Contributions - member		32,759
Net investment income		490,196
Benefit payments, including refunds of member contributions		(238,560)
Administrative expense		(1,885)
<b>Net change in plan fiduciary net position</b>		412,128
<b>Plan fiduciary net position - beginning</b>		3,353,932
<b>Plan fiduciary net position - ending</b>	\$	3,766,060
<b>Net pension liability - ending</b>	\$	1,041,814
Plan fiduciary net position as a percentage of the total pension liability		78.33 %
Covered employee payroll	\$	671,597
Net pension liability as a percentage of covered employee payroll		155.12 %

\* 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.

## 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	2015
<b>Total Pension Liability</b>	
Service cost	\$ 30,858.61
Interest	102,492
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of member contributions	(62,288)
<b>Net change in total pension liability</b>	71,063
<b>Total pension liability - beginning</b>	1,381,997
<b>Total pension liability - ending</b>	<u>\$ 1,453,060</u>
<b>Plan Fiduciary Net Position</b>	
Contributions - employer	\$ 34,179
Contributions - member	10,091
Net investment income	176,684
Benefit payments, including refunds of member contributions	(62,288)
Administrative expense	(431)
<b>Net change in plan fiduciary net position</b>	158,235
<b>Plan fiduciary net position - beginning</b>	1,102,522
<b>Plan fiduciary net position - ending</b>	<u>\$ 1,260,757</u>
<b>Net pension liability - ending</b>	<u>\$ 192,303</u>
Plan fiduciary net position as a percentage of the total pension liability	86.77 %
Covered employee payroll	\$ 100,912
Net pension liability as a percentage of covered employee payroll	190.56 %

\* 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.

## 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		2015
Measurement date June 30 of prior year		
<b>Total Pension Liability</b>		
Service cost	\$	39,647.53
Interest		125,660
Changes in benefit terms		-
Differences between expected and actual experience		-
Changes of assumptions		-
Benefit payments, including refunds of member contributions		(78,918)
<b>Net change in total pension liability</b>		<b>86,390</b>
<b>Total pension liability - beginning</b>		<b>1,694,741</b>
<b>Total pension liability - ending</b>	<b>\$</b>	<b>1,781,131</b>
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$	56,095
Contributions - member		10,906
Net investment income		210,256
Benefit payments, including refunds of member contributions		(78,917)
Administrative expense		(434)
<b>Net change in plan fiduciary net position</b>		<b>197,906</b>
<b>Plan fiduciary net position - beginning</b>		<b>1,318,814</b>
<b>Plan fiduciary net position - ending</b>	<b>\$</b>	<b>1,516,720</b>
<b>Net pension liability - ending</b>	<b>\$</b>	<b>264,411</b>
Plan fiduciary net position as a percentage of the total pension liability		85.15 %
Covered employee payroll	\$	153,979
Net pension liability as a percentage of covered employee payroll		171.72 %

\* 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.

## 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		2015
<b>Total Pension Liability</b>		
Service cost	\$	75,788
Interest		192,724
Changes in benefit terms		-
Differences between expected and actual experience		(19,052)
Changes of assumptions		-
Benefit payments, including refunds of member contributions		(167,050)
<b>Net change in total pension liability</b>		82,410
<b>Total pension liability - beginning</b>		2,615,279
<b>Total pension liability - ending</b>	\$	2,697,689
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$	74,174
Contributions - member		40,018
Net investment income		304,641
Benefit payments, including refunds of member contributions		(167,050)
Administrative expense		(3,629)
<b>Net change in plan fiduciary net position</b>		248,154
<b>Plan fiduciary net position - beginning</b>		1,956,773
<b>Plan fiduciary net position - ending</b>	\$	2,204,927
<b>Net pension liability - ending</b>	\$	492,762
Plan fiduciary net position as a percentage of the total pension liability		81.73 %
Covered employee payroll	\$	1,324,537
Net pension liability as a percentage of covered employee payroll		37.20 %

\* 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.

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	2015
<b>Employees' Retirement System:</b>	
Total pension liability	\$ 4,807,874
Pension plan's fiduciary net position	<u>3,766,060</u>
<b>Net pension liability</b>	<u><b>\$ 1,041,814</b></u>
Plan fiduciary net position as a percentage of the total pension liability	78.33 %
Covered employee payroll	\$ 671,597
Net pension liability as a percentage of covered employer payroll	155.12 %
<b>Police Officers Retirement System:</b>	
Total pension liability	\$ 1,453,060
Pension plan's fiduciary net position	<u>1,260,757</u>
<b>Net pension liability</b>	<u><b>\$ 192,303</b></u>
Plan fiduciary net position as a percentage of the total pension liability	86.77 %
Covered employee payroll	\$ 100,912
Net pension liability as a percentage of covered employer payroll	190.56 %
<b>Uniformed Retirement System:</b>	
Total pension liability	\$ 1,781,131
Pension plan's fiduciary net position	<u>1,516,720</u>
<b>Net pension liability</b>	<u><b>\$ 264,411</b></u>
Plan fiduciary net position as a percentage of the total pension liability	85.15 %
Covered employee payroll	\$ 153,979
Net pension liability as a percentage of covered employer payroll	171.72 %
<b>Educational Employees' Supplementary Retirement System</b>	
Total pension liability	\$ 2,697,689
Pension plan's fiduciary net position	<u>2,204,927</u>
<b>Net pension liability</b>	<u><b>\$ 492,762</b></u>
Plan fiduciary net position as a percentage of the total pension liability	81.73 %
Covered employee payroll	\$ 1,324,537
Net pension liability as a percentage of covered employer payroll	37.20 %

\* 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.

**COUNTY OF FAIRFAX, VIRGINIA**  
**Schedule of Employer Contributions-Single Employer Plans**  
**Last Ten Fiscal Years**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Employees' Retirement Systems:</b>										
Actuarial Determined Contribution	\$ 129,618	127,448	114,683	96,608	64,069	65,111	62,636	57,453	49,436	46,958
Contributions in Relations to the Actuarial Determined Contribution	129,618	127,448	114,683	96,608	64,069	65,111	62,636	57,453	49,436	46,958
Contribution (Deficiency) Excess	\$ -	-	-	-	-	-	-	-	-	-
Covered Employee Payroll	\$ 671,597	669,018	666,759	657,194	659,826	676,828	653,140	621,110	599,957	581,165
Contributions as a Percentage of Covered Payroll	19.30%	19.05%	17.20%	14.70%	9.71%	9.62%	9.59%	9.25%	8.24%	8.08%
<b>Police Officers Retirement System:</b>										
Actuarial Determined Contribution	\$ 34,179	34,011	31,701	29,175	23,767	23,508	21,448	19,223	16,727	14,901
Contributions in Relations to the Actuarial Determined Contribution	34,179	34,011	31,701	29,175	23,767	23,508	21,448	19,223	16,727	14,901
Contribution (Deficiency) Excess	\$ -	-	-	-	-	-	-	-	-	-
Covered Employee Payroll	\$ 100,912	102,598	101,280	103,054	104,057	102,926	102,133	98,326	90,712	84,569
Contributions as a Percentage of Covered Payroll	33.87%	33.15%	31.30%	28.31%	22.84%	22.84%	21.00%	19.55%	18.44%	17.62%
<b>Uniformed Retirement System:</b>										
Actuarial Determined Contribution	\$ 56,095	53,722	50,351	45,817	40,771	40,855	39,086	36,487	32,136	27,193
Contributions in Relations to the Actuarial Determined Contribution	56,095	53,722	50,351	45,817	40,771	40,855	39,086	36,487	32,136	27,193
Contribution (Deficiency) Excess	\$ -	-	-	-	-	-	-	-	-	-
Covered Employee Payroll	\$ 153,979	153,492	148,924	149,925	154,086	154,403	148,445	140,280	128,957	124,168
Contributions as a Percentage of Covered Payroll	36.43%	35.00%	33.81%	30.56%	26.46%	26.46%	26.33%	26.01%	24.92%	21.90%
<b>Educational Employees' Supplementary Retirement System:</b>										
Actuarial Determined Contribution	\$ 73,673	68,242	50,739	47,118	35,147	37,282	38,334	36,644	34,649	32,199
Contributions in Relations to the Actuarial Determined Contribution	74,174	67,735	52,934	47,118	37,869	40,012	38,334	36,644	34,649	32,199
Contribution (Deficiency) Excess	\$ 501	(507)	2,195	-	2,722	2,730	-	-	-	-
Covered Employee Payroll	\$ 1,324,537	1,268,439	1,219,683	1,166,290	1,183,394	1,187,314	1,137,512	1,087,359	1,028,158	955,448
Contributions as a Percentage of Covered Payroll	5.60%	5.34%	4.34%	4.04%	3.20%	3.37%	3.37%	3.37%	3.37%	3.37%

**COUNTY OF FAIRFAX, VIRGINIA**

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

**Last Ten Fiscal Years \***

**(Dollar amounts in thousands)**

	<b>2015</b>
Proportion of the net pension liability	18.15%
Proportion share of the net pension liability	\$ 2,193,660,000
covered-employee payroll	1,330,241,479
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	1.65%
Plan fiduciary net position as a percentage of the total pension liability	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 6/30, year shown is fiscal year of presentation.

**COUNTY OF FAIRFAX, VIRGINIA**

**Schedule of Contributions-VRS Pension Plan**

**Last Ten Fiscal Years\***

	Actuarial Determined Contribution	Contributions in Relations to the Actuarial Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 154,785,126	154,954,000	(168,874)	1,330,241,479	11.65 %

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

**COUNTY OF FAIRFAX, VIRGINIA**  
**Schedule of Employer Contributions -OPEB**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Primary Government Other Post-Employment Benefits (OPEB)		Component Unit - Public Schools Other Post-Employment Benefits (OPEB)	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2008	\$ 31,648,000	185.42 %	\$ 25,302,000	103.21 %
2009	25,393,000	84.89	37,522,000	97.70
2010	32,553,000	54.59	35,954,000	75.47
2011	35,373,000	59.38	38,163,000	119.20
2012	37,640,000	118.02	30,630,000	138.50
2013	38,858,000	98.58	31,142,000	110.72
2014	30,452,000	127.24	17,003,000	150.12
2015	31,033,000	129.14	17,384,000	150.12

**COUNTY OF FAIRFAX, VIRGINIA**  
**Schedule of Funding Progress-OPEB**  
**Last Ten Fiscal Years**

Actuarial Valuation Date	Actuarial Value of Assets (000) ( a )	Actuarial Accrued Liability (AAL) - Entry Age (000) ( b )	Unfunded AAL (UAAL) (Funding Excess) (000) ( b-a )	Funded Ratio ( a/b )	Covered Payroll (000) ( c )	UAAL (Funding Excess) as a Percentage of Covered Payroll ( ( b-a ) / c )
<b>Primary Government</b>						
<b>Other Post-Employment Benefits (OPEB):</b>						
7/1/2007	\$ -	\$ 379,856	\$ 379,856	- %	\$ 650,106	58.43 %
7/1/2008	48,207	350,709	302,502	13.75	697,253	43.39
7/1/2009	50,233	441,286	391,053	11.38	761,303	51.37
7/1/2010	60,473	489,203	428,730	12.36	777,040	55.17
7/1/2011	80,087	474,229	394,142	16.89	799,500	49.30
7/1/2012	103,270	503,786	400,516	20.50	824,504	48.58
7/1/2013	148,543	455,386	306,843	32.62	825,441	37.17
7/1/2014	192,951	486,131	293,180	39.69	856,556	34.23
<b>Component Unit - Public Schools</b>						
<b>Other Post-Employment Benefits (OPEB):</b>						
7/1/2007	\$ -	\$ 299,668	\$ 299,668	- %	\$ 1,302,665	23.00 %
7/1/2008	7,996	458,067	450,071	1.75	1,352,321	33.28
7/1/2009	17,520	466,324	448,804	3.76	1,377,000	32.60
7/1/2010	19,563	471,617	452,054	4.15	1,432,000	32.90
7/1/2011	40,051	431,303	391,252	9.29	1,005,000	38.93
7/1/2012	53,423	448,849	395,426	11.90	1,045,000	37.84
7/1/2013	64,925	273,983	209,058	23.70	1,109,000	18.85
7/1/2014	71,192	283,680	212,488	25.09	1,153,000	18.45





**COUNTY OF FAIRFAX, VIRGINIA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2015**

**A. BUDGETARY DATA**

The Board of Supervisors adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- a. By March 1, the County Executive submits to the Board of Supervisors a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. During April, public hearings are conducted to obtain taxpayer comments. By May 1, the budget is legally enacted through passage of an appropriation resolution.
- b. The operating budget includes all County appropriated funds and certain non-appropriated funds. The non-appropriated funds include certain funds of the Park Authority and the FCRHA that are not financed by the County.
- c. Budget reviews are held during the fiscal year. Public hearings are held if the recommended increase in the appropriated budget is greater than one percent of expenditures.
- d. The budget is controlled at certain legal and administrative levels. The Code of Virginia requires that the County annually adopt a balanced budget. The adopted Fiscal Planning Resolution places legal restrictions on expenditures at the agency (e.g., County organizations in the General Fund) or fund level and identifies administrative controls at the character (i.e., personnel services, operating expenses, recovered costs, and capital equipment) or project level. The County's Department of Management and Budget is authorized to transfer budgeted amounts between characters or projects within any agency or fund as a management function. Any revisions that alter the total expenditures of any agency or fund must be approved by the Board of Supervisors.
- e. Annual operating budgets are adopted for all appropriated governmental funds, except for the capital projects funds in which budgetary control is achieved on a project-by-project basis. The budgets are on a basis consistent with GAAP for the General Fund, except that:
  - Certain purchase order transactions that qualify as current expenditures under GAAP, are not recognized as expenditures in the current budget due to the timing of the receipt of goods or services.
  - Offsetting revenues and expenditures related to donated food are not budgeted.
  - Capital lease transactions when initiated are not budgeted as offsetting expenditures and other financing sources.
  - Certain capital outlays are budgeted as functional expenditures.
  - Payments from or to component units are budgeted as transfers rather than functional revenues and expenditures.
  - Inventories of supplies are not included in the fund balance for budget purposes.
  - Nondepartmental expenditures are reported for budgeting purposes, but are included in functional expenditures for reporting purposes.

- The Gift Fund, which is included in the County's General Fund for reporting purposes, is treated as an agency fund for budgeting purposes.
- The Information Technology Fund, Consolidated Community Funding Pool Fund and the Contributory Fund, which are included in the County's General Fund for reporting purposes, are 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)	\$ 19,090,622
Timing difference - Purchase expenditures	73,337
Interfund differences - Fringe benefits	(173,562)
Perspective differences:	
The Gift Fund and NOVARIS are treated as a separate fund for budget purposes	(316,459)
The Consolidated Community Funding Pool Fund is treated as a separate fund for budget purposes	76,050
The Contributory Fund is treated as a separate fund for budget purposes	(23,070)
The Information Technology Fund is treated as a separate fund for budget purposes	4,390,800
Net change in fund balance (GAAP basis)	\$ 23,117,718

- Original and final budgeted amounts are shown on the Budgetary Comparison Schedule; amendments were not significant in relation to the original budget.
- 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 reporting entity is presented as required supplementary information. This information is intended to help users assess each system's funding status on a going concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

Analysis of the dollar amounts of plan 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 employee payroll are both affected by inflation. Expressing the net pension liability as a percentage of covered employee payroll approximately adjusts for the effects of inflation and aids in the analysis of the system's 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 employee 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:

Actuarial cost method	Entry Age Normal
Asset valuation method	3-year smoothed market
Amortization method	Corridor method, amortize liability outside of 90 % corridor over an open 15 year period with level percentage of payroll. In fiscal year 2011 through 2014, the target was increased to a 91 % level.
Discount rate	7.5%
Amortization growth rate	3.0%
Price inflation	3.0%
Salary increases	3.0% plus merit component based on employee's years of service
Mortality	Sex distinct RP-2000 combined mortality projected to 2015 using Scale AA

Information pertaining to the retirement systems administered by the reporting entity can be found in Note G to the financial statements.

## C. OTHER POST-EMPLOYMENT BENEFITS (OPEB) TREND DATA

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Information pertaining to the OPEB plans administered by the reporting entity can be found in Note H to the financial statements.



The **General Fund** is used to account for all revenues and expenditures of the County, which are not required to be accounted for in other funds.

Revenues are derived primarily from real estate and personal property taxes, local sales taxes, utility taxes, business, professional and occupational license taxes, the use of money and property, license and permit fees, and state shared taxes.

Expenditures and transfers out include the costs of the general County government and transfers to component units and other funds, principally made to fund the operations of the Public Schools, and the debt service requirements of the County and Public Schools.

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 2015, 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.

**COUNTY OF FAIRFAX, VIRGINIA**  
**Budgetary Comparison Schedule Detail - General Fund (Budget Basis)**  
**For the fiscal year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
Real property	\$ 2,353,636,574	2,353,636,574	2,357,117,530	3,480,956
Personal property	362,992,495	362,626,591	370,292,221	7,665,630
Business licenses	158,393,645	150,059,372	156,992,278	6,932,906
Local sales and use	238,586,166	241,378,595	246,087,698	4,709,103
Consumers utility	45,330,492	46,044,609	45,812,447	(232,162)
Recordation	22,997,632	19,297,411	23,898,873	4,601,462
Occupancy, tobacco, and other	31,767,339	31,575,958	33,775,982	2,200,024
Total taxes	3,213,704,343	3,204,619,110	3,233,977,029	29,357,919
Permits, privilege fees, and regulatory licenses	39,438,395	41,902,168	45,545,990	3,643,822
Intergovernmental	334,259,518	334,484,898	337,068,898	2,584,000
Charges for services	77,379,473	73,422,479	72,911,452	(511,027)
Fines and forfeitures	14,235,071	13,348,086	13,115,761	(232,325)
Revenue from the use of money and property	14,871,937	15,888,034	15,338,715	(549,319)
Recovered costs	15,324,755	20,112,361	20,126,106	13,745
Total revenues	3,709,213,492	3,703,777,136	3,738,083,951	34,306,815
<b>EXPENDITURES</b>				
General government administration:				
Board of Supervisors	5,276,204	5,276,164	4,701,988	574,176
Financial and Program Auditor	357,874	357,874	230,864	127,010
County Executive	6,679,037	6,612,407	5,868,895	743,512
Tax Administration	23,032,017	23,186,640	23,087,505	99,135
Finance	8,378,627	8,862,102	7,407,181	1,454,921
Cable and Consumer Services	972,263	972,263	834,766	137,497
Human Resources	7,324,354	7,370,572	7,215,555	155,017
Purchasing and Supply Management	4,619,780	4,662,659	4,354,735	307,924
Public Affairs	1,292,658	1,345,316	1,146,688	198,628
Elections	3,966,101	4,102,939	3,493,964	608,975
County Attorney	6,504,728	7,830,592	6,538,964	1,291,628
Information Technology	31,484,233	34,633,845	33,198,737	1,435,108
Management and Budget	4,555,631	4,550,794	4,424,741	126,053
Civil Service Commission	415,978	414,231	370,213	44,018
Total general government administration	104,859,485	110,178,398	102,874,796	7,303,602
Judicial administration:				
Circuit Court and Records	10,655,801	10,609,229	10,570,642	38,587
Commonwealth Attorney	3,529,700	3,517,092	3,376,105	140,987
General District Court	2,236,531	2,332,938	2,098,003	234,935
Sheriff	18,211,539	18,545,321	20,079,843	(1,534,522)
Total judicial administration	34,633,571	35,004,580	36,124,593	(1,120,013)
Public safety:				
Cable and Consumer Services	676,427	676,427	756,869	(80,442)
Land Development Services	9,603,503	9,749,996	9,818,170	(68,174)
Juvenile and Domestic Relations District Court	21,540,589	22,405,204	21,957,740	447,464
Police Department	179,489,751	183,441,981	178,721,676	4,720,305
Sheriff	45,522,583	46,228,319	41,671,629	4,556,690
Fire and Rescue	182,788,975	187,813,378	182,769,246	5,044,132
Emergency Management	1,851,442	2,483,684	1,877,335	606,349
Code Compliance	4,086,871	4,090,635	3,943,145	147,490
Total public safety	\$ 445,560,141	456,889,624	441,515,810	15,373,814

## EXHIBIT B

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
Public works:				
Facilities Management	\$ 54,213,238	55,034,280	52,395,116	2,639,164
Business Planning and Support	975,287	980,765	903,588	77,177
Capital Facilities	13,195,451	13,438,105	13,150,051	288,054
Unclassified Administrative Expenses	3,481,562	3,633,711	3,233,528	400,183
Total public works	71,865,538	73,086,861	69,682,283	3,404,578
Health and welfare:				
Family Services	189,757,064	192,251,470	183,351,821	8,899,649
Health Department	53,259,254	56,161,685	51,873,700	4,287,985
Human Services Administration	12,618,395	12,557,603	12,368,239	189,364
Office to Prevent and End Homelessness	12,290,884	13,021,868	10,914,595	2,107,273
Neighborhood and Community Services	27,856,108	28,499,876	27,765,259	734,617
Total health and welfare	295,781,705	302,492,502	286,273,614	16,218,888
Community development:				
Economic Development Authority	7,335,923	7,335,923	7,335,920	3
Land Development Services	13,133,536	14,409,476	12,662,071	1,747,405
Planning and Zoning	10,387,092	11,003,586	9,896,563	1,107,023
Planning Commission	690,133	690,133	633,700	56,433
Housing and Community Development	6,407,012	6,370,771	5,799,580	571,191
Human Rights and Equity Programs	1,538,270	1,516,179	1,382,453	133,726
Transportation	7,642,318	8,794,942	7,538,750	1,256,192
Total community development	47,134,284	50,121,010	45,249,037	4,871,973
Parks, recreation, and cultural:				
Park Authority	23,524,286	23,543,070	23,085,651	457,419
Public Library	27,828,497	29,541,158	26,849,179	2,691,979
Total parks, recreation, and cultural	51,352,783	53,084,228	49,934,830	3,149,398
Nondepartmental:				
Unclassified Administrative Expenses	(1,200,000)	9,894	2,000	7,894
Employee Benefits	315,397,826	313,388,383	308,333,918	5,054,465
Total nondepartmental	314,197,826	313,398,277	308,335,918	5,062,359
Total expenditures	1,365,385,333	1,394,255,480	1,339,990,881	54,264,599
Excess of revenues over expenditures	\$ 2,343,828,159	2,309,521,656	2,398,093,070	88,571,414

continued



**COUNTY OF FAIRFAX, VIRGINIA**  
**Budgetary Comparison Schedule Detail - General Fund (Budget Basis)**  
**For the fiscal year ended June 30, 2015**

**EXHIBIT B**  
concluded

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
From other primary government funds:				
Cable Communications	\$ 3,148,516	3,148,516	3,148,516	-
Integrated Pest Management	138,000	138,000	138,000	-
Stormwater Services	1,000,000	1,000,000	1,000,000	-
Refuse Collection and Recycling Operation	535,000	535,000	535,000	-
Fairfax-Falls Church Community Services Board	-	4,000,000	4,000,000	-
Refuse Disposal	535,000	535,000	535,000	-
Energy Resource Recovery Facility	42,000	42,000	42,000	-
I-95 Refuse Disposal	175,000	175,000	175,000	-
Internal Service Funds:				
Sewer Operation and Maintenance	1,800,000	1,800,000	1,800,000	-
Component Units	775,000	775,000	775,000	-
Total transfers in from other primary government funds	8,148,516	12,148,516	12,148,516	-
Transfers out:				
To other primary government funds:				
Special Revenue Funds:				
County Transit Systems	(34,547,739)	(34,547,739)	(34,547,739)	-
Federal/State Grants	(5,208,464)	(5,208,464)	(5,208,464)	-
Information Technology	(3,743,760)	(11,251,260)	(11,251,260)	-
Fairfax-Falls Church Community Services Board	(113,316,215)	(112,186,215)	(112,186,215)	-
Consolidated Community Funding Pool	(10,611,143)	(10,611,143)	(10,611,143)	-
Contributory Fund	(14,720,884)	(15,020,884)	(15,020,884)	-
Alcohol Safety Action Program	(427,165)	(427,165)	(427,165)	-
Debt Service Fund:				
Debt Service Fund	(310,883,333)	(310,883,333)	(310,883,333)	-
Capital Projects Funds:				
General Construction and Contributions	(18,183,981)	(26,082,606)	(26,082,606)	-
Infrastructure Replacement and Upgrades	(2,700,000)	(5,550,000)	(5,550,000)	-
Public Safety Construction	-	(5,750,000)	(5,750,000)	-
Metro Operations and Construction	(11,298,296)	(11,298,296)	(11,298,296)	-
Pedestrian Walkway Improvements	(300,000)	(300,000)	(300,000)	-
Internal Service Funds:				
Self-Insurance	(23,240,005)	(40,267,550)	(40,267,550)	-
Document Services	(2,398,233)	(2,398,233)	(2,398,233)	-
Health Benefits	-	(1,000,000)	(1,000,000)	-
OPEB Trust Fund	(28,000,000)	(28,000,000)	(28,000,000)	-
Total transfers out to other primary government funds	(579,579,218)	(620,782,888)	(620,782,888)	-
To component units:				
Public Schools:				
Public Schools - General Fund	(1,768,498,393)	(1,768,498,393)	(1,768,498,393)	-
FCRHA - Elderly Housing Program	(1,869,683)	(1,869,683)	(1,869,683)	-
Total transfers out to component units	(1,770,368,076)	(1,770,368,076)	(1,770,368,076)	-
Total transfers out	(2,349,947,294)	(2,391,150,964)	(2,391,150,964)	-
Total other financing (uses)	(2,341,798,778)	(2,379,002,448)	(2,379,002,448)	-
Net change in fund balance	\$ 2,029,381	(69,480,792)	19,090,622	88,571,414

## 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, 2015

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Health and welfare	\$ 10,611,143	10,611,143	10,535,093	76,050
Total expenditures	10,611,143	10,611,143	10,535,093	76,050
Excess (deficiency) of revenues over (under) expenditures	(10,611,143)	(10,611,143)	(10,535,093)	(76,050)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	10,611,143	10,611,143	10,611,143	-
Total other financing sources	10,611,143	10,611,143	10,611,143	-
Net change in fund balance	\$ -	-	76,050	(76,050)

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT B-1B

## General Fund Group

## Budgetary Comparison Schedule - Contributory Fund (Budget Basis)

For the fiscal year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>EXPENDITURES</b>				
General government administration	\$ 2,237,474	2,237,474	2,222,416	15,058
Public safety	9,577	9,577	9,577	-
Health and welfare	3,256,733	3,306,733	3,302,856	3,877
Community development	5,578,584	5,878,584	5,846,808	31,776
Parks, recreation, and cultural	3,662,297	3,662,297	3,662,297	-
Total expenditures	14,744,665	15,094,665	15,043,954	50,711
Excess (deficiency) of revenues over (under) expenditures	(14,744,665)	(15,094,665)	(15,043,954)	50,711
<b>OTHER FINANCING SOURCES</b>				
Transfers in	14,720,884	15,020,884	15,020,884	-
Total other financing sources	14,720,884	15,020,884	15,020,884	-
Net change in fund balance	\$ (23,781)	(73,781)	(23,070)	50,711

## 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, 2015

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 206	206	60	(146)
Recovered costs	18,593	18,593	18,593	-
Total revenues	18,799	18,799	18,653	(146)
<b>EXPENDITURES</b>				
Public safety	18,799	44,901	17,605	27,296
Total expenditures	18,799	44,901	17,605	27,296
Excess (deficiency) of revenues over (under) expenditures	-	(26,102)	1,048	27,150
Net change in fund balance	\$ -	(26,102)	1,048	27,150

## 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, 2015

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ -	-	470,638	470,638
Charges for Services	-	-	714,420	714,420
Revenue from the use of money and property	108,240	108,240	36,487	(71,753)
Recovered costs	-	-	341,200	341,200
Total revenues	108,240	108,240	1,562,745	1,454,505
<b>EXPENDITURES</b>				
General government administration	6,752,000	46,006,474	11,323,205	34,683,269
Total expenditures	6,752,000	46,006,474	11,323,205	34,683,269
Excess (deficiency) of revenues over (under) expenditures	(6,643,760)	(45,898,234)	(9,760,460)	36,137,774
<b>OTHER FINANCING SOURCES</b>				
Transfers in	6,643,760	14,151,260	14,151,260	-
Total other financing sources	6,643,760	14,151,260	14,151,260	-
Net change in fund balance	\$ -	(31,746,974)	4,390,800	36,137,774

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

**COUNTY OF FAIRFAX, VIRGINIA**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2015**

**EXHIBIT C**

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Equity in pooled cash and temporary investments	\$ 517,509,858	12,220,272	178,978,040	708,708,170
Receivables (net of allowances):				
Accounts	11,853,827	-	123,480	11,977,307
Accrued interest	942,213	20,700	3,298,043	4,260,956
Loans	19,242,353	-	35,029,194	54,271,547
Due from intergovernmental units	39,942,014	-	795,694	40,737,708
Loan to component unit	-	12,305,400	-	12,305,400
Lease to component unit	-	44,000,000	-	44,000,000
Interfund receivables	1,772,633	-	-	1,772,633
Prepaid and other assets	400,853	-	-	400,853
Restricted assets:				
Equity in pooled cash and temporary investments	-	-	63,930,594	63,930,594
Cash with fiscal agents	52,462,823	16,026,387	129,497,780	197,986,990
Total assets	644,126,574	84,572,759	411,652,825	1,140,352,158
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total deferred outflows of resources	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 644,126,574</b>	<b>84,572,759</b>	<b>411,652,825</b>	<b>1,140,352,158</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 23,222,860	39,948	7,696,129	30,958,937
Accrued salaries and benefits	9,927,550	-	-	9,927,550
Contract retainages	1,467,033	-	4,576,281	6,043,314
Due to intergovernmental units	17,783,377	-	-	17,783,377
Due to component units	-	-	602,757	602,757
Interfund payables	2,472,633	-	-	2,472,633
Unearned revenue	1,291,527	44,152,363	27,009,600	72,453,490
Performance and other deposits	5,680	1,431,550	22,087,953	23,525,183
Total liabilities	56,170,660	45,623,861	61,972,720	163,767,241
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	5,142,737	-	3,297,506	8,440,243
Total deferred inflows of resources	5,142,737	-	3,297,506	8,440,243
<b>Total liabilities and deferred inflows of resources</b>	<b>61,313,397</b>	<b>45,623,861</b>	<b>65,270,226</b>	<b>172,207,484</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid amounts	385,364	-	-	385,364
Total Nonspendable	385,364	-	-	385,364
Restricted for:				
Public safety, courts, and judicial	26,205,239	-	-	26,205,239
General public works	126,251,418	-	-	126,251,418
Stormwater management	25,496,466	-	-	25,496,466
Transportation	291,636,771	-	-	291,636,771
Social services, health and welfare	9,971,869	-	-	9,971,869
Housing and community development	33,093,150	-	-	33,093,150
Parks, recreation, and cultural	17,030,816	12,305,400	-	29,336,216
Debt service	-	6,596,450	-	6,596,450
Capital projects	-	-	256,579,105	256,579,105
Other purposes	1,456,297	-	-	1,456,297
Total Restricted	531,142,026	18,901,850	256,579,105	806,622,981
Committed to:				
Public safety, courts, and judicial	7,752,939	-	-	7,752,939
Transportation	12,704,610	-	-	12,704,610
Social services, health and welfare	13,576,811	-	-	13,576,811
Housing and community development	17,251,427	-	-	17,251,427
Debt service	-	20,047,048	-	20,047,048
Capital projects	-	-	89,803,494	89,803,494
Total Committed	51,285,787	20,047,048	89,803,494	161,136,329
Total fund balances	582,813,177	38,948,898	346,382,599	968,144,674
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 644,126,574</b>	<b>84,572,759</b>	<b>411,652,825</b>	<b>1,140,352,158</b>

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT C-1

## Nonmajor Governmental Funds

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

For the fiscal year ended June 30, 2015

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 44,177,002	-	10,930,000	55,107,002
Permits, privilege fees, and regulatory licenses	25,480,511	-	-	25,480,511
Intergovernmental	208,333,628	4,541,102	1,540,050	214,414,780
Charges for services	315,114,801	-	1,375,611	316,490,412
Fines and forfeitures	138,939	-	-	138,939
Developers' contributions	868,891	-	9,871,998	10,740,889
Revenue from the use of money and property	6,655,490	2,277,656	6,445,830	15,378,976
Recovered costs	4,929,276	-	3,525,345	8,454,621
Gifts, donations, and contributions	558,806	-	-	558,806
Total revenues	606,257,344	6,818,758	33,688,834	646,764,936
<b>EXPENDITURES</b>				
Current:				
General government administration	-	-	960,255	960,255
Judicial administration	1,063,207	-	-	1,063,207
Public safety	64,588,488	-	440,657	65,029,145
Public works	115,158,218	-	8,719	115,166,937
Health and welfare	202,385,037	-	4,273,809	206,658,846
Community development	149,160,790	-	23,795,062	172,955,852
Parks, recreation, and cultural	12,467,973	-	3,877,253	16,345,226
Intergovernmental:				
Community development	63,784,394	-	36,754,119	100,538,513
Parks, recreation, and cultural	-	-	26,733,924	26,733,924
Education - for Public Schools	3,207,314	-	164,877,992	168,085,306
Capital outlay:				
General government administration	-	-	9,377,046	9,377,046
Judicial administration	10,931	-	-	10,931
Public safety	4,811,967	-	41,018,942	45,830,909
Public works	28,787,880	-	2,499,065	31,286,945
Health and welfare	168,568	-	18,038,074	18,206,642
Community development	26,989,094	-	6,400,480	33,389,574
Parks, recreation, and cultural	364,412	-	4,784,881	5,149,293
Debt service:				
Principal retirement	9,890,307	245,809,502	24,095,000	279,794,809
Interest and other charges	16,161,010	116,725,004	4,231,833	137,117,847
Total expenditures	698,999,590	362,534,506	372,167,111	1,433,701,207
Deficiency of revenues under expenditures	(92,742,246)	(355,715,748)	(338,478,277)	(786,936,271)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	178,940,530	314,152,222	49,730,902	542,823,654
Transfers out	(45,705,271)	(8,000,000)	(11,928,852)	(65,634,123)
General obligation bonds issued	1,775,000	-	225,565,000	227,340,000
Premium on general obligation bonds issued	225,000	-	29,623,745	29,848,745
General obligation refunding bonds issued	-	259,260,000	-	259,260,000
Premium on general obligation refunding bonds issued	-	52,218,707	-	52,218,707
General obligation payments to refunded bonds escrow agent	-	(270,710,041)	-	(270,710,041)
Notes issued	20,691,647	-	28,260,000	48,951,647
Total other financing sources	155,926,906	346,920,888	321,250,795	824,098,589
Net change in fund balances	63,184,660	(8,794,860)	(17,227,482)	37,162,318
Fund balances, July 1, 2014	519,628,517	47,743,758	363,610,081	930,982,356
Fund balances, June 30, 2015	\$ 582,813,177	38,948,898	346,382,599	968,144,674





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.

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 general 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.

Energy Resource Recovery Facility Fund is used to account for the operation of a mass burn waste to energy facility, by a private contractor, used to burn refuse collected throughout the County and received from certain other local jurisdictions. The sale of electricity generated by the facility is a source of revenue for this fund.

I-95 Refuse Disposal Fund is used to account for the operation of a landfill which is now only used for disposal of ash generated by certain local incinerators.

Community Development Block Grant Fund is used to account for programs to upgrade low and moderate income neighborhoods through the provision of public facilities, home improvements, and public services.

Housing Trust Fund is used to account for the promotion of housing for low and moderate income individuals in the County by providing low cost debt and equity capital in the form of loans, grants, and equity contributions.

HOME Investment Partnership Grant Fund is used to account for affordable housing programs involving acquisition, rehabilitation, new construction, and tenant-based rental assistance.

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, 2015**

	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
<b>ASSETS</b>					
Equity in pooled cash and temporary investments	\$ 17,570,739	21,904,888	50,748,612	163,853,669	7,279,973
Receivables (net of allowances):					
Accounts	725,113	145,570	8,901	218,464	10,725
Accrued interest	-	824	311	6	2
Loans	-	-	-	-	-
Due from intergovernmental units	-	-	-	7,703,345	-
Interfund receivables	-	-	-	-	-
Prepaid and other assets	-	-	-	-	-
Restricted assets - Cash with fiscal agents	-	35,626,544	-	4,689,585	-
Total assets	18,295,852	57,677,826	50,757,824	176,465,069	7,290,700
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Total deferred outflows of resources	-	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 18,295,852</b>	<b>57,677,826</b>	<b>50,757,824</b>	<b>176,465,069</b>	<b>7,290,700</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 5,591,242	4,431	8,201	3,653,482	181
Accrued salaries and benefits	-	-	-	119,697	-
Contract retainages	-	-	-	998,968	-
Due to other governments	-	-	-	16,290,701	-
Interfund payables	-	-	-	-	-
Unearned revenue	-	145,570	8,901	217,522	10,725
Performance and other deposits	-	-	-	-	-
Total liabilities	5,591,242	150,001	17,102	21,280,370	10,906
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
<b>Total liabilities and deferred inflows of resources</b>	<b>5,591,242</b>	<b>150,001</b>	<b>17,102</b>	<b>21,280,370</b>	<b>10,906</b>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid amounts	-	-	-	-	-
Total Nonspendable	-	-	-	-	-
Restricted for:					
Public safety, courts, and judicial	-	-	-	-	-
General public works	-	-	-	-	-
Stormwater management	-	-	-	-	-
Transportation	-	57,527,825	50,740,722	155,184,699	7,279,794
Social services, health and welfare	-	-	-	-	-
Housing and community development	-	-	-	-	-
Parks, recreation, and cultural	-	-	-	-	-
Other purposes	-	-	-	-	-
Total Restricted	-	57,527,825	50,740,722	155,184,699	7,279,794
Committed to:					
Public safety, courts, and judicial	-	-	-	-	-
Transportation	12,704,610	-	-	-	-
Social services, health and welfare	-	-	-	-	-
Housing and community development	-	-	-	-	-
Total Committed	12,704,610	-	-	-	-
Total fund balances	12,704,610	57,527,825	50,740,722	155,184,699	7,279,794
<b>Total liabilities, deferred inflow of resources, and fund balances</b>	<b>\$ 18,295,852</b>	<b>57,677,826</b>	<b>50,757,824</b>	<b>176,465,069</b>	<b>7,290,700</b>

## EXHIBIT D

Metrarail Parking System Pledged Revenue	Federal/ State Grant	Cable Communications	Fairfax- Falls Church Community Services Board	Reston Community Center	
20,616,982	23,200,170	9,688,506	18,961,388	6,456,574	<b>ASSETS</b>
-	209,532	1,801,098	998,500	32,639	Equity in pooled cash and temporary investments
17	205	-	-	230	Receivables (net of allowances):
-	-	-	-	-	Accounts
-	21,094,988	1,968,494	920	-	Accrued interest
-	-	-	-	-	Loans
-	81,910	-	154,763	-	Due from intergovernmental units
-	-	-	-	-	Interfund receivables
-	-	-	-	-	Prepaid and other assets
-	-	-	-	-	Restricted assets - Cash with fiscal agents
20,616,999	44,586,805	13,458,098	20,115,571	6,489,443	Total assets
-	-	-	-	-	<b>DEFERRED OUTFLOWS OF RESOURCES</b>
-	-	-	-	-	Total deferred outflows of resources
20,616,999	44,586,805	13,458,098	20,115,571	6,489,443	Total assets and deferred outflows of resources
995	2,362,990	310,129	4,273,609	83,425	<b>LIABILITIES</b>
-	1,520,818	213,162	4,428,142	218,895	Accounts payable and accrued liabilities
-	39,354	-	-	-	Accrued salaries and benefits
-	1,492,676	-	-	-	Contract retainages
-	-	-	-	-	Due to other governments
-	670	-	1,924	243,945	Interfund payables
-	-	-	-	3,600	Unearned revenue
-	-	-	-	-	Performance and other deposits
995	5,416,508	523,291	8,703,675	549,865	Total liabilities
-	-	995,826	-	-	<b>DEFERRED INFLOWS OF RESOURCES</b>
-	-	995,826	-	-	Unavailable revenue
-	-	-	-	-	Total deferred inflows of resources
995	5,416,508	1,519,117	8,703,675	549,865	Total liabilities and deferred inflows of resources
-	66,421	-	154,763	-	<b>FUND BALANCES</b>
-	66,421	-	154,763	-	Nonspendable:
-	-	-	-	-	Prepaid amounts
-	26,205,239	-	-	-	Total Nonspendable
-	-	-	-	-	Restricted for:
-	-	-	-	-	Public safety, courts, and judicial
20,616,004	287,727	-	-	-	General public works
-	8,303,873	-	-	-	Stormwater management
-	346,021	-	-	-	Transportation
-	362,068	-	-	-	Social services, health and welfare
-	1,456,297	-	-	5,939,578	Housing and community development
20,616,004	36,961,225	-	-	5,939,578	Parks, recreation, and cultural
-	-	-	-	-	Other purposes
-	-	-	-	-	Total Restricted
-	-	-	-	-	Committed to:
-	2,142,651	-	11,257,133	-	Public safety, courts, and judicial
-	-	11,938,981	-	-	Transportation
-	2,142,651	11,938,981	11,257,133	-	Social services, health and welfare
20,616,004	39,170,297	11,938,981	11,411,896	5,939,578	Housing and community development
-	-	-	-	-	Total Committed
-	-	-	-	-	Total fund balances
20,616,999	44,586,805	13,458,098	20,115,571	6,489,443	Total liabilities, deferred inflow of resources, and fund balances

continued

**COUNTY OF FAIRFAX, VIRGINIA**  
**Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2015**

	Mosaic Community Development Authority	McLean Community Center	Burgundy Village Community Center	E-911	Integrated Pest Management Program
<b>ASSETS</b>					
Equity in pooled cash and temporary investments	\$ -	10,858,282	314,615	5,538,277	2,853,567
Receivables (net of allowances):					
Accounts	-	35,389	562	-	10,809
Accrued interest	4,492	307	6	458	87
Loans	-	-	-	-	-
Due from intergovernmental units	-	-	-	7,184,182	-
Interfund receivables	-	-	-	-	-
Prepaid and other assets	-	27,350	-	-	-
Restricted assets - Cash with fiscal agents	5,318,418	-	-	-	-
Total assets	5,322,910	10,921,328	315,183	12,722,917	2,864,463
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Total deferred outflows of resources	-	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 5,322,910</b>	<b>10,921,328</b>	<b>315,183</b>	<b>12,722,917</b>	<b>2,864,463</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 10,464	44,480	55	368,869	27,195
Accrued salaries and benefits	-	141,921	526	1,157,765	57,411
Contract retainages	-	-	-	-	-
Due to other governments	-	-	-	-	-
Interfund payables	-	-	-	-	-
Unearned revenue	-	292,447	562	-	10,802
Performance and other deposits	-	-	-	-	-
Total liabilities	10,464	478,848	1,143	1,526,634	95,408
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	-	3,443,344	-
Total deferred inflows of resources	-	-	-	3,443,344	-
<b>Total liabilities and deferred inflows of resources</b>	<b>10,464</b>	<b>478,848</b>	<b>1,143</b>	<b>4,969,978</b>	<b>95,408</b>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid amounts	-	27,350	-	-	-
Total Nonspendable	-	27,350	-	-	-
Restricted for:					
Public safety, courts, and judicial	-	-	-	-	-
General public works	-	-	-	-	-
Stormwater management	-	-	-	-	-
Transportation	-	-	-	-	-
Social services, health and welfare	-	-	-	-	1,667,996
Housing and community development	-	-	-	-	1,101,059
Parks, recreation, and cultural	-	10,415,130	314,040	-	-
Other purposes	-	-	-	-	-
Total Restricted	-	10,415,130	314,040	-	2,769,055
Committed to:					
Public safety, courts, and judicial	-	-	-	7,752,939	-
Transportation	-	-	-	-	-
Social services, health and welfare	-	-	-	-	-
Housing and community development	5,312,446	-	-	-	-
Total Committed	5,312,446	-	-	7,752,939	-
Total fund balances	5,312,446	10,442,480	314,040	7,752,939	2,769,055
<b>Total liabilities, deferred inflow of resources, and fund balances</b>	<b>\$ 5,322,910</b>	<b>10,921,328</b>	<b>315,183</b>	<b>12,722,917</b>	<b>2,864,463</b>

## EXHIBIT D

Stormwater Services	Leaf Collection	Refuse Collection and Recycling Operations	Refuse Disposal	Energy Resource Recovery Facility	
					<b>ASSETS</b>
30,292,529	4,182,353	10,571,765	6,599,694	63,952,623	Equity in pooled cash and temporary investments
211,017	13,322	227,133	6,656,764	51,097	Receivables (net of allowances):
-	122	335	506	439	Accounts
-	-	-	-	-	Accrued interest
66,351	-	156,370	70,312	766,507	Loans
-	-	-	-	1,762,052	Due from intergovernmental units
81,506	-	-	-	-	Interfund receivables
-	-	-	-	-	Prepaid and other assets
-	-	-	-	-	Restricted assets - Cash with fiscal agents
30,651,403	4,195,797	10,955,603	13,327,276	66,532,718	Total assets
					<b>DEFERRED OUTFLOWS OF RESOURCES</b>
-	-	-	-	-	Total deferred outflows of resources
30,651,403	4,195,797	10,955,603	13,327,276	66,532,718	Total assets and deferred outflows of resources
					<b>LIABILITIES</b>
3,794,730	48,465	246,254	1,197,634	62,816	Accounts payable and accrued liabilities
738,049	-	465,286	512,210	44,319	Accrued salaries and benefits
330,275	-	-	81,169	-	Contract retainages
-	-	-	-	-	Due to other governments
-	-	-	1,772,633	-	Interfund payables
210,377	13,263	134,819	-	-	Unearned revenue
-	-	-	-	-	Performance and other deposits
5,073,431	61,728	846,359	3,563,646	107,135	Total liabilities
					<b>DEFERRED INFLOWS OF RESOURCES</b>
-	-	-	-	-	Unavailable revenue
-	-	-	-	-	Total deferred inflows of resources
5,073,431	61,728	846,359	3,563,646	107,135	Total liabilities and deferred inflows of resources
					<b>FUND BALANCES</b>
81,506	-	-	-	-	Nonspendable:
81,506	-	-	-	-	Prepaid amounts
-	-	-	-	-	Total Nonspendable
-	4,134,069	10,109,244	9,763,630	66,425,583	Restricted for:
25,496,466	-	-	-	-	Public safety, courts, and judicial
-	-	-	-	-	General public works
-	-	-	-	-	Stormwater management
-	-	-	-	-	Transportation
-	-	-	-	-	Social services, health and welfare
-	-	-	-	-	Housing and community development
-	-	-	-	-	Parks, recreation, and cultural
-	-	-	-	-	Other purposes
25,496,466	4,134,069	10,109,244	9,763,630	66,425,583	Total Restricted
-	-	-	-	-	Committed to:
-	-	-	-	-	Public safety, courts, and judicial
-	-	-	-	-	Transportation
-	-	-	-	-	Social services, health and welfare
-	-	-	-	-	Housing and community development
-	-	-	-	-	Total Committed
25,577,972	4,134,069	10,109,244	9,763,630	66,425,583	Total fund balances
30,651,403	4,195,797	10,955,603	13,327,276	66,532,718	Total liabilities, deferred inflow of resources, and fund balances

continued



**COUNTY OF FAIRFAX, VIRGINIA**  
**Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2015**

**EXHIBIT D**

	I-95 Refuse Disposal	Community Development Block Grant	Housing Trust	HOME Investment Partnerships Grant
<b>ASSETS</b>				
Equity in pooled cash and temporary investments	\$ 35,947,556	97,338	5,678,525	98,442
Receivables (net of allowances):				
Accounts	475,316	-	-	13,665
Accrued interest	1,110	1	932,755	-
Loans	-	6,770,370	9,235,581	3,236,402
Due from intergovernmental units	314	746,780	-	183,451
Interfund receivables	10,581	-	-	-
Prepaid and other assets	-	-	-	55,324
Restricted assets - Cash with fiscal agents	-	-	6,828,276	-
Total assets	<u>36,434,877</u>	<u>7,614,489</u>	<u>22,675,137</u>	<u>3,587,284</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	\$ <u>36,434,877</u>	<u>7,614,489</u>	<u>22,675,137</u>	<u>3,587,284</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 443,127	15,252	642,203	25,449
Accrued salaries and benefits	168,524	64,290	-	9,742
Contract retainages	4,334	11,515	1,418	-
Due to other governments	-	-	-	-
Interfund payables	-	450,000	-	250,000
Unearned revenue	-	-	-	-
Performance and other deposits	-	2,080	-	-
Total liabilities	<u>615,985</u>	<u>543,137</u>	<u>643,621</u>	<u>285,191</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	-	-	703,567	-
Total deferred inflows of resources	-	-	<u>703,567</u>	-
Total liabilities and deferred inflows of resources	<u>615,985</u>	<u>543,137</u>	<u>1,347,188</u>	<u>285,191</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid amounts	-	-	-	55,324
Total Nonspendable	-	-	-	<u>55,324</u>
Restricted for:				
Public safety, courts, and judicial	-	-	-	-
General public works	35,818,892	-	-	-
Stormwater management	-	-	-	-
Transportation	-	-	-	-
Social services, health and welfare	-	-	-	-
Housing and community development	-	7,071,352	21,327,949	3,246,769
Parks, recreation, and cultural	-	-	-	-
Other purposes	-	-	-	-
Total Restricted	<u>35,818,892</u>	<u>7,071,352</u>	<u>21,327,949</u>	<u>3,246,769</u>
Committed to:				
Public safety, courts, and judicial	-	-	-	-
Transportation	-	-	-	-
Social services, health and welfare	-	-	-	-
Housing and community development	-	-	-	-
Total Committed	-	-	-	-
Total fund balances	<u>35,818,892</u>	<u>7,071,352</u>	<u>21,327,949</u>	<u>3,302,093</u>
Total liabilities, deferred inflow of resources, and fund balances	\$ <u>36,434,877</u>	<u>7,614,489</u>	<u>22,675,137</u>	<u>3,587,284</u>

**EXHIBIT D**  
concluded

Alcohol Safety Action Program	Total Special Revenue Funds	
		<b>ASSETS</b>
242,791	517,509,858	Equity in pooled cash and temporary investments
8,211	11,853,827	Receivables (net of allowa
-	942,213	Accounts
-	19,242,353	Accrued interest
-	39,942,014	Loans
-	1,772,633	Due from intergovernmental units
-	400,853	Interfund receivables
-	52,462,823	Prepaid and other assets
251,002	644,126,574	Restricted assets - Cash with fiscal agents
		Total assets
		<b>DEFERRED OUTFLOWS OF RESOURCES</b>
-	-	Total deferred outflows of resources
251,002	644,126,574	Total assets and deferred outflows of resources
		<b>LIABILITIES</b>
7,182	23,222,860	Accounts payable and accrued liabilities
66,793	9,927,550	Accrued salaries and benefits
-	1,467,033	Contract retainages
-	17,783,377	Due to other governme
-	2,472,633	Interfund payables
-	1,291,527	Unearned revenue
-	5,680	Performance and other deposits
73,975	56,170,660	Total liabilities
		<b>DEFERRED INFLOWS OF RESOURCES</b>
-	5,142,737	Unavailable revenue
-	5,142,737	Total deferred inflows of resources
73,975	61,313,397	Total liabilities and deferred inflows of resources
		<b>FUND BALANCES</b>
		Nonspendable:
-	385,364	Prepaid amounts
-	385,364	Total Nonspendable
		Restricted for:
-	26,205,239	Public safety, courts, and judicial
-	126,251,418	General public works
-	25,496,466	Stormwater management
-	291,636,771	Transportation
-	9,971,869	Social services, health and welfare
-	33,093,150	Housing and community development
-	17,030,816	Parks, recreation, and cultural
-	1,456,297	Other purposes
-	531,142,026	Total Restricted
		Committed to:
-	7,752,939	Public safety, courts, and judicial
-	12,704,610	Transportation
177,027	13,576,811	Social services, health and welfare
-	17,251,427	Housing and community development
177,027	51,285,787	Total Committed
177,027	582,813,177	Total fund balances
251,002	644,126,574	Total liabilities, deferred inflow 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, 2015

	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
<b>REVENUES</b>					
Taxes	\$ -	-	-	-	-
Permits, privilege fees, and regulatory licenses	-	-	-	-	-
Intergovernmental	19,883,683	-	-	67,294,724	-
Charges for services	14,008,409	24,216,927	15,230,634	51,467,994	4,907,078
Fines and forfeitures	-	-	-	-	-
Developers' contributions	-	-	-	-	-
Revenue from the use of money and property	280,662	354,992	47,047	2,302,926	10,404
Recovered costs	-	-	-	-	-
Gifts, donations, and contributions	-	-	-	-	-
Total revenues	34,172,754	24,571,919	15,277,681	121,065,644	4,917,482
<b>EXPENDITURES</b>					
Current:					
Judicial administration	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community development	86,168,151	-	-	34,150,535	-
Parks, recreation, and cultural	-	-	-	-	-
Intergovernmental:					
Community development	5,010,533	-	-	58,773,861	-
Education - for Public Schools	-	-	-	-	-
Capital outlay:					
Judicial administration	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community development	10,929,860	-	-	10,435,595	-
Parks, recreation, and cultural	-	-	-	-	-
Debt service:					
Principal retirement	-	6,040,000	-	-	-
Interest and other charges	-	11,304,563	-	4,145,463	-
Total expenditures	102,108,544	17,344,563	-	107,505,454	-
Excess (deficiency) of revenues over (under) expenditures	(67,935,790)	7,227,356	15,277,681	13,560,190	4,917,482
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	61,118,686	-	-	-	-
Transfers out	-	-	-	(24,278,740)	-
General obligation bonds issued	-	-	-	-	-
Premium on general obligation bonds issued	-	-	-	-	-
Notes issued	-	-	-	20,691,647	-
Total other financing sources (uses)	61,118,686	-	-	(3,587,093)	-
Net change in fund balances	(6,817,104)	7,227,356	15,277,681	9,973,097	4,917,482
Fund balances, July 1, 2014	19,521,714	50,300,469	35,463,041	145,211,602	2,362,312
Fund balances, June 30, 2015	\$ 12,704,610	57,527,825	50,740,722	155,184,699	7,279,794

## EXHIBIT D-1

Metrorail Parking system Pledged Revenue	Federal/ State Grant	Cable Communications	Fairfax- Falls Church Community Services Board	Reston Community Center	Mosaic Community Development Authority	
						<b>REVENUES</b>
-	-	-	-	-	3,882,012	Taxes
-	-	25,394,951	-	-	-	- Permits, privilege fees, and regulatory licenses
-	89,344,145	-	18,005,497	-	-	- Intergovernmental
20,604,538	142,892	340	17,984,307	7,816,522	-	- Charges for services
-	-	9,000	42,741	-	-	- Fines and forfeitures
-	-	-	-	-	-	- Developers' contributions
11,466	31,967	190	-	237,086	11,528	Revenue from the use of money and property
-	4,728,307	-	-	-	-	- Recovered costs
-	558,806	-	-	-	-	- Gifts, donations, and contributions
20,616,004	94,806,117	25,404,481	36,032,545	8,053,608	3,893,540	Total revenues
						<b>EXPENDITURES</b>
						Current:
-	1,063,207	-	-	-	-	- Judicial administration
-	29,218,575	-	-	-	-	- Public safety
-	-	-	-	-	-	- Public works
-	54,578,282	-	144,871,294	-	-	- Health and welfare
-	9,155,444	10,785,747	-	-	52,208	- Community development
-	-	-	-	7,417,836	-	- Parks, recreation, and cultural
						Intergovernmental:
-	-	-	-	-	-	- Community development
-	-	3,207,314	-	-	-	- Education - for Public Schools
						Capital outlay:
-	10,931	-	-	-	-	- Judicial administration
-	4,106,956	-	-	-	-	- Public safety
-	-	-	-	-	-	- Public works
-	48,844	-	119,724	-	-	- Health and welfare
-	-	504,534	-	-	-	- Community development
-	-	-	-	20,143	-	- Parks, recreation, and cultural
						Debt service:
-	-	-	-	33,449	-	- Principal retirement
-	-	-	-	32,023	-	- Interest and other charges
-	98,182,239	14,497,595	144,991,018	7,503,451	52,208	Total expenditures
20,616,004	(3,376,122)	10,906,886	(108,958,473)	550,157	3,841,332	Excess (deficiency) of revenues over (under) expenditures
						<b>OTHER FINANCING SOURCES (USES)</b>
-	5,208,464	-	112,186,215	-	-	- Transfers in
-	(700,000)	(11,919,287)	(4,000,000)	-	(2,382,244)	- Transfers out
-	-	-	-	-	-	- General obligation bonds issued
-	-	-	-	-	-	- Premium on general obligation bonds issued
-	-	-	-	-	-	- Notes issued
-	4,508,464	(11,919,287)	108,186,215	-	(2,382,244)	Total other financing sources (uses)
20,616,004	1,132,342	(1,012,401)	(772,258)	550,157	1,459,088	Net change in fund balances
-	38,037,955	12,951,382	12,184,154	5,389,421	3,853,358	Fund balances, July 1, 2014
20,616,004	39,170,297	11,938,981	11,411,896	5,939,578	5,312,446	Fund balances, June 30, 2015

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, 2015

	McLean Community Center	Burgundy Village Community Center	E-911	Integrated Pest Management Program	Stormwater Services
<b>REVENUES</b>					
Taxes	\$ -	-	40,294,990	-	-
Permits, privilege fees, and regulatory licenses	-	-	-	-	-
Intergovernmental	-	-	4,539,261	-	2,589,862
Charges for services	5,260,896	23,970	2,344	2,166,753	48,943,742
Fines and forfeitures	-	50	-	-	-
Developers' contributions	-	-	-	-	-
Revenue from the use of money and property	85,922	28,385	3,608	3,058	1,076
Recovered costs	-	-	179,056	-	-
Gifts, donations, and contributions	-	-	-	-	-
Total revenues	5,346,818	52,405	45,019,259	2,169,811	51,534,680
<b>EXPENDITURES</b>					
Current:					
Judicial administration	-	-	-	-	-
Public safety	-	-	35,369,913	-	-
Public works	-	-	-	-	25,924,659
Health and welfare	-	-	-	1,187,391	-
Community development	-	-	-	809,223	-
Parks, recreation, and cultural	4,983,714	66,423	-	-	-
Intergovernmental:					
Community development	-	-	-	-	-
Education - for Public Schools	-	-	-	-	-
Capital outlay:					
Judicial administration	-	-	-	-	-
Public safety	-	-	705,011	-	-
Public works	-	-	-	-	23,349,538
Health and welfare	-	-	-	-	-
Community development	-	-	-	-	-
Parks, recreation, and cultural	344,269	-	-	-	-
Debt service:					
Principal retirement	-	-	3,142,858	-	-
Interest and other charges	-	-	382,559	-	-
Total expenditures	5,327,983	66,423	39,600,341	1,996,614	49,274,197
Excess (deficiency) of revenues over (under) expenditures	18,835	(14,018)	5,418,918	173,197	2,260,483
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(138,000)	(1,000,000)
General obligation bonds issued	-	-	-	-	1,775,000
Premium on general obligation bonds issued	-	-	-	-	225,000
Notes issued	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(138,000)	1,000,000
Net change in fund balances	18,835	(14,018)	5,418,918	35,197	3,260,483
Fund balances, July 1, 2014	10,423,645	328,058	2,334,021	2,733,858	22,317,489
Fund balances, June 30, 2015	\$ 10,442,480	314,040	7,752,939	2,769,055	25,577,972

## EXHIBIT D-1

Leaf Collection	Refuse Collection and Recycling Operations	Refuse Disposal	Energy Resource Recovery Facility	I-95 Refuse Disposal	
<b>REVENUES</b>					
-	-	-	-	-	Taxes
-	-	85,560	-	-	Permits, privilege fees, and regulatory licenses
-	128,034	-	-	-	Intergovernmental
2,202,711	18,623,568	45,422,289	27,003,224	7,673,775	Charges for services
-	2,000	85,148	-	-	Fines and forfeitures
-	-	-	-	-	Developers' contributions
55,780	307,108	1,138,988	265,044	368,620	Revenue from the use of money and property
-	8,741	13,165	7	-	Recovered costs
-	-	-	-	-	Gifts, donations, and contributions
2,258,491	19,069,451	46,745,150	27,268,275	8,042,395	Total revenues
<b>EXPENDITURES</b>					
Current:					
-	-	-	-	-	Judicial administration
-	-	-	-	-	Public safety
2,100,142	17,866,096	44,597,679	17,519,337	7,150,305	Public works
-	-	-	-	-	Health and welfare
-	-	-	-	-	Community development
-	-	-	-	-	Parks, recreation, and cultural
Intergovernmental:					
-	-	-	-	-	Community development
-	-	-	-	-	Education - for Public Schools
Capital outlay:					
-	-	-	-	-	Judicial administration
-	-	-	-	-	Public safety
-	1,557,284	1,726,416	-	2,154,642	Public works
-	-	-	-	-	Health and welfare
-	-	-	-	-	Community development
-	-	-	-	-	Parks, recreation, and cultural
Debt service:					
-	-	-	-	-	Principal retirement
-	-	-	-	-	Interest and other charges
2,100,142	19,423,380	46,324,095	17,519,337	9,304,947	Total expenditures
158,349	(353,929)	421,055	9,748,938	(1,262,552)	Excess (deficiency) of revenues over (under) expenditures
<b>OTHER FINANCING SOURCES (USES)</b>					
-	-	-	-	-	Transfers in
-	(535,000)	(535,000)	(42,000)	(175,000)	Transfers out
-	-	-	-	-	General obligation bonds issued
-	-	-	-	-	Premium on general obligation bonds issued
-	-	-	-	-	Notes issued
-	(535,000)	(535,000)	(42,000)	(175,000)	Total other financing sources (uses)
158,349	(888,929)	(113,945)	9,706,938	(1,437,552)	Net change in fund balances
3,975,720	10,998,173	9,877,575	56,718,645	37,256,444	Fund balances, July 1, 2014
4,134,069	10,109,244	9,763,630	66,425,583	35,818,892	Fund balances, June 30, 2015

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, 2015**

**EXHIBIT D-1**  
concluded

	Community Development Block Grant	Housing Trust	HOME Investment Partnerships Grant	Alcohol Safety Action Program	Total Special Revenue Funds
<b>REVENUES</b>					
Taxes	\$ -	-	-	-	44,177,002
Permits, privilege fees, and regulatory licenses	-	-	-	-	25,480,511
Intergovernmental	4,526,891	-	2,005,263	16,268	208,333,628
Charges for services	-	-	-	1,411,888	315,114,801
Fines and forfeitures	-	-	-	-	138,939
Developers' contributions	-	868,891	-	-	868,891
Revenue from the use of money and property	264,851	718,393	126,030	359	6,655,490
Recovered costs	-	-	-	-	4,929,276
Gifts, donations, and contributions	-	-	-	-	558,806
Total revenues	4,791,742	1,587,284	2,131,293	1,428,515	606,257,344
<b>EXPENDITURES</b>					
Current:					
Judicial administration	-	-	-	-	1,063,207
Public safety	-	-	-	-	64,588,488
Public works	-	-	-	-	115,158,218
Health and welfare	-	-	-	1,748,070	202,385,037
Community development	4,752,062	967,464	2,319,956	-	149,160,790
Parks, recreation, and cultural	-	-	-	-	12,467,973
Intergovernmental:					
Community development	-	-	-	-	63,784,394
Education - for Public Schools	-	-	-	-	3,207,314
Capital outlay:					
Judicial administration	-	-	-	-	10,931
Public safety	-	-	-	-	4,811,967
Public works	-	-	-	-	28,787,880
Health and welfare	-	-	-	-	168,568
Community development	-	5,115,973	3,132	-	26,989,094
Parks, recreation, and cultural	-	-	-	-	364,412
Debt service:					
Principal retirement	674,000	-	-	-	9,890,307
Interest and other charges	296,402	-	-	-	16,161,010
Total expenditures	5,722,464	6,083,437	2,323,088	1,748,070	698,999,590
Excess (deficiency) of revenues over (under) expenditures	(930,722)	(4,496,153)	(191,795)	(319,555)	(92,742,246)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	427,165	178,940,530
Transfers out	-	-	-	-	(45,705,271)
General obligation bonds issued	-	-	-	-	1,775,000
Premium on general obligation bonds issued	-	-	-	-	225,000
Notes issued	-	-	-	-	20,691,647
Total other financing sources (uses)	-	-	-	427,165	155,926,906
Net change in fund balances	(930,722)	(4,496,153)	(191,795)	107,610	63,184,660
Fund balances, July 1, 2014	8,002,074	25,824,102	3,493,888	69,417	519,628,517
Fund balances, June 30, 2014	\$ 7,071,352	21,327,949	3,302,093	177,027	582,813,177

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2A

## Special Revenue Fund

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

For the fiscal year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 26,491,972	22,939,467	19,883,683	(3,055,784)
Charges for services	10,425,480	10,425,480	8,266,051	(2,159,429)
Revenue from the use of money and property	322,778	322,778	280,662	(42,116)
Total revenues	37,240,230	33,687,725	28,430,396	(5,257,329)
<b>EXPENDITURES</b>				
Community development	98,258,672	113,378,389	96,366,186	17,012,203
Total expenditures	98,258,672	113,378,389	96,366,186	17,012,203
Excess (deficiency) of revenues over (under) expenditures	(61,018,442)	(79,690,664)	(67,935,790)	11,754,874
<b>OTHER FINANCING SOURCES</b>				
Transfers in	63,266,181	61,118,686	61,118,686	-
Total other financing sources	63,266,181	61,118,686	61,118,686	-
Net change in fund balance	\$ 2,247,739	(18,571,978)	(6,817,104)	11,754,874



## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2B

## Special Revenue Fund

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

## District Fund (Budget Basis)

For the fiscal year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Charges for services	\$ 23,828,109	23,828,109	24,216,927	388,818
Revenue from the use of money and property	-	-	354,992	354,992
Total revenues	23,828,109	23,828,109	24,571,919	743,810
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	6,040,000	6,040,000	6,040,000	-
Interest and other charges:				
Interest	11,314,463	11,314,463	11,303,563	10,900
Bond issuance costs and other	100,000	100,000	1,000	99,000
Total expenditures	17,454,463	17,454,463	17,344,563	109,900
Excess of revenues over expenditures	6,373,646	6,373,646	7,227,356	853,710
Net change in fund balance	\$ 6,373,646	6,373,646	7,227,356	853,710

## 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, 2015

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 14,470,344	14,470,344	15,230,634	760,290
Revenue from the use of money and property	14,634	14,634	47,047	32,413
Total revenues	14,484,978	14,484,978	15,277,681	792,703
<b>EXPENDITURES</b>				
Debt service:				
Bond issuance costs and other	500,000	500,000	-	500,000
Total expenditures	500,000	500,000	-	500,000
Excess of revenues over expenditures	13,984,978	13,984,978	15,277,681	1,292,703
Net change in fund balance	\$ 13,984,978	13,984,978	15,277,681	1,292,703

## 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, 2015

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 44,425,074	58,123,889	44,463,489	(13,660,400)
Charges for services	50,495,455	50,495,455	51,467,994	972,539
Revenue from the use of money and property	2,838,940	3,167,200	2,295,918	(871,282)
Total revenues	97,759,469	111,786,544	98,227,401	(13,559,143)
<b>EXPENDITURES</b>				
Community development	67,187,771	276,042,184	43,984,250	232,057,934
Debt service:				
Interest and other charges:				
Interest	4,145,463	4,145,463	4,145,463	-
Total expenditures	71,333,234	280,187,647	48,129,713	232,057,934
Excess (deficiency) of revenues over (under) expenditures	26,426,235	(168,401,103)	50,097,688	218,498,791
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(26,426,235)	(24,278,740)	(24,278,740)	-
Revenue bonds issued	-	50,000,000	-	(50,000,000)
Total other financing sources (uses)	(26,426,235)	25,721,260	(24,278,740)	(50,000,000)
Net change in fund balance	\$ -	(142,679,843)	25,818,948	168,498,791

## 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, 2015

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 4,948,553	4,948,553	4,907,078	(41,475)
Revenue from the use of money and property	-	-	10,404	10,404
Total revenues	4,948,553	4,948,553	4,917,482	(31,071)
Excess (deficiency) of revenues over (under) expenditures	4,948,553	4,948,553	4,917,482	(31,071)
Net change in fund balance	\$ 4,948,553	4,948,553	4,917,482	(31,071)

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2F

## Special Revenue Fund

## Budgetary Comparison Schedule - Metrorail Parking System Pledged Revenue(Budget Basis)

For the fiscal year ended June 30, 2015

	*Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ -	-	20,604,538	20,604,538
Revenue from the use of money and property	-	-	11,466	11,466
Total revenues	-	-	20,616,004	20,616,004
Excess (deficiency) of revenues over (under) expenditures	-	-	20,616,004	20,616,004
Net change in fund balance	\$ -	-	20,616,004	20,616,004

COUNTY OF FAIRFAX, VIRGINIA  
Special Revenue Fund  
Budgetary Comparison Schedule - Federal/State Grant Fund (Budget Basis)  
For the fiscal year ended June 30, 2015

EXHIBIT D-2G

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 95,185,801	196,821,218	89,344,144	(107,477,074)
Recovered costs	-	6,429,322	5,461,972	(967,350)
Gifts, donations, and contributions	-	726,746	-	(726,746)
Total revenues	95,185,801	203,977,286	94,806,116	(109,171,170)
<b>EXPENDITURES</b>				
General government administration	100,394,265	34,351,331	-	34,351,331
Judicial administration	-	2,186,429	798,841	1,387,588
Public safety	-	68,309,979	33,502,407	34,807,572
Health and welfare	-	88,070,440	55,127,126	32,943,314
Community development	-	52,793,074	8,655,444	44,137,630
Parks, recreation, and cultural	-	5,771	-	5,771
Total expenditures	100,394,265	245,717,024	98,083,818	147,633,206
Excess (deficiency) of revenues over (under) expenditures	(5,208,464)	(41,739,738)	(3,277,702)	38,462,036
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	5,208,464	5,208,464	5,208,464	-
Transfers out	-	(700,000)	(700,000)	-
Total other financing sources	5,208,464	4,508,464	4,508,464	-
Net change in fund balance	\$ -	(37,231,274)	1,230,762	38,462,036

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2H

## Special Revenue Fund

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

For the fiscal year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Permits, privilege fees, and regulatory licenses	\$ 24,370,926	24,370,926	25,394,952	1,024,026
Charges for services	1,200	1,200	529	(671)
Fines and forfeitures	-	-	9,000	9,000
Total revenues	24,372,126	24,372,126	25,404,481	1,032,355
<b>EXPENDITURES</b>				
Community development	9,868,019	19,053,592	11,290,281	7,763,311
Total expenditures	9,868,019	19,053,592	11,290,281	7,763,311
Excess of revenues over expenditures	14,504,107	5,318,534	14,114,200	8,795,666
<b>OTHER FINANCING USES</b>				
Transfers out	(11,919,287)	(11,919,287)	(11,919,287)	-
Transfers out to component units	(3,207,314)	(3,207,314)	(3,207,314)	-
Total other financing uses	(15,126,601)	(15,126,601)	(15,126,601)	-
Net change in fund balance	\$ (622,494)	(9,808,067)	(1,012,401)	8,795,666

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2i

## Special Revenue Fund

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

For the fiscal year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 19,407,487	17,968,813	18,005,498	36,685
Charges for services	19,413,245	18,633,167	17,984,307	(648,860)
Fines and forfeitures	14,100	14,100	42,741	28,641
Total revenues	38,834,832	36,616,080	36,032,546	(583,534)
<b>EXPENDITURES</b>				
Health and welfare	152,151,047	154,936,429	144,991,032	9,945,397
Total expenditures	152,151,047	154,936,429	144,991,032	9,945,397
Excess (deficiency) of revenues over (under) expenditures	(113,316,215)	(118,320,349)	(108,958,486)	9,361,863
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	113,316,215	112,186,215	112,186,215	-
Transfers out	-	(4,000,000)	(4,000,000)	-
Total other financing sources	113,316,215	108,186,215	108,186,215	-
Net change in fund balance	\$ -	(10,134,134)	(772,271)	9,361,863



## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2J

## Special Revenue Fund

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

For the fiscal year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Charges for services	\$ 7,603,592	7,557,452	7,816,522	259,070
Revenue from the use of money and property	216,118	262,258	237,086	(25,172)
Total revenues	7,819,710	7,819,710	8,053,608	233,898
<b>EXPENDITURES</b>				
Parks, recreation, and cultural	8,633,945	9,104,154	7,503,451	1,600,703
Total expenditures	8,633,945	9,104,154	7,503,451	1,600,703
Net change in fund balance	\$ (814,235)	(1,284,444)	550,157	1,834,601

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2K

## Special Revenue Fund

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

For the fiscal year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Charges for services	\$ 5,219,061	5,219,061	5,260,896	41,835
Revenue from the use of money and property	114,198	84,198	85,922	1,724
Total revenues	5,333,259	5,303,259	5,346,818	43,559
<b>EXPENDITURES</b>				
Parks, recreation, and cultural	6,246,462	6,599,065	5,327,983	1,271,082
Total expenditures	6,246,462	6,599,065	5,327,983	1,271,082
Excess (deficiency) of revenues over (under) expenditures	(913,203)	(1,295,806)	18,835	1,314,641
Net change in fund balance	\$ (913,203)	(1,295,806)	18,835	1,314,641

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-L

## Special Revenue Fund

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

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 20,463	20,463	23,970	3,507
Fines and forfeitures	-	-	50	50
Revenue from the use of money and property	29,823	29,823	28,385	(1,438)
Total revenues	50,286	50,286	52,405	2,119
EXPENDITURES				
Parks, recreation, and cultural	45,231	121,825	66,423	55,402
Total expenditures	45,231	121,825	66,423	55,402
Net change in fund balance	\$ 5,055	(71,539)	(14,018)	57,521

COUNTY OF FAIRFAX, VIRGINIA  
Special Revenue Fund  
Budgetary Comparison Schedule - E-911 Fund (Budget Basis)  
For the fiscal year ended June 30, 2015

## EXHIBIT D-2M

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local sales and use taxes	\$ 40,346,530	40,346,530	40,294,990	(51,540)
Intergovernmental	4,400,000	4,400,000	4,539,261	139,261
Charges for Services	-	-	2,344	2,344
Revenue from the use of money and property	100,000	100,000	3,608	(96,392)
Recovered costs	150,000	150,000	179,056	29,056
Total revenues	44,996,530	44,996,530	45,019,259	22,729
<b>EXPENDITURES</b>				
Public safety	44,795,769	47,290,455	39,600,341	7,690,114
Total expenditures	44,795,769	47,290,455	39,600,341	7,690,114
Excess (deficiency) of revenues over (under) expenditures	200,761	(2,293,925)	5,418,918	7,712,843
Net change in fund balance	\$ 200,761	(2,293,925)	5,418,918	7,712,843

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2N

## Special Revenue Fund

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

For the fiscal year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Charges for services	\$ 2,182,547	2,182,547	2,166,739	(15,808)
Revenue from the use of money and property	7,691	7,691	3,072	(4,619)
Total revenues	2,190,238	2,190,238	2,169,811	(20,427)
<b>EXPENDITURES</b>				
Health and welfare	2,016,461	2,125,007	1,187,391	937,616
Community development	1,111,631	1,139,859	809,223	330,636
Total expenditures	3,128,092	3,264,866	1,996,614	1,268,252
Excess (deficiency) of revenues over (under) expenditures	(937,854)	(1,074,628)	173,197	1,247,825
<b>OTHER FINANCING USES</b>				
Transfers out	(138,000)	(138,000)	(138,000)	-
Total other financing uses	(138,000)	(138,000)	(138,000)	-
Net change in fund balance	\$ (1,075,854)	(1,212,628)	35,197	1,247,825

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2o

## Special Revenue Fund

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

For the fiscal year ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	2,560,731	2,589,862	29,131
Charges for services	49,185,000	49,185,000	48,943,742	(241,258)
Revenue from the use of money and property	-	-	1,076	1,076
Total revenues	49,185,000	51,745,731	51,534,680	(211,051)
<b>EXPENDITURES</b>				
Public works	48,185,000	102,981,088	49,157,402	53,823,686
Total expenditures	48,185,000	102,981,088	49,157,402	53,823,686
Excess (deficiency) of revenues over (under) expenditures	1,000,000	(51,235,357)	2,377,278	53,612,635
<b>OTHER FINANCING SOURCES (USES)</b>				
General obligation bonds issued	-	30,000,000	2,000,000	(28,000,000)
Transfers out	(1,000,000)	(1,000,000)	(1,000,000)	-
Total other financing sources (uses)	(1,000,000)	29,000,000	1,000,000	(28,000,000)
Net change in fund balance	\$ -	(22,235,357)	3,377,278	25,612,635

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2P

## Special Revenue Fund

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

For the fiscal year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Charges for services	\$ 2,122,695	2,122,695	2,202,711	80,016
Revenue from the use of money and property	64,438	64,438	55,780	(8,658)
Total revenues	2,187,133	2,187,133	2,258,491	71,358
<b>EXPENDITURES</b>				
Public works	2,187,182	2,187,182	2,100,142	87,040
Total expenditures	2,187,182	2,187,182	2,100,142	87,040
Net change in fund balance	\$ (49)	(49)	158,349	158,398

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2Q

## Special Revenue Fund

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

For the fiscal year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 145,292	145,292	128,034	(17,258)
Fines and Forfeitures	-	-	2,000	2,000
Charges for services	19,196,889	18,751,889	18,623,568	(128,321)
Revenue from the use of money and property	358,072	358,072	307,108	(50,964)
Recovered costs	15,335	15,335	8,741	(6,594)
Total revenues	19,715,588	19,270,588	19,069,451	(201,137)
<b>EXPENDITURES</b>				
Public works	21,513,371	24,119,610	19,423,401	4,696,209
Total expenditures	21,513,371	24,119,610	19,423,401	4,696,209
Excess (deficiency) of revenues over (under) expenditures	(1,797,783)	(4,849,022)	(353,950)	4,495,072
<b>OTHER FINANCING USES</b>				
Transfers out	(535,000)	(535,000)	(535,000)	-
Total other financing uses	(535,000)	(535,000)	(535,000)	-
Net change in fund balance	\$ (2,332,783)	(5,384,022)	(888,950)	4,495,072



## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2R

## Special Revenue Fund

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

For the fiscal year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Permits, privilege fees, and regulatory licenses	\$ 67,200	67,200	85,560	18,360
Charges for services	49,105,230	44,105,230	45,422,289	1,317,059
Revenue from the use of money and property	1,614,448	1,614,448	1,138,988	(475,460)
Recovered costs	-	-	13,165	13,165
Fines and forfeitures	-	-	85,148	85,148
Total revenues	50,786,878	45,786,878	46,745,150	958,272
<b>EXPENDITURES</b>				
Public works	53,016,159	52,718,946	46,324,132	6,394,814
Total expenditures	53,016,159	52,718,946	46,324,132	6,394,814
Excess (deficiency) of revenues over				
(under) expenditures	(2,229,281)	(6,932,068)	421,018	7,353,086
<b>OTHER FINANCING USES</b>				
Transfers out	(535,000)	(535,000)	(535,000)	-
Total other financing uses	(535,000)	(535,000)	(535,000)	-
Net change in fund balance	\$ (2,764,281)	(7,467,068)	(113,982)	7,353,086

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2s

## Special Revenue Fund

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

For the fiscal year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Charges for services	\$ 31,193,600	28,550,000	27,003,224	(1,546,776)
Revenue from the use of money and property	275,000	178,811	265,044	86,233
Recovered costs	-	-	7	7
Total revenues	31,468,600	28,728,811	27,268,275	(1,460,536)
<b>EXPENDITURES</b>				
Public works	21,515,539	21,539,611	17,519,337	4,020,274
Total expenditures	21,515,539	21,539,611	17,519,337	4,020,274
Excess of revenues over expenditures	9,953,061	7,189,200	9,748,938	2,559,738
<b>OTHER FINANCING USES</b>				
Transfers out	(42,000)	(42,000)	(42,000)	-
Total other financing uses	(42,000)	(42,000)	(42,000)	-
Net change in fund balance	\$ 9,911,061	7,147,200	9,706,938	2,559,738

**COUNTY OF FAIRFAX, VIRGINIA**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule - I-95 Refuse Disposal Fund (Budget Basis)**  
**For the fiscal year ended June 30, 2015**

**EXHIBIT D-2T**

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Permits, privilege fees, and regulatory licenses	\$ 7,200	7,200	-	(7,200)
Charges for services	7,361,538	7,199,546	7,673,775	474,229
Revenue from the use of money and property	334,028	247,400	368,620	121,220
<b>Total revenues</b>	<b>7,702,766</b>	<b>7,454,146</b>	<b>8,042,395</b>	<b>588,249</b>
<b>EXPENDITURES</b>				
Public works	9,280,702	17,655,809	9,304,947	8,350,862
<b>Total expenditures</b>	<b>9,280,702</b>	<b>17,655,809</b>	<b>9,304,947</b>	<b>8,350,862</b>
Excess (deficiency) of revenues over (under) expenditures	(1,577,936)	(10,201,663)	(1,262,552)	8,939,111
<b>OTHER FINANCING USES</b>				
Transfers out	(175,000)	(175,000)	(175,000)	-
<b>Total other financing uses</b>	<b>(175,000)</b>	<b>(175,000)</b>	<b>(175,000)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ (1,752,936)</b>	<b>(10,376,663)</b>	<b>(1,437,552)</b>	<b>8,939,111</b>

## 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, 2015

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ -	5,483,364	4,526,891	(956,473)
Revenue from the use of money and property	4,750,027	3,941,253	450,457	(3,490,796)
Total revenues	4,750,027	9,424,617	4,977,348	(4,447,269)
<b>EXPENDITURES</b>				
Community development	3,779,625	9,487,930	4,751,924	4,736,006
Debt service:				
Principal retirement	674,000	674,000	674,000	-
Interest and other charges:				
Interest	296,402	296,402	296,402	-
Total expenditures	4,750,027	10,458,332	5,722,326	4,736,006
Excess (deficiency) of revenues over				
(under) expenditures	-	(1,033,715)	(744,978)	288,737
Net change in fund balance	\$ -	(1,033,715)	(744,978)	288,737

## 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, 2015

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Developers' contributions	\$ -	-	868,891	868,891
Revenue from the use of money and property	17,687	17,687	18,875	1,188
Other Revenue	622,285	622,285	482,734	(139,551)
Total revenues	639,972	639,972	1,370,500	730,528
<b>EXPENDITURES</b>				
Community development	639,972	6,184,391	1,578,386	4,606,005
Total expenditures	639,972	6,184,391	1,578,386	4,606,005
Excess (deficiency) of revenues over (under) expenditures	-	(5,544,419)	(207,886)	5,336,533
Net change in fund balance	\$ -	(5,544,419)	(207,886)	5,336,533

## 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, 2015

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ -	3,414,641	2,005,263	(1,409,378)
Revenue from the use of money and property	1,417,514	834,193	147,231	(686,962)
Total revenues	1,417,514	4,248,834	2,152,494	(2,096,340)
<b>EXPENDITURES</b>				
Community development	1,417,514	4,471,758	2,323,088	2,148,670
Total expenditures	1,417,514	4,471,758	2,323,088	2,148,670
Net change in fund balance	\$ -	(222,924)	(170,594)	52,330



The **Debt Service Funds** are used to account for the accumulation of resources for and the payments of bond principal, interest, and related expenses.

Debt Service Fund is used to account for the funds accumulated and expended for the payment of principal, interest, and other costs applicable to general obligation bond issues, certain lease revenue bonds, and loans received from the Literary Fund of Virginia.

Debt Service Fund Mosaic Community Development Authority Fund is used to account for the accumulation of resources for and the payments of bond principal, interest, and related expenses on debt of the Mosaic Community Development Authority.



COUNTY OF FAIRFAX, VIRGINIA  
Debt Service Funds  
Combining Balance Sheet  
June 30, 2015

## EXHIBIT E

	Debt Service	Mosaic Community Development Authority	Total Debt Service Funds
<b>ASSETS</b>			
Equity in pooled cash and temporary investments	\$ 12,220,272	-	12,220,272
Accrued interest	-	20,700	20,700
Loan to component unit	12,305,400	-	12,305,400
Lease to component unit	44,000,000	-	44,000,000
Restricted assets:			
Restricted assets - Cash with fiscal agents	9,298,274	6,728,113	16,026,387
Total assets	77,823,946	6,748,813	84,572,759
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	\$ 77,823,946	6,748,813	84,572,759
<b>LIABILITIES</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 39,948	-	39,948
Unearned revenue	44,000,000	152,363	44,152,363
Performance and other deposits	1,431,550		1,431,550
Total liabilities	45,471,498	152,363	45,623,861
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Total deferred inflows of resources	-	-	-
Total liabilities and deferred inflows of resources	45,471,498	152,363	45,623,861
<b>FUND BALANCES</b>			
Restricted for:			
Parks, recreation, and cultural	12,305,400	-	12,305,400
Debt service	-	6,596,450	6,596,450
Total Restricted	12,305,400	6,596,450	18,901,850
Committed to:			
Debt service	20,047,048	-	20,047,048
Total Committed	20,047,048	-	20,047,048
Total fund balance	32,352,448	6,596,450	38,948,898
Total liabilities, deferred inflows of resources, and fund balance	\$ 77,823,946	6,748,813	84,572,759

## 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, 2015

	Debt Service	Mosaic Community Development Authority	Total Debt Service Funds
<b>REVENUES</b>			
Intergovernmental	\$ 4,541,102	-	4,541,102
Revenue from the use of money and property	2,209,308	68,348	2,277,656
Total revenues	6,750,410	68,348	6,818,758
<b>EXPENDITURES</b>			
Principal retirement:			
County	102,002,402	-	102,002,402
Schools	143,807,100	-	143,807,100
Interest:			
County	46,607,382	4,542,088	51,149,470
Schools	61,131,694	-	61,131,694
Other charges:			
Bond issuance costs and other	4,443,840	-	4,443,840
Total expenditures	357,992,418	4,542,088	362,534,506
Deficiency of revenues under expenditures	(351,242,008)	(4,473,740)	(355,715,748)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in from:			
General Fund	310,883,333	-	310,883,333
Special revenue funds	-	2,382,244	2,382,244
Capital projects funds	886,645	-	886,645
Transfers out	(8,000,000)	-	(8,000,000)
General obligation refunding bonds issued	259,260,000	-	259,260,000
Premium on general obligation refunding bonds issued	52,218,707	-	52,218,707
General obligation payments to refunded bonds escrow agent	(270,710,041)	-	(270,710,041)
Total other financing sources	344,538,644	2,382,244	346,920,888
Net change in fund balance	(6,703,364)	(2,091,496)	(8,794,860)
Fund balance, July 1, 2014	39,055,812	8,687,946	47,743,758
Fund balance, June 30, 2015	\$ 32,352,448	6,596,450	38,948,898

## 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, 2015

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 80,000	3,023,805	3,079,656	55,851
Total revenues	80,000	3,023,805	3,079,656	55,851
<b>EXPENDITURES</b>				
Principal retirement:				
County	85,269,602	92,328,202	92,328,202	-
Schools	108,549,900	113,901,300	113,901,300	-
Interest:				
County	48,431,137	44,108,382	40,466,605	3,641,777
Schools	71,758,366	66,970,715	60,996,571	5,974,144
Bond issuance costs and other	2,000,000	3,989,000	3,485,760	503,240
Total expenditures	316,009,005	321,297,599	311,178,438	10,119,161
Excess (deficiency) of revenues over (under) expenditures	(315,929,005)	(318,273,794)	(308,098,782)	10,175,012
<b>OTHER FINANCING SOURCES (USES)</b>				
General obligation bonds issued	500,000	989,000	994,078	5,078
Transfers in from:				
General Fund	310,883,333	310,883,333	310,883,333	-
Other funds	4,545,672	3,914,163	3,914,163	-
Transfers out	-	(8,000,000)	(8,000,000)	-
Total other financing sources	315,929,005	307,786,496	307,791,574	5,078
Net change in fund balance	\$ -	(10,487,298)	(307,208)	10,180,090

The **Capital Projects Funds** are used to account for financial resources used for all general County construction projects other than enterprise fund construction.

Contributed Roadway Improvement Fund is used to account for contributions received from developers to fund specific projects in various growth areas of the County.

Library Construction Fund is used to account for design and construction of new County libraries, renovations of existing facilities, and capital equipment expenditures authorized by voter referendum. Projects are funded from the sale of bonds.

County Construction Fund is used to account for renovations, maintenance, and on-going initiatives involving County, FCPA, and FCPS properties. Projects are funded from a variety of sources including, but not limited to the General Fund, aid from the State, and the sale of bonds.

Capital Renewal Construction Fund is used to account for the planned replacement of County government building subsystems such as roofs, electrical systems, HVAC systems, and plumbing systems that have reached the end of their useful life cycle. Projects are funded by the General Fund.

Transportation Improvements Fund is used to account for road construction and repair authorized by voter referendum. Projects are funded primarily from the sale of bonds. Other sources of funding are developers' contributions and transfers from other funds.

Pedestrian Walkway Improvements Fund is used to account for the design and construction of sidewalks to provide safe walking conditions for public school students. The program is undertaken in cooperation with the Public School system and generally involves projects which link residential areas and public schools. Projects are funded by the General Fund.

Metro Operations and Construction Fund is used to account for subsidies to the Washington Metropolitan Area Transit Authority for Metrobus/Metrorail operations and Metrorail construction. The cost of the operations and construction is shared by all local jurisdictions in the Washington, D.C. metropolitan area.

Public Safety Construction Fund is used to account for the funding of public safety projects, including the design and construction of fire stations, police stations, and the Public Safety Academy. Projects are funded by the sale of bonds.

Commercial Revitalization Program Fund is used to account for the development and revitalization of commercial centers. The improvements financed through the program include moving utilities underground, sidewalk construction, street lighting, tree planting, and other pedestrian amenities. Projects are funded by the sale of bonds.

Pro Rata Drainage Construction Fund is used to account for storm drainage projects in accordance with the Pro Rata Share Program approved by the Board of Supervisors on December 16, 1991. Under this program, funding is obtained from land developers who pay a pro rata share of the total estimated cost of necessary storm drainage improvements.

Housing Assistance Program Fund is used to account for the development of low and moderate income housing and the support of public improvement projects in low and moderate income neighborhoods.

The Penny for Affordable Housing Fund is used to account for the planned allocation of funding by the Board of Supervisors to prioritize and monitor affordable housing preservation initiatives. Projects are funded by the 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, 2015**

	Contributed Roadway Improvement	Library Construction	County Construction	Capital Renewal Construction
<b>ASSETS</b>				
Equity in pooled cash and temporary investments	\$ 57,551,161	3,568,883	52,866,847	17,249,771
Receivables:				
Accounts	-	-	123,480	-
Accrued interest	537	-	-	-
Loans	-	-	-	-
Due from intergovernmental units	426,130	-	-	-
Due from component units	-	-	-	-
Loan to component unit	-	-	-	-
Prepaid and other assets	-	-	-	-
Restricted assets:				
Equity in pooled cash and temporary investments	-	4,880,037	10,146,582	3,496,688
Cash with fiscal agents	-	-	13,176,410	-
Total assets	57,977,828	8,448,920	76,313,319	20,746,459
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	\$ 57,977,828	8,448,920	76,313,319	20,746,459
<b>LIABILITIES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 82,437	105,778	1,026,301	374,772
Contract retainages	22,449	37,147	748,500	-
Due to component units	-	-	602,757	-
Unearned revenue	-	-	27,009,600	-
Performance and other deposits	15,706,835	613	2,599,143	-
Total liabilities	15,811,721	143,538	31,986,301	374,772
<b>DEFERRED INFLOW OF RESOURCES</b>				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Total liabilities and deferred inflows of resources	15,811,721	143,538	31,986,301	374,772
<b>FUND BALANCES</b>				
Restricted for:				
Capital projects	42,166,107	8,305,382	10,146,582	14,821,687
Total Restricted	42,166,107	8,305,382	10,146,582	14,821,687
Committed to:				
Capital projects	-	-	34,180,436	5,550,000
Total Committed	-	-	34,180,436	5,550,000
Unassigned:	-	-	-	-
Total fund balances	42,166,107	8,305,382	44,327,018	20,371,687
Total liabilities, deferred inflows of resources, and fund balances	\$ 57,977,828	8,448,920	76,313,319	20,746,459

## EXHIBIT F

Transportation Improvements	Pedestrian Walkway Improvements	Metro Operations and Construction	
			<b>ASSETS</b>
-	2,271,671	890,901	Equity in pooled cash and temporary investments
			Receivables:
-	-	-	Accounts
-	-	-	Accrued interest
-	-	-	Loans
263,457	87,971	-	Due from intergovernmental units
-	-	-	Due from component units
-	-	-	Loan to component unit
-	-	-	Prepaid and other assets
			Restricted assets:
17,448,726	-	-	Equity in pooled cash and temporary investments
-	-	-	Cash with fiscal agents
17,712,183	2,359,642	890,901	Total assets
			<b>DEFERRED OUTFLOWS OF RESOURCES</b>
-	-	-	Total deferred outflows of resources
17,712,183	2,359,642	890,901	Total assets and deferred outflows of resources
			<b>LIABILITIES</b>
			Liabilities:
1,429,803	86,416	-	Accounts payable and accrued liabilities
97,472	15,426	-	Contract retainages
-	-	-	Due to component units
-	-	-	Unearned revenue
1,006,490	128,722	1,755	Performance and other deposits
2,533,765	230,564	1,755	Total liabilities
			<b>DEFERRED INFLOW OF RESOURCES</b>
-	-	-	Unavailable revenue
-	-	-	Total deferred inflows of resources
2,533,765	230,564	1,755	Total liabilities and deferred inflows of resources
			<b>FUND BALANCES</b>
			Restricted for:
15,178,418	1,129,078	-	Capital projects
15,178,418	1,129,078	-	Total Restricted
			Committed to:
-	1,000,000	889,146	Capital projects
-	1,000,000	889,146	Total Committed
			Unassigned:
15,178,418	2,129,078	889,146	Total fund balances
17,712,183	2,359,642	890,901	Total liabilities, deferred inflows of resources, and fund balances

continued



**COUNTY OF FAIRFAX, VIRGINIA**  
**Capital Projects Funds**  
**Combining Balance Sheet**  
**June 30, 2015**

	Public Safety Construction	Commercial Revitalization Program	Pro Rata Drainage Construction
<b>ASSETS</b>			
Equity in pooled cash and temporary investments	\$ 5,750,000	1,159,960	3,824,413
Receivables:			
Accounts	-	-	-
Accrued interest	-	-	-
Loans	-	-	-
Due from intergovernmental units	-	18,136	-
Due from component units	-	-	-
Loan to component unit	-	-	-
Prepaid and other assets	-	-	-
Restricted assets:			
Equity in pooled cash and temporary investments	24,780,159	-	-
Cash with fiscal agents	116,321,370	-	-
Total assets	146,851,529	1,178,096	3,824,413
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	\$146,851,529	1,178,096	3,824,413
<b>LIABILITIES</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 4,270,991	37,432	111,915
Contract retainages	3,488,668	17,157	35,783
Due to component units	-	-	-
Unearned revenue	-	-	-
Performance and other deposits	-	-	2,644,395
Total liabilities	7,759,659	54,589	2,792,093
<b>DEFERRED INFLOW OF RESOURCES</b>			
Unavailable revenue	-	-	-
Total deferred inflows of resources	-	-	-
Total liabilities and deferred inflows of resources	7,759,659	54,589	2,792,093
<b>FUND BALANCES</b>			
Restricted for:			
Capital projects	133,341,870	1,123,507	1,032,320
Total Restricted	133,341,870	1,123,507	1,032,320
Committed to:			
Capital projects	5,750,000	-	-
Total Committed	5,750,000	-	-
Unassigned:	-	-	-
Total fund balances	139,091,870	1,123,507	1,032,320
Total liabilities deferred inflows of resources, and fund balances	\$ 146,851,529	1,178,096	3,824,413

**EXHIBIT F**

concluded

Housing Assistance Program	The Penny for Affordable Housing	Total Capital Projects Funds	
<b>ASSETS</b>			
3,527,307	30,317,126	178,978,040	Equity in pooled cash and temporary investments
-	-	123,480	Receivables:
-	3,297,506	3,298,043	Accounts
-	35,029,194	35,029,194	Accrued interest
-	-	795,694	Loans
-	-	-	Due from intergovernmental units
-	-	-	Due from component units
-	-	-	Loan to component unit
-	-	-	Prepaid and other assets
3,178,402	-	63,930,594	Restricted assets:
-	-	129,497,780	Equity in pooled cash and temporary investments
6,705,709	68,643,826	411,652,825	Cash with fiscal agents
			Total assets
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
-	-	-	Total deferred outflows of resources
6,705,709	68,643,826	411,652,825	Total assets and deferred outflows of resources
<b>LIABILITIES AND FUND BALANCES</b>			
-	170,284	7,696,129	Liabilities:
113,679	-	4,576,281	Accounts payable and accrued liabilities
-	-	602,757	Contract retainages
-	-	27,009,600	Due to component units
-	-	22,087,953	Unearned revenue
113,679	170,284	61,972,720	Performance and other deposits
			Total liabilities
<b>DEFERRED INFLOW OF RESOURCES</b>			
-	3,297,506	3,297,506	Unavailable revenue
-	3,297,506	3,297,506	Total deferred inflows of resources
113,679	3,467,790	65,270,226	Total liabilities and deferred inflows of resources
<b>FUND BALANCES</b>			
6,077,030	23,257,124	256,579,105	Restricted for:
6,077,030	23,257,124	256,579,105	Capital projects
			Total Restricted
515,000	41,918,912	89,803,494	Committed to:
515,000	41,918,912	89,803,494	Capital projects
-	-	-	Total Committed
6,592,030	65,176,036	346,382,599	Unassigned:
6,705,709	68,643,826	411,652,825	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, 2015

	Contributed Roadway Improvement	Library Construction	County Construction	Capital Renewal Construction
<b>REVENUES</b>				
Taxes	\$ -	-	-	-
Intergovernmental	426,130	-	-	464,680
Charges for services	-	-	1,375,611	-
Developers' contributions	8,334,619	-	1,421,862	-
Revenue from the use of money and property	106,383	-	418,792	-
Recovered costs	-	-	1,026,280	-
Total revenues	8,867,132	-	4,242,545	464,680
<b>EXPENDITURES</b>				
Current:				
General government administration	-	-	447,372	512,883
Public safety	-	-	-	-
Public works	-	-	8,719	-
Health and welfare	-	-	4,273,809	-
Community development	998,615	-	2,188,014	-
Parks, recreation, and cultural	-	864	3,876,389	-
Intergovernmental:				
Community development	166,500	-	-	-
Parks, recreation, and cultural	-	-	26,733,924	-
Education - for Public Schools	-	-	164,877,992	-
Capital outlay:				
General government administration	-	-	1,958,754	7,418,292
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	18,038,074	-
Community development	-	-	2,331,381	-
Parks, recreation, and cultural	-	4,358,586	426,295	-
Debt service:				
Principal retirement	-	-	645,000	-
Interest and other charges	-	-	296,716	-
Total expenditures	1,165,115	4,359,450	226,102,439	7,931,175
Excess (Deficiency of) revenues over (under) expenditures	7,702,017	(4,359,450)	(221,859,894)	(7,466,495)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	26,282,606	5,550,000
Transfers out	(550,000)	-	(6,586,645)	-
General obligation bonds issued	-	-	174,120,000	-
Premium on general obligation bonds issued	-	-	23,068,745	-
Notes issued	-	-	-	10,000,000
Total other financing sources (uses)	(550,000)	-	216,884,706	15,550,000
Net change in fund balances	7,152,017	(4,359,450)	(4,975,188)	8,083,505
Fund balances, July 1, 2014	35,014,090	12,664,832	49,302,206	12,288,182
Fund balances, June 30, 2015	\$ 42,166,107	8,305,382	44,327,018	20,371,687

## EXHIBIT F-1

Transportation Improvements	Pedestrian Walkway Improvements	Metro Operations and Construction	
<b>REVENUES</b>			
-	-	-	Taxes
-	233,965	-	Intergovernmental
-	-	-	Charges for services
-	15,517	-	Developers' contributions
-	-	-	Revenue from the use of money and property
-	-	-	Recovered costs
-	249,482	-	Total revenues
<b>EXPENDITURES</b>			
Current:			
-	-	-	General government administration
-	-	-	Public safety
-	-	-	Public works
-	-	-	Health and welfare
17,312,563	179,530	-	Community development
-	-	-	Parks, recreation, and cultural
Intergovernmental:			
-	-	36,156,088	Community development
-	-	-	Parks, recreation, and cultural
-	-	-	Education - for Public Schools
Capital outlay:			
-	-	-	General government administration
-	-	-	Public safety
-	-	-	Public works
-	-	-	Health and welfare
3,317,097	354,550	-	Community development
-	-	-	Parks, recreation, and cultural
Debt service:			
-	-	-	Principal retirement
-	-	-	Interest and other charges
20,629,660	534,080	36,156,088	Total expenditures
Deficiency of revenues under expenditures			
(20,629,660)	(284,598)	(36,156,088)	
<b>OTHER FINANCING SOURCES (USES)</b>			
-	300,000	11,848,296	Transfers in
-	-	(2,492,207)	Transfers out
10,705,000	-	23,000,000	General obligation bonds issued
4,295,000	-	-	Premium on general obligation bonds issued
-	-	-	Notes issued
15,000,000	300,000	32,356,089	Total other financing sources (uses)
(5,629,660)	15,402	(3,799,999)	Net change in fund balances
20,808,078	2,113,676	4,689,145	Fund balances, July 1, 2014
15,178,418	2,129,078	889,146	Fund balances, June 30, 2015

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, 2015

	Public Safety Construction	Commercial Revitalization Program	Pro Rata Drainage Construction
<b>REVENUES</b>			
Taxes	\$ -	-	-
Intergovernmental	-	415,275	-
Charges for services	-	-	-
Developers' contributions	-	100,000	-
Revenue from the use of money and property	374,849	-	-
Recovered costs	-	-	2,499,065
Total revenues	374,849	515,275	2,499,065
<b>EXPENDITURES</b>			
Current:			
General government administration	-	-	-
Public safety	440,657	-	-
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	41,018,942	-	-
Public works	-	-	2,499,065
Health and welfare	-	-	-
Community development	-	397,452	-
Parks, recreation, and cultural	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and other charges	-	-	-
Total expenditures	41,459,599	397,452	2,499,065
Excess (Deficiency of) revenues over (under) expenditures	(41,084,750)	117,823	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	5,750,000	-	-
Transfers out	(2,300,000)	-	-
General obligation bonds issued	17,740,000	-	-
Premium on general obligation bonds issued	2,260,000	-	-
Notes issued	-	-	-
Total other financing sources (uses)	23,450,000	-	-
Net change in fund balances	(17,634,750)	117,823	-
Fund balances, July 1, 2014	156,726,620	1,005,684	1,032,320
Fund balances, June 30, 2015	\$ 139,091,870	1,123,507	1,032,320

**EXHIBIT F-1**

concluded

Housing Assistance Program	The Penny for Affordable Housing	Total Capital Projects Funds	
<b>REVENUES</b>			
-	10,930,000	10,930,000	Taxes
-	-	1,540,050	Intergovernmental
-	-	1,375,611	Charges for services
-	-	9,871,998	Developers' contributions
-	5,545,806	6,445,830	Revenue from the use of money and property
-	-	3,525,345	Recovered costs
-	16,475,806	33,688,834	Total revenues
<b>EXPENDITURES</b>			
Current:			
-	-	960,255	General government administration
-	-	440,657	Public safety
-	-	8,719	Public works
-	-	4,273,809	Health and welfare
111,008	3,005,332	23,795,062	Community development
-	-	3,877,253	Parks, recreation, and cultural
Intergovernmental:			
-	431,531	36,754,119	Community development
-	-	26,733,924	Parks, recreation, and cultural
-	-	164,877,992	Education - for Public Schools
Capital outlay:			
-	-	9,377,046	General government administration
-	-	41,018,942	Public safety
-	-	2,499,065	Public works
-	-	18,038,074	Health and welfare
-	-	6,400,480	Community development
-	-	4,784,881	Parks, recreation, and cultural
Debt service:			
-	23,450,000	24,095,000	Principal retirement
-	3,935,117	4,231,833	Interest and other charges
111,008	30,821,980	372,167,111	Total expenditures
Excess (Deficiency of) revenues over (under) expenditures			
(111,008)	(14,346,174)	(338,478,277)	
<b>OTHER FINANCING SOURCES (USES)</b>			
-	-	49,730,902	Transfers in
-	-	(11,928,852)	Transfers out
-	-	225,565,000	General obligation bonds issued
-	-	29,623,745	Premium on general obligation bonds issued
-	18,260,000	28,260,000	Notes issued
-	18,260,000	321,250,795	Total other financing sources (uses)
(111,008)	3,913,826	(17,227,482)	Net change in fund balances
6,703,038	61,262,210	363,610,081	Fund balances, July 1, 2014
6,592,030	65,176,036	346,382,599	Fund balances, June 30, 2015



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, 2015**

	Vehicle Services	Self- Insurance	Document Services
<b>ASSETS</b>			
Current assets:			
Equity in pooled cash and temporary investments \$	38,579,915	116,951,021	1,258,600
Accounts receivable	86,994	-	2,047
Accrued interest receivable	-	494	-
Interfund receivables	-	-	-
Inventories of supplies	3,056,887	-	-
Prepaid and other assets	-	-	-
Total current assets	41,723,796	116,951,515	1,260,647
Long-term assets:			
Capital assets:			
Non-depreciable/non-amortizable:			
Land	1,938,688	-	-
Construction in progress	3,778,362	-	-
Equipment under construction	6,845,758	-	-
Depreciable:			
Equipment	119,577,394	-	4,486,549
Software	-	-	-
Buildings and improvements	20,644,947	-	-
Infrastructure	3,267,686	-	-
Accumulated depreciation	(83,785,138)	-	(1,816,812)
Accumulated amortization	-	-	-
Total capital assets, net	72,267,697	-	2,669,737
Total assets	113,991,493	116,951,515	3,930,384
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total deferred outflows of resources	-	-	-
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	3,350,225	31,066	75,268
Accrued salaries and benefits	949,916	66,380	38,142
Accrued Interest Payable	-	-	-
Compensated absences payable	1,007,145	91,764	51,640
Obligations under capital leases	-	-	803,376
Insurance and benefit claims payable	-	18,621,000	-
Total current liabilities	5,307,286	18,810,210	968,426
Long-term liabilities:			
Compensated absences payable	1,042,220	32,274	28,289
Obligations under capital leases	-	-	1,758,459
Insurance and benefit claims payable	-	31,993,000	-
Total long-term liabilities	1,042,220	32,025,274	1,786,748
Total liabilities	6,349,506	50,835,484	2,755,174
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Total deferred inflow of resources	-	-	-
<b>NET POSITION</b>			
Net investment in capital assets	72,176,321	-	107,901
Unrestricted	35,465,666	66,116,031	1,067,309
Net position	\$ 107,641,987	66,116,031	1,175,210

## EXHIBIT G

Technology Infrastructure Services	Health Benefits	Total Internal Service Funds	
			<b>ASSETS</b>
			Current assets:
8,545,521	58,405,363	223,740,420	Equity in pooled cash and temporary investments
-	47,219	136,260	Accounts receivable
-	786	1,280	Accrued interest receivable
-	1,138,613	1,138,613	Interfund receivables
-	-	3,056,887	Inventories of supplies
254,833	-	254,833	Prepaid and other assets
8,800,354	59,591,981	228,328,293	Total current assets
			Long-term assets:
			Capital assets:
			Non-depreciable/non-amortizable:
-	-	1,938,688	Land
-	273,548	4,051,910	Construction in progress
27,557	-	6,873,315	Equipment under construction
			Depreciable:
25,488,431	27,357	149,579,731	Equipment
2,200,587	-	2,200,587	Software
981,542	-	21,626,489	Buildings and improvements
-	-	3,267,686	Infrastructure
(14,325,791)	(15,803)	(99,943,544)	Accumulated depreciation
(1,082,170)	-	(1,082,170)	Accumulated amortization
13,290,156	285,102	88,512,692	Total capital assets, net
22,090,510	59,877,083	316,840,985	Total assets
			<b>DEFERRED OUTFLOWS OF RESOURCES</b>
-	-	-	Total deferred outflows of resources
			<b>LIABILITIES</b>
			Current liabilities:
834,503	1,379,116	5,670,178	Accounts payable and accrued liabilities
343,197	8,921	1,406,556	Accrued salaries and benefits
4,201	-	4,201	Accrued Interest Payable
503,106	2,192	1,655,847	Compensated absences payable
180,846	-	984,222	Obligations under capital leases
-	10,800,000	29,421,000	Insurance and benefit claims payable
1,865,853	12,190,229	39,142,004	Total current liabilities
			Long-term liabilities:
405,497	-	1,508,280	Compensated absences payable
376,747	-	2,135,206	Obligations under capital leases
-	-	31,993,000	Insurance and benefit claims payable
782,244	-	35,636,486	Total long-term liabilities
2,648,097	12,190,229	74,778,490	Total liabilities
			<b>DEFERRED INFLOWS OF RESOURCES</b>
-	-	-	Total deferred inflow of resources
			<b>NET POSITION</b>
12,732,563	285,102	85,301,887	Net investment in capital assets
6,709,850	47,401,752	156,760,608	Unrestricted
19,442,413	47,686,854	242,062,495	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, 2015

	Vehicle Services	Self- Insurance	Document Services
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 78,177,347	40,878,005	2,744,322
Total operating revenues	78,177,347	40,878,005	2,744,322
<b>OPERATING EXPENSES:</b>			
Personnel services	20,620,894	1,495,069	817,479
Materials and supplies	168,446	156,837	731,920
Equipment operation and maintenance	37,766,413	51,606	1,691,720
Risk financing and benefit payments	-	30,443,782	-
Depreciation	11,827,889	-	884,191
Professional consultant and contractual services	6,004,868	1,736,986	1,409,364
Other	49,499	88,419	-
Total operating expenses	76,438,009	33,972,699	5,534,674
Operating income (loss)	1,739,338	6,905,306	(2,790,352)
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Interest revenue	-	102,288	-
Interest expense	-	-	(178,528)
Gain (loss) on disposal of capital assets	446,161	-	-
Total nonoperating revenues (expenses)	446,161	102,288	(178,528)
Income (loss) before transfers and contributions	2,185,499	7,007,594	(2,968,880)
Capital contributions	-	-	-
Transfers in	-	16,700,000	2,398,233
Change in net position	2,185,499	23,707,594	(570,647)
Net position, July 1, 2014	105,456,488	42,408,437	1,745,857
Net position, June 30, 2015	\$ 107,641,987	66,116,031	1,175,210

## EXHIBIT G-1

Technology Infrastructure Services	Health Benefits	Total Internal Service Funds	
			<b>OPERATING REVENUES:</b>
29,720,518	167,088,241	318,608,433	Charges for services
29,720,518	167,088,241	318,608,433	Total operating revenues
			<b>OPERATING EXPENSES:</b>
6,827,484	-	29,760,926	Personnel services
207,903	14,351	1,279,457	Materials and supplies
3,173,548	150,447	42,833,734	Equipment operation and maintenance
-	154,540,482	184,984,264	Risk financing and benefit payments
2,840,046	4,234	15,556,360	Depreciation
22,000,886	47,486	31,199,590	Professional consultant and contractual services
55,010	8,662,699	8,855,627	Other
35,104,877	163,419,699	314,469,958	Total operating expenses
(5,384,359)	3,668,542	4,138,475	Operating income (loss)
			<b>NONOPERATING REVENUES (EXPENSES):</b>
-	58,834	161,122	Interest revenue
(19,332)	-	(197,860)	Interest expense
(1,547)	-	444,614	Gain (loss) on disposal of capital assets
(20,879)	58,834	407,876	Total nonoperating revenues (expenses)
(5,405,238)	3,727,376	4,546,351	Income (loss) before transfers and contributions
85,925	-	85,925	Capital contributions
5,870,771	1,000,000	25,969,004	Transfers in
551,458	4,727,376	30,601,280	Change in net position
18,890,955	42,959,478	211,461,215	Net position, July 1, 2014
19,442,413	47,686,854	242,062,495	Net position, June 30, 2015

**COUNTY OF FAIRFAX, VIRGINIA**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the fiscal year ended June 30, 2015**

	Vehicle Services	Self- Insurance	Document Services
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from interfund services provided	\$ 78,154,695	40,878,005	2,744,126
Payments to suppliers and contractors	(39,050,090)	-	(3,932,570)
Payments to employees	(20,342,881)	(1,483,959)	(816,446)
Claims and benefits paid	-	(27,992,567)	-
Payments for interfund services used	(5,849,413)	(2,033,848)	-
Net cash provided (used) by operating activities	12,912,311	9,367,631	(2,004,890)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	-	16,700,000	2,398,233
Net cash provided by noncapital financing activities	-	16,700,000	2,398,233
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from sale of capital assets	594,099	-	-
Purchase of capital assets	(16,763,914)	-	(29,995)
Principal payments on obligations under capital leases	-	-	(756,704)
Interest payments on obligations under capital leases	-	-	(178,528)
Net cash used by capital and related financing activities	(16,169,815)	-	(965,227)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	-	102,099	-
Net cash provided by investing activities	-	102,099	-
Net increase (decrease) in cash and cash equivalents	(3,257,504)	26,169,730	(571,884)
Cash and cash equivalents, July 1, 2014	41,837,419	90,781,291	1,830,484
Cash and cash equivalents, June 30, 2015	\$ 38,579,915	116,951,021	1,258,600
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 1,739,338	6,905,306	(2,790,352)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	11,827,889	-	884,191
Change in assets and liabilities:			
Increase (Decrease) in accounts receivable	(22,652)	-	(196)
Increase in interfund receivables	-	-	-
Increase in inventories of supplies	(263,924)	-	-
Increase (Decrease) in other assets	-	-	814
Increase (Decrease) in accounts payable and accrued liabilities	(646,353)	2,451,215	(100,380)
Increase in accrued salaries and benefits	278,013	11,110	1,033
Total adjustments to operating income	11,172,973	2,462,325	785,462
Net cash provided (used) by operating activities	12,912,311	9,367,631	(2,004,890)
<b>Noncash capital and financing activities:</b>			
Initiation of an obligation under capital lease	-	-	3,318,540
Capital contributions - equipment	\$ -	-	-

## EXHIBIT G-2

Technology Infrastructure Services	Health Benefits	Total Internal Service Funds	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
29,721,261	166,914,679	318,412,766	Receipts from interfund services provided
(25,733,822)	(4,378,161)	(73,094,643)	Payments to suppliers and contractors
(6,774,628)	-	(29,417,914)	Payments to employees
-	(161,436,144)	(189,428,711)	Claims and benefits paid
-	-	(7,883,261)	Payments for interfund services used
(2,787,189)	1,100,374	18,588,237	Net cash provided (used) by operating activities
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
5,870,771	1,000,000	25,969,004	Transfers from other funds
5,870,771	1,000,000	25,969,004	Net cash provided by noncapital financing activities
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
-	-	594,099	Proceeds from sale of capital assets
(4,778,355)	(273,548)	(21,845,812)	Purchase of capital assets
(176,005)	-	(932,709)	Principal payments on obligations under capital leases
(20,174)	-	(198,702)	Interest payments on obligations under capital leases
(4,974,534)	(273,548)	(22,383,124)	Net cash used by capital and related financing activities
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
-	58,268	160,367	Interest received
-	58,268	160,367	Net cash provided by investing activities
(1,890,952)	1,885,094	22,334,484	Net increase (decrease) in cash and cash equivalents
10,436,473	56,520,269	201,405,936	Cash and cash equivalents, July 1, 2014
8,545,521	58,405,363	223,740,420	Cash and cash equivalents, June 30, 2015
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
(5,384,359)	3,668,542	4,138,475	Operating income (loss)
			Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:
2,840,046	4,234	15,556,360	Depreciation and amortization
			Change in assets and liabilities:
743	-	(22,105)	Increase (Decrease) in accounts receivable
-	(173,562)	(173,562)	Increase in interfund receivables
-	-	(263,924)	Increase in inventories of supplies
(254,833)	-	(254,019)	Increase (Decrease) in other assets
(41,642)	(2,403,651)	(740,811)	Increase (Decrease) in accounts payable and accrued liabilities
52,856	4,811	347,823	Increase in accrued salaries and benefits
2,597,170	(2,568,168)	14,449,762	Total adjustments to operating income
(2,787,189)	1,100,374	18,588,237	Net cash provided (used) by operating activities
<b>Noncash capital and financing activities:</b>			
-	-	3,318,540	Initiation of an obligation under capital lease
85,925	-	85,925	Capital contributions - equipment

The **Fiduciary Funds** are used to account for assets held by the County in a trustee or agency capacity and include the pension trust funds and agency funds. Pension trust funds account for assets held by the County under terms of a formal trust agreement. Agency funds are custodial in nature and are maintained to account for funds received and disbursed by the County on behalf of various organizations.

Pension Trust Funds are used to account for employee retirement systems that provide pension benefits for various classes of County employees. The County maintains three employee retirement funds: the Uniformed Retirement Fund, the Employees' Retirement Fund, and the Police Officers Retirement Fund.

OPEB Trust Fund is used to account for the costs of other post-employment benefits, including health care, life insurance, and other non-pension benefits offered to retirees. The establishment of a trust fund allows the County to capture long-term investment returns, make progress towards reducing the unfunded actuarial liability, and pre-fund the cost of post-employment health care and other non-pension benefits.

Sanitary Reimbursement Fund is an agency fund used to account for the collection of contributions from beneficiary developers toward the construction of major sewer lines and the reimbursement of these funds to the primary developers.

Special Welfare Fund is an agency fund used to account for regular assistance payments to recipients in the Aid to Dependent Children Program. These funds include money from the State, individuals, organizations, and churches.

State Taxes Fund is an agency fund used to account for the collection of sheriff's fees and the subsequent remittances to the Commonwealth of Virginia.

Route 28 Fund is an agency fund used to account for the collection of assessments on certain industrial and commercial properties for transportation improvements to Route 28 and the subsequent remittances of these funds to the Commonwealth of Virginia.

Lake Barcroft Fund is an agency fund used to account for the collection of special assessments from certain property owners for the maintenance of Lake Barcroft and the subsequent remittances of these funds to the Commonwealth of Virginia.

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.



**COUNTY OF FAIRFAX, VIRGINIA**  
**Trust Funds**  
**Combining Statement of Plan Net Position**  
**June 30, 2015**

	Uniformed Retirement	Employees' Retirement	Police Officers Retirement
<b>ASSETS</b>			
Equity in pooled cash and temporary investments	\$ 3,266,466	6,659,279	1,692,924
Cash collateral for securities lending	37,647,651	259,247,449	15,634,903
Contributions receivable	3,192,111	5,727,169	2,128,605
Accrued interest and dividends receivable	2,442,831	12,922,379	2,110,672
Receivable from sale of pension investments	66,112,015	135,188,685	1,904,055
Equipment	544	2,538	544
Investments, at fair value:			
U.S. Government securities	35,625,703	111,393,309	53,758,847
Asset-backed securities	101,143,099	204,539,081	78,818,452
Corporate and other bonds	85,713,162	441,530,101	50,064,788
Common and preferred stock	235,397,891	1,162,158,227	141,882,708
Short-term investments	127,338,284	189,194,158	44,075,294
Investment in pooled funds	948,337,844	1,599,534,009	909,208,150
Total assets	<u>1,646,217,601</u>	<u>4,128,096,384</u>	<u>1,301,279,942</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total deferred outflows of resources	-	-	-
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	2,862,155	7,348,892	1,940,239
Payable for purchase of pension investments	80,090,315	168,142,424	2,789,710
Liabilities for collateral received under securities lending agreements	<u>37,647,651</u>	<u>259,247,449</u>	<u>15,634,903</u>
Total liabilities	<u>120,600,121</u>	<u>434,738,765</u>	<u>20,364,852</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Total deferred inflows of resources	-	-	-
<b>NET POSITION</b>			
Held in trust for pension/OPEB benefits	<u>\$ 1,525,617,480</u>	<u>3,693,357,619</u>	<u>1,280,915,090</u>

## EXHIBIT H

Total Pension Trust Funds	OPEB Trust Fund	Total Trust Funds	
11,618,669	1,517,214	13,135,883	<b>ASSETS</b>
312,530,003	-	312,530,003	Equity in pooled cash and temporary investments
11,047,885	750,494	11,798,379	Cash collateral for securities lending
17,475,882	11,856	17,487,738	Contributions receivable
203,204,755	-	203,204,755	Accrued interest and dividends receivable
3,626	-	3,626	Receivable from sale of pension investments
			Equipment
			Investments, at fair value:
200,777,859	-	200,777,859	U.S. Government securities
384,500,632	-	384,500,632	Asset-backed securities
577,308,051	-	577,308,051	Corporate and other bonds
1,539,438,826	-	1,539,438,826	Common and preferred stock
360,607,736	-	360,607,736	Short-term investments
3,457,080,003	222,486,638	3,679,566,641	Investment in pooled funds
7,075,593,927	224,766,202	7,300,360,129	Total assets
			<b>DEFERRED OUTFLOWS OF RESOURCES</b>
-	-	-	Total deferred outflows of resources
			<b>LIABILITIES</b>
12,151,286	98,939	12,250,225	Accounts payable and accrued liabilities
251,022,449	-	251,022,449	Payable for purchase of pension investments
312,530,003	-	312,530,003	Liabilities for collateral received under securities lending agreements
575,703,738	98,939	575,802,677	Total liabilities
			<b>DEFERRED INFLOW OF RESOURCES</b>
-	-	-	Total deferred inflows of resources
			<b>NET POSITION</b>
6,499,890,189	224,667,263	6,724,557,452	Held in trust for pension/OPEB benefits

**COUNTY OF FAIRFAX, VIRGINIA**  
**Trust Funds**  
**Combining Statement of Changes in Plan Net Position**  
**For the fiscal year ended June 30, 2015**

	Uniformed Retirement	Employees' Retirement	Police Officers Retirement
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 60,928,766	138,493,099	37,867,181
Plan members	11,473,273	33,193,593	8,889,931
Other	-	-	-
Total contributions	72,402,039	171,686,692	46,757,112
Investment income:			
From investment activities:			
Net appreciation (depreciation) in fair value of investments	3,330,400	(11,955,714)	27,340,929
Interest	13,055,028	9,171,776	11,235,460
Dividends	10,208,440	31,662,015	5,811,141
Total income from investment activities	26,593,868	28,878,077	44,387,530
Less investment activities expenses:			
Management fees	4,414,359	12,057,166	2,532,258
Other	511,103	1,092,179	309,989
Total investment activities expenses	4,925,462	13,149,345	2,842,247
Net income from investment activities	21,668,406	15,728,732	41,545,283
From securities lending activities:			
Securities lending income	196,700	914,305	80,324
Less securities lending expenses:			
Management fees	64,845	300,580	24,454
Total securities lending activities expenses	64,845	300,580	24,454
Net income from securities lending activities	131,855	613,725	55,870
Net investment income	21,800,261	16,342,457	41,601,153
Total additions	94,202,300	188,029,149	88,358,265
<b>DEDUCTIONS</b>			
Benefits	84,440,939	254,875,795	67,276,713
Refunds of contributions	408,486	3,958,786	480,447
Administrative expenses	455,440	1,896,614	443,230
Total deductions	85,304,865	260,731,195	68,200,390
Net increase (decrease)	8,897,435	(72,702,046)	20,157,875
Net position, July 1, 2014	1,516,720,045	3,766,059,665	1,260,757,215
Net position, June 30, 2015	\$ 1,525,617,480	3,693,357,619	1,280,915,090

## EXHIBIT H-1

Total Pension Trust Funds	OPEB Trust Fund	Total Trust Funds	
237,289,046	40,075,762	277,364,808	<b>ADDITIONS</b>
53,556,797	-	53,556,797	Contributions:
-	1,308,470	1,308,470	Employer
290,845,843	41,384,232	332,230,075	Plan members
			Other
			Total contributions
			Investment income:
			From investment activities:
18,715,615	4,681,023	23,396,638	Net appreciation in fair value of investments
33,462,264	14,466	33,476,730	Interest
47,681,596	-	47,681,596	Dividends
99,859,475	4,695,489	104,554,964	Total income from investment activities
			Less investment activities expenses:
19,003,783	235,818	19,239,601	Management fees
1,913,271	500	1,913,771	Other
20,917,054	236,318	21,153,372	Total investment activities expenses
78,942,421	4,459,171	83,401,592	Net income from investment activities
			From securities lending activities:
1,191,329	-	1,191,329	Securities lending income
			Less securities lending expenses:
389,879	-	389,879	Management fees
389,879	-	389,879	Total securities lending activities expenses
801,450	-	801,450	Net income from securities lending activities
79,743,871	4,459,171	84,203,042	Net investment income
370,589,714	45,843,403	416,433,117	Total additions
			<b>DEDUCTIONS</b>
406,593,447	16,858,992	423,452,439	Benefits
4,847,719	-	4,847,719	Refunds of contributions
2,795,284	171,672	2,966,956	Administrative expenses
414,236,450	17,030,664	431,267,114	Total deductions
(43,646,736)	28,812,739	(14,833,997)	Net increase (decrease)
6,543,536,925	195,854,524	6,739,391,449	Net position, July 1, 2014
6,499,890,189	224,667,263	6,724,557,452	Net position, June 30, 2015

## COUNTY OF FAIRFAX, VIRGINIA

## Agency Funds

## Combining Statement of Fiduciary Assets and Liabilities

June 30, 2015

	Sanitary Reimbursement	Special Welfare	State Taxes	Route 28
<b>ASSETS</b>				
Equity in pooled cash and temporary investments	\$ 1,651,840	477,637	14,019	1,610
Accounts receivable	-	-	-	58,147
Total assets	1,651,840	477,637	14,019	59,757
<b>LIABILITIES</b>				
Liabilities under reimbursement agreements	1,651,840	477,637	14,019	59,757
Total liabilities	\$ 1,651,840	477,637	14,019	59,757

## EXHIBIT H-2

Lake Barcroft	Friends of Library	Total Agency Funds	
<b>ASSETS</b>			
400	9,245	2,154,751	Equity in pooled cash and temporary investments
1,789	-	59,936	Accounts receivable
2,189	9,245	2,214,687	Total assets
<b>LIABILITIES</b>			
2,189	9,245	2,214,687	Liabilities under reimbursement agreements
2,189	9,245	2,214,687	Total liabilities

COUNTY OF FAIRFAX, VIRGINIA  
 Agency Funds  
 Combining Statement of Changes in Assets and Liabilities  
 For the fiscal year ended June 30, 2015

## EXHIBIT H-3

	Balances June 30, 2014	Additions	Deductions	Balances June 30, 2015
<b>Sanitary Reimbursement</b>				
<b>Assets:</b>				
Equity in pooled cash and temporary investments	\$ 1,650,237	1,603	-	1,651,840
Total assets	1,650,237	1,603	-	1,651,840
<b>Liabilities:</b>				
Liabilities under reimbursement agreements	1,650,237	1,603	-	1,651,840
Total liabilities	1,650,237	1,603	-	1,651,840
<b>Special Welfare</b>				
<b>Assets:</b>				
Equity in pooled cash and temporary investments	463,291	686,015	671,669	477,637
Total assets	463,291	686,015	671,669	477,637
<b>Liabilities:</b>				
Liabilities under reimbursement agreements	463,291	686,015	671,669	477,637
Total liabilities	463,291	686,015	671,669	477,637
<b>State Taxes</b>				
<b>Assets:</b>				
Equity in pooled cash and temporary investments	33,692	11,019,683	11,039,356	14,019
Total assets	33,692	11,019,683	11,039,356	14,019
<b>Liabilities:</b>				
Liabilities under reimbursement agreements	33,692	11,019,683	11,039,356	14,019
Total liabilities	33,692	11,019,683	11,039,356	14,019
<b>Route 28</b>				
<b>Assets:</b>				
Equity in pooled cash and temporary investments	8,075	10,074,419	10,080,884	1,610
Accounts receivable	71,114	2,321	15,288	58,147
Total assets	79,189	10,076,740	10,096,172	59,757
<b>Liabilities:</b>				
Liabilities under reimbursement agreements	79,189	10,076,740	10,096,172	59,757
Total liabilities	79,189	10,076,740	10,096,172	59,757
<b>Lake Barcroft</b>				
<b>Assets:</b>				
Equity in pooled cash and temporary investments	984	1,029,806	1,030,390	400
Accounts receivable	1,397	392	-	1,789
Total assets	2,381	1,030,198	1,030,390	2,189
<b>Liabilities:</b>				
Liabilities under reimbursement agreements	2,381	1,030,198	1,030,390	2,189
Total liabilities	2,381	1,030,198	1,030,390	2,189
<b>Friends of Library</b>				
<b>Assets:</b>				
Equity in pooled cash and temporary investments	-	63,394	54,149	9,245
Total assets	-	63,394	54,149	9,245
<b>Liabilities:</b>				
Liabilities under reimbursement agreements	-	63,394	54,149	9,245
Total liabilities	-	63,394	54,149	9,245
<b>Total Agency Funds:</b>				
<b>Assets:</b>				
Equity in pooled cash and temporary investments	2,156,279	22,874,920	22,876,448	2,154,751
Accounts receivable	72,511	2,713	15,288	59,936
Total assets	2,228,790	22,877,633	22,891,736	2,214,687
<b>Liabilities:</b>				
Liabilities under reimbursement agreements	2,228,790	22,877,633	22,891,736	2,214,687
Total liabilities	\$ 2,228,790	22,877,633	22,891,736	2,214,687





**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.

Central Procurement Fund is an internal service fund used to account for the centrally procured orders of textbooks, supplies, and equipment and their issuance to individual schools and offices.

Health Benefits Trust Fund is an internal service fund used to account for the provision of a comprehensive health insurance benefits program to Public Schools' employees.

Insurance Fund is an internal service fund that is used to account for the Public Schools' casualty liability obligations, including the provision of worker's compensation benefits in the form of medical and disability payments to Public Schools' employees who sustain occupational injuries.

Pension Trust Fund is used to account for the Educational Employees' Supplementary Retirement System, which provides pension benefits for Public Schools' employees.

OPEB Trust Fund is used to account for a single-employer other post-employment defined benefit plan.

Student Activity Fund is an agency fund that is used to account for the funds derived from various extracurricular school activities.

**COUNTY OF FAIRFAX, VIRGINIA**  
**Fairfax County Public Schools**  
**Balance Sheet - Governmental Funds**  
**June 30, 2015**

	Nonmajor Governmental			
	General Fund	Capital Projects Fund	Special Revenue	
			Food and Nutrition Services	Grants and Self-Supporting Programs
<b>ASSETS</b>				
Equity in pooled cash and temporary investments	\$ 175,000,860	12,142	7,587,217	3,213,660
Receivables:				
Accounts	177,728	-	65,834	-
Accrued interest	14	-	9,321	6,494
Due from intergovernmental units	28,190,717	238,554	5,847,794	12,097,401
Due from primary government	91,000	-	78,149	-
Interfund receivables	37,700	-	-	-
Inventories of supplies	-	-	1,825,116	-
Prepaid and other assets	395,637	-	27,061	-
Restricted assets - investments	-	72,681,865	-	-
Total assets	<u>203,893,656</u>	<u>72,932,561</u>	<u>15,440,492</u>	<u>15,317,555</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total deferred outflows of resources	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<u>\$ 203,893,656</u>	<u>72,932,561</u>	<u>15,440,492</u>	<u>15,317,555</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 15,726,910	17,346,491	142,880	150,933
Accrued salaries and benefits	40,888,822	14,742	724,001	173,586
Contract retainages	-	15,448,085	-	-
Unearned revenue	581,967	-	2,111,576	2,265,688
Performance and other deposits	-	2,496,151	-	-
Total liabilities	<u>57,197,699</u>	<u>35,305,469</u>	<u>2,978,457</u>	<u>2,590,207</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Total deferred inflows of resources	-	-	-	-
<b>Total liabilities and deferred inflows of resources</b>	<u>57,197,699</u>	<u>35,305,469</u>	<u>2,978,457</u>	<u>2,590,207</u>
<b>FUND BALANCES</b>				
Nonspendable	395,637	-	1,852,177	-
Restricted	-	37,627,092	10,609,858	12,727,348
Committed	54,083,980	-	-	-
Assigned	90,075,518	-	-	-
Unassigned	2,140,822	-	-	-
Total fund balances	<u>146,695,957</u>	<u>37,627,092</u>	<u>12,462,035</u>	<u>12,727,348</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 203,893,656</u>	<u>72,932,561</u>	<u>15,440,492</u>	<u>15,317,555</u>

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

Fund balances - Total governmental funds	\$ 209,910,111
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental fund activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$3,996,268,450 and accumulated depreciation/amortization is \$1,698,391,571.	2,297,876,880
The net OPEB asset, resulting from contributions for other post-employment benefits in excess of the annual required contribution, is not considered a financial asset and, therefore, is not reported in the governmental funds.	31,151,922
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 \$12,668,600 and accumulated amortization is \$4,325,385.	8,343,215
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.	52,922,994
Compensated absences and accrued interests on long-term debt related to governmental fund activities are not due and payable in the current period, and therefore, are not reported in the funds.	(32,936,152)
Capital leases are not due and payable in the current period and, therefore, are not reported in the funds.	(79,528,945)
Accrued interest on long-term debt	(778,731)
Unearned rent	(384,936)
Revisions of capital lease agreement resulting in a reduction of capital lease obligation are reported as deferred inflows in the statement of net position.	(4,616,693)
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 \$348,840,125, and the Net pension liability is \$2,980,288,442. The deferred inflow related to pension liability is \$524,186,560.	(3,155,634,877)
Net position of governmental activities	<u>\$ (673,675,212)</u>

## EXHIBIT I

Funds		
Funds		
Adult and Community Education	Total Governmental Funds	
<b>ASSETS</b>		
832,564	186,646,443	Equity in pooled cash and temporary investments
		Receivables:
866	244,428	Accounts
2,586	18,415	Accrued interest
449,241	46,823,707	Due from intergovernmental units
-	169,149	Due from primary government
-	37,700	Interfund receivables
-	1,825,116	Inventories of supplies
-	422,698	Prepaid and other assets
-	72,681,865	Restricted assets - investments
1,285,257	308,869,521	Total assets
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
-	-	Total deferred outflows of resources
1,285,257	308,869,521	Total assets and deferred outflows of resources
<b>LIABILITIES AND FUND BALANCES</b>		
		Liabilities:
12,792	33,380,006	Accounts payable and accrued liabilities
355,829	42,156,980	Accrued salaries and benefits
-	15,448,085	Contract retainages
518,957	5,478,188	Unearned revenue
-	2,496,151	Performance and other deposits
887,578	98,959,410	Total liabilities
<b>DEFERRED INFLOWS OF RESOURCES</b>		
-	-	Total deferred inflows of resources
887,578	98,959,410	Total liabilities and deferred inflows of resources
<b>FUND BALANCES</b>		
-	2,247,814	Nonspendable
397,679	61,361,977	Restricted
-	54,083,980	Committed
-	90,075,518	Assigned
-	2,140,822	Unassigned
397,679	209,910,111	Total fund balances
1,285,257	308,869,521	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, 2015

		Nonmajor Governmental		
			Special Revenue	
	General Fund	Capital Projects Fund	Food and Nutrition Services	Grants and Self-Supporting Programs
<b>REVENUES</b>				
Intergovernmental	\$ 2,391,401,741	168,331,210	34,716,462	42,791,121
Charges for services	8,829,539	-	39,592,303	2,546,093
Revenue from the use of money and property	3,599,050	-	19,809	6,266
Recovered costs	42,426,048	-	-	-
Other	9,454,799	3,578,514	-	965,063
Total revenues	2,455,711,177	171,909,724	74,328,574	46,308,543
<b>EXPENDITURES</b>				
Current:				
Education	2,407,738,997	21,062,072	75,526,376	68,220,803
Capital outlay	28,415,604	200,964,985	133,546	161,302
Debt service:				
Principal retirement	15,226,771	-	4,605	2,722
Interest and other charges	2,750,468	-	500	131
Total expenditures	2,454,131,840	222,027,057	75,665,027	68,384,958
Excess (deficiency) of revenues over (under) expenditures	1,579,337	(50,117,333)	(1,336,453)	(22,076,415)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	12,469,898	-	17,785,974
Transfers out	(30,490,872)	-	-	-
Capital leases and installment purchases	18,339,546	-	-	-
Total other financing sources (uses)	(12,151,326)	12,469,898	-	17,785,974
Net change in fund balances	(10,571,989)	(37,647,435)	(1,336,453)	(4,290,441)
Fund balances, July 1, 2014	157,267,946	75,274,527	13,755,425	17,017,789
Increase in reserve for inventories of supplies	-	-	43,063	-
Fund balances, June 30, 2015	\$ 146,695,957	37,627,092	12,462,035	12,727,348

## EXHIBIT I-1

Funds		
Funds		
Adult and Community Education	Total Governmental Funds	
<b>REVENUES</b>		
1,850,253	2,639,090,787	Intergovernmental
5,682,604	56,650,539	Charges for services
4,610	3,629,735	Revenue from the use of money and property
-	42,426,048	Recovered costs
421,688	14,420,064	Other
7,959,155	2,756,217,173	Total revenues
<b>EXPENDITURES</b>		
Current:		
7,982,799	2,580,531,047	Education
176,555	229,851,992	Capital outlay
Debt service:		
3,389	15,237,487	Principal retirement
257	2,751,356	Interest and other charges
8,163,000	2,828,371,882	Total expenditures
Deficiency of revenues over expenditures		
(203,845)	(72,154,709)	
<b>OTHER FINANCING SOURCES (USES)</b>		
235,000	30,490,872	Transfers in
-	(30,490,872)	Transfers out
-	18,339,546	Capital leases and installment purchases
235,000	18,339,546	Total other financing sources (uses)
31,155	(53,815,163)	Net change in fund balances
366,524	263,682,211	Fund balances, July 1, 2014
-	43,063	Increase in reserve for inventories of supplies
397,679	209,910,111	Fund balances, June 30, 2015

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, 2015**

**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	\$ (53,815,163)
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	\$ 229,851,992
Capital lease expenditures	-
Capitalized interest on School Administration Building	-
Less depreciation/amortization expense	<u>(128,823,805)</u>
	101,028,187
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.	2,134,157
Gain or loss on the disposition of capital assets is reported in the statement of activities. However, in the governmental funds, only the proceeds from sales are reported. The difference is the net depreciated value of the disposed capital assets.	(322,840)
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.	659,124
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.	15,237,487
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.	835,183
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.	(5,260,389)
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.	(113,646)
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.	(18,339,546)
Rent abatement charges reduce deferred rent in government-wide statements, but do not use current resources so are not reported in governmental funds.	160,212
Inventory changes impact net position in government-wide statements, but are recorded as expenditures when purchase in governmental fund statements.	43,063
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.	8,977,999
Pension expense is 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 new pension accounting standards is expensed.	<u>43,164,389</u>
Change in net position of governmental activities	<u>\$ 94,388,217</u>

COUNTY OF FAIRFAX, VIRGINIA  
 Fairfax County Public Schools  
 Budgetary Comparison Schedule - General Fund (Budget Basis)  
 For the fiscal year ended June 30, 2015

## EXHIBIT I-2

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 621,633,703	629,436,504	622,303,348	(7,133,156)
Charges for services	8,419,212	8,419,212	8,829,539	410,327
Revenue from the use of money and property	2,981,144	2,981,130	3,599,050	617,920
Recovered costs	42,040,414	42,040,414	42,426,048	385,634
Other	7,601,145	7,601,145	9,454,799	1,853,654
Total revenues	682,675,618	690,478,405	686,612,784	(3,865,621)
<b>EXPENDITURES</b>				
Education	2,468,801,471	2,537,099,093	2,432,648,480	104,450,613
Total expenditures	2,468,801,471	2,537,099,093	2,432,648,480	104,450,613
Excess (deficiency) of revenues over (under) expenditures	(1,786,125,853)	(1,846,620,688)	(1,746,035,696)	100,584,992
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,769,098,393	1,769,098,393	1,769,098,393	-
Transfers out	(28,915,225)	(33,634,686)	(33,634,686)	-
Total other financing sources	1,740,183,168	1,735,463,707	1,735,463,707	-
Net change in fund balance	\$ (45,942,685)	(111,156,981)	(10,571,989)	100,584,992



## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT I-3A

## Fairfax County Public Schools

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

For the fiscal year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 34,329,843	34,329,843	34,716,462	386,619
Charges for services	43,639,906	42,691,664	39,592,303	(3,099,361)
Revenue from the use of money and property	42,932	42,932	19,809	(23,123)
Total revenues	78,012,681	77,064,439	74,328,574	(2,735,865)
<b>EXPENDITURES</b>				
Education	88,116,741	90,819,864	75,665,027	15,154,837
Total expenditures	88,116,741	90,819,864	75,665,027	15,154,837
Excess (deficiency) of revenues over				
(under) expenditures	(10,104,060)	(13,755,425)	(1,336,453)	12,418,972
Net change in fund balance	\$ (10,104,060)	(13,755,425)	(1,336,453)	12,418,972

## 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, 2015

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 42,289,897	53,241,299	40,183,807	(13,057,492)
Charges for services	2,010,330	2,010,330	2,546,093	535,763
Revenue from the use of money and property	-	-	6,266	6,266
Other	380,107	1,186,930	965,063	(221,867)
Total revenues	44,680,334	56,438,559	43,701,229	(12,737,330)
<b>EXPENDITURES</b>				
Education	65,073,622	93,849,636	68,384,958	25,464,678
Total expenditures	65,073,622	93,849,636	68,384,958	25,464,678
Excess (deficiency) of revenues over (under) expenditures	(20,393,288)	(37,411,077)	(24,683,729)	12,727,348
<b>OTHER FINANCING SOURCES</b>				
Transfers in from other governmental funds	17,785,974	17,785,974	17,785,974	-
Transfers in from primary government	2,607,314	2,607,314	2,607,314	-
Total other financing sources	20,393,288	20,393,288	20,393,288	-
Net change in fund balance	\$ -	(17,017,789)	(4,290,441)	12,727,348

## 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, 2015

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 2,827,438	2,577,438	1,850,253	(727,185)
Charges for services	6,219,475	6,469,475	5,682,604	(786,871)
Recovered costs	16,580	6,580	4,610	(1,970)
Other	386,516	396,516	421,688	25,172
Total revenues	9,450,009	9,450,009	7,959,155	(1,490,854)
<b>EXPENDITURES</b>				
Education	8,752,976	9,119,500	8,163,000	956,500
Total expenditures	8,752,976	9,119,500	8,163,000	956,500
Excess (deficiency) of revenues over (under) expenditures	697,033	330,509	(203,845)	(534,354)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	235,000	235,000	235,000	-
Total other financing sources	235,000	235,000	235,000	-
Net change in fund balance	\$ 932,033	565,509	31,155	(534,354)

COUNTY OF FAIRFAX, VIRGINIA  
Fairfax County Public Schools  
Combining Statement of Net Position - Internal Service Funds  
June 30, 2015

## EXHIBIT I-4

	Health Benefits Trust	Insurance	Total Internal Service Funds
<b>ASSETS</b>			
Current assets:			
Equity in pooled cash and temporary investments	\$ 72,707,046	51,432,487	124,139,533
Accounts receivable	8,041,786	131,336	8,173,122
Accrued interest receivable	21,507	-	21,507
Prepaid items	-	2,188	2,188
Total current assets	80,770,339	51,566,011	132,336,350
Long-term assets - Capital assets:			
Equipment	-	40,029	40,029
Accumulated depreciation	-	(40,029)	(40,029)
Total long-term assets	-	-	-
Total assets	80,770,339	51,566,011	132,336,350
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Total deferred outflows of resources	-	-	-
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	8,426,931	292,957	8,719,888
Compensated absences payable	112,353	42,127	154,480
Insurance and benefit claims payable	21,572,600	7,506,172	29,078,772
Unearned revenue	10,233,923	-	10,233,923
Total current liabilities	40,345,807	7,841,256	48,187,063
Long-term liabilities:			
Compensated absences payable	48,151	18,054	66,205
Insurance and benefit claims payable	1,135,400	30,024,688	31,160,088
Total long-term liabilities	1,183,551	30,042,742	31,226,293
Total liabilities	41,529,358	37,883,998	79,413,356
<b>DEFERRED INFLOW OF RESOURCES</b>			
Total deferred inflow of resources	-	-	-
<b>NET POSITION</b>			
Unrestricted	39,240,981	13,682,013	52,922,994
Net position	\$ 39,240,981	13,682,013	52,922,994

## 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, 2015

	Health Benefits Trust	Insurance	Total Internal Service Funds
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 350,657,906	14,800,859	365,458,765
Total operating revenues	350,657,906	14,800,859	365,458,765
<b>OPERATING EXPENSES:</b>			
Personnel services	2,447,865	931,111	3,378,976
Depreciation expense	-	993	993
Claims and benefit payments	343,269,097	11,834,111	355,103,208
Professional consultant and contractual services	10,766,183	1,206,912	11,973,095
Other	23,973	305,427	329,400
Total operating expenses	356,507,118	14,278,554	370,785,672
Operating income (loss)	(5,849,212)	522,305	(5,326,907)
<b>NONOPERATING REVENUES:</b>			
Interest revenue	66,518	-	66,518
Total nonoperating revenues	66,518	-	66,518
Income (loss) before transfers	(5,782,694)	522,305	(5,260,389)
Change in net position	(5,782,694)	522,305	(5,260,389)
Net position, July 1, 2014	45,023,675	13,159,708	58,183,383
Net position, June 30, 2015	\$ 39,240,981	13,682,013	52,922,994

COUNTY OF FAIRFAX, VIRGINIA  
Fairfax County Public Schools  
Combining Statement of Cash Flows - Internal Service Funds  
For the fiscal year ended June 30, 2015

## EXHIBIT I-6

	Health Benefits Trust	Insurance	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from interfund services provided	\$ 348,547,984	14,669,523	363,217,507
Payments to employees	(2,447,865)	(931,111)	(3,378,976)
Claims and benefits paid	(343,845,129)	(10,307,342)	(354,152,471)
Payments for professional services	(10,375,057)	(1,874,923)	(12,249,980)
Payments for other operating expenses	(23,973)	(305,427)	(329,400)
Net cash provided (used) by operating activities	(8,144,040)	1,250,720	(6,893,320)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	123,546	-	123,546
Net cash provided by investing activities	123,546	-	123,546
Net increase (decrease) in cash and cash equivalents	(8,020,494)	1,250,720	(6,769,774)
Cash and cash equivalents, July 1, 2014	80,727,540	50,181,767	130,909,307
Cash and cash equivalents, June 30, 2015	72,707,046	51,432,487	124,139,533
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	(5,849,212)	522,305	(5,326,907)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	-	993	993
Change in assets and liabilities:			
Increase in accounts receivable	(2,209,014)	(131,336)	(2,340,350)
Increase in other assets	-	(1,898)	(1,898)
(Decrease) Increase in accounts payable and accrued liabilities	391,127	(666,114)	(274,987)
(Decrease) Increase in actuarial claims payable	(616,000)	1,525,307	909,307
Increase in unearned revenue	99,092	-	99,092
Increase in compensated absences	39,967	1,463	41,430
Total adjustments to operating income (loss)	(2,294,828)	728,415	(1,566,413)
Net cash provided (used) by operating activities	\$ (8,144,040)	1,250,720	(6,893,320)

**COUNTY OF FAIRFAX, VIRGINIA**  
**Fairfax County Public Schools**  
**Statement of Fiduciary Net Position**  
**June 30, 2015**

**EXHIBIT I-7**

	Pension Trust Fund - Educational Employees' Supplementary Retirement System	OPEB Trust Fund	Total Pension and OPEB Trust Funds
<b>ASSETS</b>			
Equity in pooled cash and temporary investments	\$ 1,494,142	500	1,494,642
Cash with fiscal agents	938,015	-	938,015
Cash collateral for securities lending	160,546,422	-	160,546,422
Short-term investments	17,655,629	-	17,655,629
Accrued interest and dividends receivable	2,629,598	-	2,629,598
Receivable from sale of pension investments	10,143,588	1,694,731	11,838,319
Investments, at fair value:			
U.S. government obligations	22,560,732	-	22,560,732
Mortgage-backed securities	103,791,491	-	103,791,491
Common and preferred stock	656,501,978	41,709,715	698,211,693
Real estate	169,974,902	-	169,974,902
Global asset allocation	218,806,384	-	218,806,384
Better beta derivatives	111,714,562	-	111,714,562
Hedge funds	174,171,320	10,257,492	184,428,812
Private Equity Mutual Partnership	47,414,464	-	47,414,464
Mutual funds	655,130,307	42,275,025	697,405,332
Prepaid items and other assets	10,000	-	10,000
Equipment, net of depreciation	39,936	-	39,936
Total assets	2,353,523,470	95,937,463	2,449,460,933
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total deferred outflows of resources	-	-	-
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	1,913,934	-	1,913,934
Interfund payables	-	37,700	37,700
Payable for purchase of pension investments	11,339,057	-	11,339,057
Liabilities for collateral received under securities lending agreements	160,546,422	-	160,546,422
Total liabilities	173,799,413	37,700	173,837,113
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Total deferred inflows of resources	-	-	-
<b>NET POSITION</b>			
Held in trust for pension/OPEB benefits	\$ 2,179,724,057	95,899,763	2,275,623,820

COUNTY OF FAIRFAX, VIRGINIA  
Fairfax County Public Schools  
Statement of Changes in Plan Net Position - Trust Funds  
For the fiscal year ended June 30, 2015

## EXHIBIT I-8

	Pension Trust Fund - Educational Employees' Supplementary Retirement System	OPEB Trust Fund	Total Pension and OPEB Trust Funds
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 74,324,396	26,097,000	100,421,396
Plan members	39,982,963	-	39,982,963
Total contributions	114,307,359	26,097,000	140,404,359
Investment income:			
From investment activities:			
Net depreciation in fair value of investments	42,160	2,100,792	2,142,952
Interest and dividends	37,472,575	45	37,472,620
Real estate income	7,548,133	-	7,548,133
Other	5,017	-	5,017
Total income from investment activities	45,067,885	2,100,837	47,168,722
Less investment activities expenses:			
Management fees	12,556,218	77,912	12,634,130
Other	855,033	500	855,533
Total investment activities expenses	13,411,251	78,412	13,489,663
Net income from investment activities	31,656,634	2,022,425	33,679,059
From securities lending activities:			
Securities lending income	439,036	-	439,036
Less securities lending expenses:			
Borrower rebates	130,392	-	130,392
Management fees	(142,154)	-	(142,154)
Total securities lending activities expenses	(11,762)	-	(11,762)
Net income from securities lending activities	427,274	-	427,274
Net investment income	32,083,908	2,022,425	34,106,333
Other loss	-	-	-
Total additions	146,391,267	28,119,425	174,510,692
<b>DEDUCTIONS</b>			
Benefits	162,145,265	16,097,000	178,242,265
Refunds of contributions	5,697,311	-	5,697,311
Administrative expenses	3,751,825	-	3,751,825
Total deductions	171,594,401	16,097,000	187,691,401
Net increase (decrease)	(25,203,134)	12,022,425	(13,180,709)
Net position, July 1, 2014	2,204,927,191	83,877,338	2,288,804,529
Net position, June 30, 2015	\$ 2,179,724,057	95,899,763	2,275,623,820



**COUNTY OF FAIRFAX, VIRGINIA**  
**Fairfax County Public Schools**  
**Statement of Changes in Assets and Liabilities - Agency Fund**  
**For the fiscal year ended June 30, 2015**

**EXHIBIT I-9**

	Balances June 30, 2014	Additions	Deductions	Balances June 30, 2015
<b>Student Activity Fund:</b>				
<b>Assets:</b>				
Cash with fiscal agents	\$ 19,934,374	156,604,004	156,275,924	20,262,454
Accounts receivable	419,253	264,113	151,859	531,507
Inventories of supplies	369,270	128,940	69,174	429,036
Total assets	20,722,897	156,997,057	156,496,957	21,222,997
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	546,495	303,958	293,989	556,464
Due to student groups	20,176,402	156,693,099	156,202,968	20,666,533
Total liabilities	\$ 20,722,897	156,997,057	156,496,957	21,222,997

The **Fairfax County Redevelopment and Housing Authority** (FCRHA) is responsible for low income housing and community development programs within the County. FCRHA was approved by a voter referendum in November 1965 and was activated by the County Board of Supervisors in February 1966. FCRHA is a political subdivision of and reports to the Commonwealth of Virginia. The County Board of Supervisors appoints the FCRHA Board of Commissioners and the County provides certain managerial and other related assistance to FCRHA.

Primary Government represents FCRHA's use of an enterprise fund to report its activities. FCRHA activities are funded by federal grants from the U.S. Department of Housing and Urban Development (HUD), rents, and other user charges resulting from operations of subsidized housing, development and financing fees, investment income, and loan proceeds. These funds provide rental housing, housing for the elderly/group homes, loans for home ownership and home improvement, tenant assistance, community development, and administration of these programs.

Component Units are real estate limited partnerships of FCRHA. FCRHA is the managing general partner and has certain rights which enable it to impose its will on the limited partnerships. FCRHA is legally obligated to fund operating deficits, making FCRHA financially accountable for the partnerships.

**COUNTY OF FAIRFAX, VIRGINIA**  
**Fairfax County Redevelopment and Housing Authority**  
**Statement of Net Position**  
**June 30, 2015**

**EXHIBIT J**

	Housing Authority	Component Units of Housing	Total Entity
<b>ASSETS</b>			
Current assets:			
Equity in pooled cash and temporary investments	\$ 31,820,153	-	31,820,153
Cash in banks	11,941,358	3,228,219	15,169,577
Investments	4,655,000	-	4,655,000
Receivables (net of allowances):			
Accounts	1,380,716	103,870	1,484,586
Accrued interest	410,056	-	410,056
Notes	436,901	90,147	527,048
Property held for sale	1,315,872	-	1,315,872
Prepaid and other assets	426,642	2,806	429,448
Restricted assets:			
Performance and other deposits	3,089,022	283,466	3,372,488
Investments	2,450,000	-	2,450,000
Total current assets	57,925,720	3,708,508	61,634,228
Long-term assets:			
Restricted assets:			
Cash reserves	11,233,519	3,798,046	15,031,565
Investments	434,180	-	434,180
Total restricted assets	11,667,699	3,798,046	15,465,745
Capital assets:			
Non-depreciable/non-amortizable:			
Land	35,534,733	6,932,159	42,466,892
Construction in progress	144,891	-	144,891
Depreciable/amortizable:			
Equipment	792,082	1,151,029	1,943,111
Buildings and improvements	172,974,380	53,956,148	226,930,528
Accumulated depreciation/amortization	(114,691,187)	(17,156,413)	(131,847,600)
Total capital assets, net	94,754,899	44,882,923	139,637,822
Other long-term assets:			
Notes receivable	24,462,379	-	24,462,379
Prepaid and other assets	401,458	85,007	486,465
Unearned financing fees (net of amortization)	55,274	903,323	958,597
Total other long-term assets	24,919,111	988,330	25,907,441
Total long-term assets	131,341,709	49,669,299	181,011,008
Total assets	189,267,429	53,377,807	242,645,236
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total deferred outflows of resources	2,245,647	-	2,245,647
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	3,472,588	3,544,225	7,016,813
Accrued salaries and benefits	772,885	-	772,885
Unearned revenue	1,809,346	102,311	1,911,657
Performance and other deposits	1,942,761	241,931	2,184,692
Mortgage notes payable	2,455,124	467,721	2,922,845
Compensated absences payable	635,529	-	635,529
Total current liabilities	11,088,233	4,356,188	15,444,421
Long-term liabilities:			
Mortgage notes payable	37,929,383	42,787,003	80,716,386
Compensated absences payable	530,192	-	530,192
Net pension liability	17,501,779	-	17,501,779
Other accrued long-term interest	3,248,885	3,293,530	6,542,415
Total long-term liabilities	59,210,239	46,080,533	105,290,772
Total liabilities	70,298,472	50,436,721	120,735,193
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Total deferred inflow of resources	3,970,934	-	3,970,934
<b>NET POSITION</b>			
Net investment in capital assets	74,473,555	-	74,473,555
Restricted	15,400,266	2,941,086	18,341,352
Unrestricted	27,369,849	-	27,369,849
Net Position	\$ 117,243,670	2,941,086	120,184,756

## 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, 2015

	Housing Authority	Component Units of Housing	Total Entity
<b>OPERATING REVENUES:</b>			
Dwelling rentals	\$ 32,893,044	5,998,124	38,891,168
Other	3,997,937	455,380	4,453,317
Total operating revenues	36,890,981	6,453,504	43,344,485
<b>OPERATING EXPENSES:</b>			
Personnel services	15,359,509	1,207,401	16,566,910
Materials and supplies	3,232,687	1,496,674	4,729,361
Repairs and maintenance	10,613,582	819,038	11,432,620
Housing assistance payments	52,087,470	-	52,087,470
Depreciation and amortization	4,444,230	1,759,062	6,203,292
Contractual services	257,479	89,983	347,462
Utilities	5,253,410	453,703	5,707,113
Total operating expenses	91,248,367	5,825,861	97,074,228
Operating income (loss)	(54,357,386)	627,643	(53,729,743)
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Intergovernmental revenue	62,266,387	-	62,266,387
Interest revenue	284,454	3,636	288,090
Interest expense	(912,404)	(2,240,615)	(3,153,019)
Miscellaneous nonoperating expense	-	(160,803)	(160,803)
Grant to the County	(5,631,029)	-	(5,631,029)
Total nonoperating revenues (expenses)	56,007,408	(2,397,782)	53,609,626
Gain (loss) before contributions	1,650,022	(1,770,139)	(120,117)
<b>CONTRIBUTIONS:</b>			
HUD capital contributions	1,599,304	-	1,599,304
Total capital contributions	1,599,304	-	1,599,304
Change in net position	3,249,326	(1,770,139)	1,479,187
Net Position, July 1, 2014	113,994,344	4,711,225	118,705,569
Net Position, June 30, 2015	\$ 117,243,670	2,941,086	120,184,756

**COUNTY OF FAIRFAX, VIRGINIA**  
**Fairfax County Redevelopment and Housing Authority**  
**Statement of Cash Flows**  
**For the fiscal year ended June 30, 2015**

**EXHIBIT J-2**

	Housing Authority	Component Units of Housing	Total Entity
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Rental receipts	\$ 32,541,128	5,977,544	38,518,672
Other operating cash receipts	3,350,353	408,128	3,758,481
Payments to employees for services	(15,954,184)	(1,207,401)	(17,161,585)
Payments made for housing assistance	(47,949,874)	-	(47,949,874)
Payments to suppliers for goods and services	(18,853,780)	(1,501,242)	(20,355,022)
Purchase of property held for sale	(1,794,581)	-	(1,794,581)
Receipts from sale of property held for sale	1,994,061	-	1,994,061
Net cash provided (used) by operating activities	(46,666,877)	3,677,029	(42,989,848)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Retirement of loans, notes, and bonds payables	(289,194)	-	(289,194)
Intergovernmental revenue received	62,212,001	36,880	62,248,881
Amount provided to County	(5,631,029)	-	(5,631,029)
Net cash provided by noncapital financing activities	56,291,778	36,880	56,328,658
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	(1,834,713)	-	(1,834,713)
Intergovernmental revenue - capital grant	(577,609)	-	(577,609)
Proceeds from issuance of debt	-	186,763	186,763
Interest payments	(806,375)	(2,908,054)	(3,714,429)
Debt principal payments	(1,164,748)	(428,187)	(1,592,935)
HUD debt service and capital contributions	1,599,304	-	1,599,304
Net cash used by capital and related financing activities	(2,784,141)	(3,149,478)	(5,933,619)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Receipt of loan and advance repayments	193,110	-	193,110
Disbursement of loans and advances receivable	(266,158)	-	(266,158)
Maturity of investments	430,898	-	430,898
Acquisition of investments	(814,040)	-	(814,040)
Interest received	235,489	3,661	239,150
Net cash provided (used) by investing activities	(220,701)	3,661	(217,040)
Net increase in cash and cash equivalents	6,620,059	568,092	7,188,151
Cash and cash equivalents, July 1, 2014	51,463,993	6,741,639	58,205,632
Cash and cash equivalents, June 30, 2015	\$ 58,084,052	7,309,731	65,393,783
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating loss	\$ (54,357,386)	627,643	(53,729,743)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	4,444,230	1,759,062	6,203,292
Change in assets and liabilities:			
Increase in accounts receivable	(728,399)	(45,516)	(773,915)
(Increase) decrease in prepaid and other assets	4,028,068	(107,886)	3,920,182
Increase in accounts payable and accrued liabilities	213,539	1,418,029	1,631,568
Increase (decrease) in performance and other deposits	(176,569)	761	(175,808)
Increase (decrease) in unearned revenue	(90,360)	24,936	(65,424)
Total adjustments to operating income	7,690,509	3,049,386	10,739,895
Net cash provided (used) by operating activities	\$ (46,666,877)	3,677,029	(42,989,848)

The **Fairfax County Park Authority** (Park Authority) was created by the Board of Supervisors of the County on December 6, 1950, to maintain and operate the public parks and recreational facilities located in the County. The Board appoints the Park Authority's Board members, and a substantial portion of the cost of the Park Authority's operations are funded by the County.

General Fund (Financed from County General Fund) is used to account for the operations of the park facilities that are funded by the County.

Park Revenue Fund is a special revenue fund used to account for the operations of the park facilities that are funded from park operating revenues.

Financed from County Construction Fund is a capital projects fund used to account for specific maintenance projects for park facilities that are funded by the County's Construction Fund.

Park Construction Bond Fund is a capital projects fund used to account for all construction projects and capital improvements of the Park Authority financed by County general obligation bonds.

Park Capital Improvement Fund is a capital projects fund used to account for all Park Authority construction projects and capital improvements financed through interest earned and transfers from the Park Revenue and Operating Fund.

**COUNTY OF FAIRFAX, VIRGINIA**  
**Fairfax County Park Authority**  
**Balance Sheet**  
**June 30, 2015**

	General Fund (Financed from County General Fund)	Special Revenue Fund - Park Revenue	Major Governmental Capital Financed from County Construction Fund
<b>ASSETS</b>			
Equity in pooled cash and temporary investments	\$ -	12,196,751	-
Receivables:			
Accounts	-	2,991	3,576
Accrued interest	-	-	-
Due from primary government	1,670,685	-	602,757
Due from Intergovernmental units	-	-	-
Restricted assets:			
Equity in pooled cash and temporary investments	-	-	-
Investments	-	519,439	-
Total assets	1,670,685	12,719,181	606,333
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total deferred outflows of resources	-	-	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 1,670,685</b>	<b>12,719,181</b>	<b>606,333</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 386,880	986,470	599,394
Accrued salaries and benefits	1,283,805	1,485,171	-
Due to primary government	-	-	-
Contract retainages	-	-	6,939
Deferred revenue	-	5,568,906	-
Performance and other deposits	-	63,378	-
Total liabilities	1,670,685	8,103,925	606,333
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Total deferred inflows of resources	-	-	-
<b>Total liabilities and deferred inflows of resources</b>	<b>1,670,685</b>	<b>8,103,925</b>	<b>606,333</b>
<b>FUND BALANCES</b>			
Restricted for:			
Capital projects	-	-	-
Debt service	-	519,439	-
E.C.Lawrence Trust	-	-	-
Repair and replacement	-	-	-
Committed to:			
Revenue & Operating Fund Stabilization	-	2,136,097	-
Donation/Deferred revenue	-	1,246,804	-
Facilities and services reserve	-	-	-
Other capital projects	-	-	-
Assigned to:			
Park operation and maintenance	-	712,916	-
Unassigned:	-	-	-
Total fund balances	-	4,615,256	-
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,670,685</b>	<b>12,719,181</b>	<b>606,333</b>

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

Fund balances - Total governmental funds \$ 22,065,742

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 \$814,871,963 and the accumulated depreciation is \$204,290,964. 610,580,999

Deferred bond issuance costs reported in governmental activities are not financial resources, and therefore, are not reported as assets in governmental funds.

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Revenue bonds payable, net	\$ (4,228,113)	
Compensated absences payable	(4,454,974)	
Loan from primary government	(12,305,400)	
Accrued interest payable	(45,769)	(21,034,256)

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 \$5,176,614, and the Net pension liability is \$38,774,320. The deferred inflow related to pension liability is \$7,191,312. (40,789,018)

Net position of governmental activities \$ 570,823,467

## EXHIBIT K

Funds			
Projects Funds			
Park Construction Bond	Park Capital Improvement	Total Governmental Funds	
-	19,651,749	31,848,500	<b>ASSETS</b>
-	37,500	44,067	Equity in pooled cash and temporary investments
-	20,421	20,421	Receivables:
-	-	2,273,442	Accounts
128,491	-	128,491	Accrued interest
307,648	2,207,926	2,515,574	Due from primary government
-	-	519,439	Due from Intergovernmental units
436,139	21,917,596	37,349,934	Restricted assets:
			Equity in pooled cash and temporary investments
			Investments
			Total assets
-	-	-	<b>DEFERRED OUTFLOWS OF RESOURCES</b>
			Total deferred outflows of resources
436,139	21,917,596	37,349,934	Total assets and deferred outflows of resources
430,765	574,003	2,977,512	<b>LIABILITIES</b>
-	-	2,768,976	Accounts payable and accrued liabilities
2,000,000	-	2,000,000	Accrued salaries and benefits
806,133	32,912	845,984	Due to primary government
-	204,372	5,773,278	Contract retainages
-	855,064	918,442	Deferred revenue
3,236,898	1,666,351	15,284,192	Performance and other deposits
			Total liabilities
-	-	-	<b>DEFERRED INFLOWS OF RESOURCES</b>
			Total deferred inflows of resources
3,236,898	1,666,351	15,284,192	Total liabilities and deferred inflows of resources
-	-	-	<b>FUND BALANCES</b>
-	9,062,026	9,062,026	Restricted for:
-	-	519,439	Capital projects
-	1,507,926	1,507,926	Debt service
-	700,000	700,000	E.C.Lawrence Trust
-	-	2,136,097	Repair and replacement
-	-	1,246,804	Committed to:
-	2,572,411	2,572,411	Revenue & Operating Fund Stabilization
-	6,408,882	6,408,882	Donation/Deferred revenue
			Facilities and services reserve
			Other capital projects
			Assigned to:
		712,916	Park operation and maintenance
(2,800,759)	-	(2,800,759)	Unassigned:
(2,800,759)	20,251,245	22,065,742	Total fund balances
436,139	21,917,596	37,349,934	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, 2015

	General Fund (Financed from County General Fund)	Major Governmental	
		Special Revenue Fund - Park Revenue	Capital Financed from County Construction Fund
<b>REVENUES</b>			
Intergovernmental	\$ 31,114,997	-	11,599,816
Charges for services	1,013,164	41,333,916	240
Developers' contributions	-	-	-
Revenue from the use of money and property	-	2,351,301	-
Gifts, donations, and contributions	-	746,244	-
Other	-	247,235	-
Total revenues	32,128,161	44,678,696	11,600,056
<b>EXPENDITURES</b>			
Current:			
Parks, recreation, and cultural	32,059,117	41,712,440	6,296,784
Intergovernmental	-	775,000	3,877,992
Capital outlay	69,044	111,283	1,425,280
Debt service:			
Principal retirement	-	898,100	-
Interest and other charges	-	681,790	-
Total expenditures	32,128,161	44,178,613	11,600,056
Excess (deficiency) of revenues over (under) expenditures	-	500,083	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	500,083	-
Fund balances, July 1, 2014	-	4,115,173	-
Fund balances, June 30, 2015	\$ -	4,615,256	-

## EXHIBIT K-1

Funds			
Projects Funds			
Park Construction Bond	Park Capital Improvement	Total Governmental Funds	
<b>REVENUES</b>			
19,333,314	37,500	62,085,627	Intergovernmental
-	220	42,347,540	Charges for services
-	365,490	365,490	Developers' contributions
-	881,549	3,232,850	Revenue from the use of money and property
-	320,978	1,067,222	Gifts, donations and contributions
-	7,000	254,235	Other
19,333,314	1,612,737	109,352,964	Total revenues
<b>EXPENDITURES</b>			
Current:			
560,483	1,208,722	81,837,546	Parks, recreation, and cultural
2,296,763	266,937	7,216,692	Intergovernmental
20,609,569	4,069,901	26,285,077	Capital outlay
Debt service:			
-	-	898,100	Principal retirement
-	-	681,790	Interest and other charges
23,466,815	5,545,560	116,919,205	Total expenditures
Excess (deficiency) of revenues over			
(4,133,501)	(3,932,823)	(7,566,241)	(under) expenditures
<b>OTHER FINANCING SOURCES (USES)</b>			
-	-	-	Total other financing sources (uses)
(4,133,501)	(3,932,823)	(7,566,241)	Net change in fund balances
1,332,742	24,184,068	29,631,983	Fund balances, July 1, 2014
(2,800,759)	20,251,245	22,065,742	Fund balances, June 30, 2015

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, 2015

## EXHIBIT K-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 \$ (7,566,241)

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	\$ 26,285,077	
Depreciation expense	<u>(11,703,424)</u>	14,581,653

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.

7,528,404

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. (1,919,769)

Certain costs reported in prior year construction in progress balances were determined not to be capital (9,940)

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	898,100
---------------------------------------	---------

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:

Interest expense	\$ 3,709	
Amortized premium and deferred loss	<u>60,463</u>	64,172

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	106,729
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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	1,134,505
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Change in net position of governmental activities	<u>\$ 14,817,613</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, 2015

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 22,057,120	22,228,196	22,072,487	(155,709)
Charges for services	1,467,166	1,314,874	1,013,164	(301,710)
Total revenues	23,524,286	23,543,070	23,085,651	(457,419)
<b>EXPENDITURES</b>				
Current:				
Parks, recreation, and cultural	23,524,286	23,543,070	23,085,651	457,419
Total expenditures	23,524,286	23,543,070	23,085,651	457,419
Net change in fund balance	\$ -	-	-	-

**COUNTY OF FAIRFAX, VIRGINIA**  
**Fairfax County Park Authority**  
**Budgetary Comparison Schedule - Park Revenue Fund (Budget Basis)**  
**For the fiscal year ended June 30, 2015**

**EXHIBIT K-2B**

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Charges for services	\$ 42,964,347	42,964,347	41,333,916	(1,630,431)
Revenue from the use of money and property	2,520,680	2,520,680	2,351,301	(169,379)
Gifts, donations, and contributions	621,337	621,337	746,244	124,907
Other	178,691	178,691	247,235	68,544
Total revenues	46,285,055	46,285,055	44,678,696	(1,606,359)
<b>EXPENDITURES</b>				
Parks, recreation, and cultural	44,956,023	44,956,023	44,178,613	777,410
Total expenditures	44,956,023	44,956,023	44,178,613	777,410
Excess of revenues over expenditures	1,329,032	1,329,032	500,083	(828,949)
Net change in fund balance	\$ 1,329,032	1,329,032	500,083	(828,949)

The **Fairfax County Economic Development Authority (EDA)** provides direct assistance to firms which intend to establish their operations within the County. The EDA's mission is to attract businesses to Fairfax County and to work with the existing businesses to retain them as they expand and create new jobs. The EDA is an independent authority, legally authorized by an enactment of the Virginia General Assembly and formally created by resolution of the County Board of Supervisors. The County Board of Supervisors appoints the seven members of EDA's Commission. The Board also appropriates funds annually for operating expenditures incurred in carrying out EDA's mission.

General Fund (Financed from County General Fund)  
is used to account for the operations of the EDA, all of which are funded by the County.

COUNTY OF FAIRFAX, VIRGINIA  
 Fairfax County Economic Development Authority  
 Balance Sheet  
 June 30, 2015

## EXHIBIT L

	Governmental Fund (Financed from County General Fund)
<b>ASSETS</b>	
Due from primary government	\$ 195,136
Prepays	64,124
Total assets	<u>259,260</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Total deferred outflows of resources	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 259,260</u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	90,392
Accrued salaries and benefits	168,868
Total liabilities	<u>259,260</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Total deferred inflows of resources	<u>-</u>
Total liabilities and deferred inflows of resources	<u>259,260</u>
<b>FUND BALANCE</b>	
Unreserved	<u>-</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 259,260</u>
<b>Reconciliation of the Balance Sheet to the Statement of Net Position</b>	
Fund balance - General Fund	\$ -
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$796,938 and the accumulated depreciation and amortization is \$474,891.	322,047
Long-term liabilities, including compensated absences payable, \$308,324, and unearned rent, \$766,954, are not due and payable in the current period and, therefore, are not reported in the fund.	(1,075,278)
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 \$993,217, and the Net pension liability is \$4,828,431. The deferred inflow related to pension liability is \$895,509.	<u>(4,730,723)</u>
Net position of governmental activities	<u>\$ (5,483,954)</u>

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT L-1

## Fairfax County Economic Development Authority

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

For the fiscal year ended June 30, 2015

	Governmental Fund (Financed from County General Fund)
<b>REVENUES</b>	
Intergovernmental	\$ 8,622,953
Total revenues	8,622,953
<b>EXPENDITURES</b>	
Current:	
Community development	8,622,953
Total expenditures	8,622,953
Excess of revenues over expenditures	-
Fund balance, July 1, 2014	-
Fund balance, June 30, 2015	\$ -

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

Net change in fund balance - General Fund \$ -

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

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

Depreciation and amortization expense	(74,574)	
Increase in liability for compensated absences	(18,552)	
Unearned rent	121,008	
Pension Expense	94,238	122,120
Change in net position of governmental activities		\$ 122,120



## COUNTY OF FAIRFAX, VIRGINIA

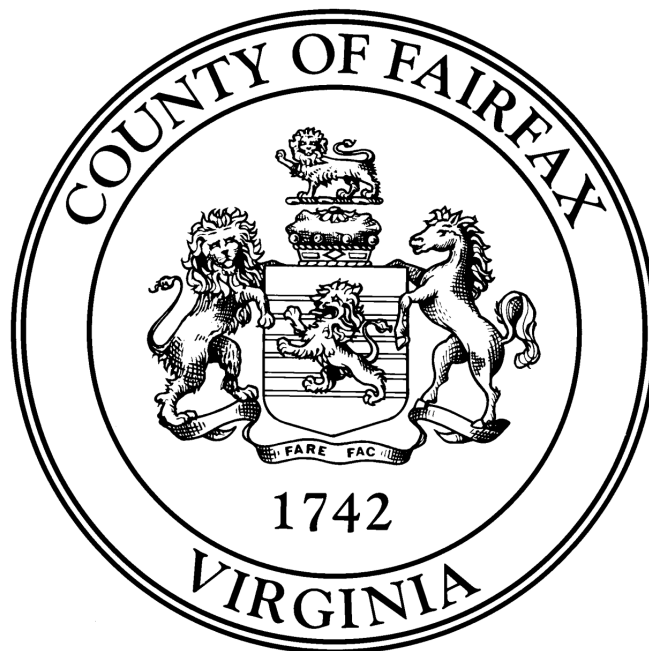
## EXHIBIT L-2

## Fairfax County Economic Development Authority

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

For the fiscal year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 7,335,923	7,335,923	7,335,920	(3)
Total revenues	7,335,923	7,335,923	7,335,920	(3)
<b>EXPENDITURES</b>				
Community development	7,335,923	7,335,923	7,335,920	3
Total expenditures	7,335,923	7,335,923	7,335,920	3
Net change in fund balance	\$ -	-	-	-



**1.0 - Financial trends** information is intended to assist users in understanding and assessing how the County's financial position has changed over time. There are four tables presented in this section.

COUNTY OF FAIRFAX, VA  
**TABLE 1.1 - Net Position by Component**  
**Last Ten Fiscal Years**

	Fiscal Year				
	2015	2014 (3)	2013	2012 (2)	2011
<i>Governmental activities:</i>					
Net investment in capital assets	\$ 1,875,208,103	1,861,776,623	1,736,906,426	1,695,143,766	1,540,962,447
Restricted	318,966,582	286,196,280	214,950,085	226,409,285	308,394,968
Unrestricted (1)	(2,802,308,892)	(2,960,996,275)	(1,657,422,986)	(1,581,687,019)	(1,370,285,300)
Net position, governmental activities	\$ (608,134,207)	(813,023,372)	294,433,525	339,866,032	479,072,115
<i>Business-type activities:</i>					
Net investment in capital assets	\$ 892,414,328	843,276,715	778,825,722	769,135,097	722,703,848
Restricted	66,038,662	43,116,468	44,113,954	51,055,374	93,427,366
Unrestricted	66,651,531	100,358,086	147,119,567	116,578,189	81,180,178
Net position, business-type activities	\$ 1,025,104,521	986,751,269	970,059,243	936,768,660	897,311,392
<i>Total Primary government:</i>					
Net investment in capital assets	\$ 2,767,622,431	2,705,053,338	2,515,732,148	2,464,278,863	2,263,666,295
Restricted	385,005,244	329,312,748	259,064,039	277,464,659	401,822,334
Unrestricted	(2,735,657,361)	(2,860,638,189)	(1,510,303,419)	(1,465,108,830)	(1,289,105,122)
Net position, primary government	\$ 416,970,314	173,727,897	1,264,492,768	1,276,634,692	1,376,383,507

Source: Fairfax County Department of Finance

Notes:

- (1) The County issues debt for the construction of Public Schools and Park Authority facilities. The County reports this debt; whereas, the Public Schools and Park Authority report the related capital assets and unspent bond proceeds. As a result, the debt reduces unrestricted net assets for the primary government. The amount of this debt related to investments in capital assets and unspent bond proceeds for these component units that is outstanding for each fiscal year is as follows:

	Fiscal Year				
	2015	2014	2013	2012	2011
\$	1,616,079,489	1,625,585,624	1,596,333,283	1,453,383,980	1,431,198,421

- (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.

Fiscal Year					
2010	2009	2008	2007	2006	
					<i>Governmental activities:</i>
1,458,369,495	1,399,874,484	1,313,609,617	1,176,653,933	1,075,520,989	Net investment in capital assets
210,842,044	188,432,037	55,360,397	45,835,642	36,903,134	Restricted
(1,112,442,403)	(1,093,476,245)	(919,381,116)	(762,741,854)	(777,273,475)	Unrestricted (1)
556,769,136	494,830,276	449,588,898	459,747,721	335,150,648	Net position, governmental activities
					<i>Business-type activities:</i>
748,697,093	645,044,053	757,799,128	789,479,735	786,263,108	Net investment in capital assets
44,371,666	148,760,524	28,251,270	46,489,817	57,514,949	Restricted
76,855,173	84,277,881	109,530,192	61,756,541	61,442,481	Unrestricted
869,923,932	878,082,458	895,580,590	897,726,093	905,220,538	Net position, business-type activities
					<i>Total Primary government:</i>
2,207,066,588	2,044,918,537	2,071,408,745	1,966,133,668	1,861,784,097	Net investment in capital assets
255,213,710	337,192,561	83,611,667	92,325,459	94,418,083	Restricted
(1,035,587,230)	(1,009,198,364)	(809,850,924)	(700,985,313)	(715,830,994)	Unrestricted
1,426,693,068	1,372,912,734	1,345,169,488	1,357,473,814	1,240,371,186	Net position, primary government

Fiscal Year				
2010	2009	2008	2007	2006
1,371,914,260	1,342,939,932	1,297,409,248	1,215,573,395	1,184,160,483

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

	Fiscal Year				
	2015	2014	2013	2012	2011
<b>Expenses</b>					
<i>Governmental activities:</i>					
General government administration	\$ 183,647,484	201,180,941	201,445,282	201,444,643 (5)	138,976,659
Judicial administration	55,830,358	54,913,419	46,336,343	54,731,149	52,295,620
Public safety	670,432,665	695,690,761	658,186,021	621,850,677	618,789,976
Public works	204,114,861	195,014,404	185,250,816	176,714,926	192,081,461
Health and welfare	557,312,024	551,586,755	542,052,102	562,237,332	546,852,765
Community development	352,960,858	352,759,047	387,551,012	393,528,633	378,565,455
Parks, recreation, and cultural	112,338,852	107,762,594	112,057,718	114,767,984	105,293,977
Education - for Public Schools	1,936,673,334	1,883,055,936	1,843,611,090	1,769,700,781	1,744,248,387
Interest on long-term debt	101,276,354	109,563,020	117,251,705	112,604,312	98,596,584
Total expenses, governmental activities	4,174,586,790	4,151,526,877	4,093,742,089	4,007,580,437	3,875,700,884
<i>Business-type activities:</i>					
Public works - Sewer	\$ 174,932,128	174,845,675	169,212,487	163,955,907 (5)	156,989,198
Total expenses, business-type activities	174,932,128	174,845,675	169,212,487	163,955,907	156,989,198
Total expenses, primary government	4,349,518,918	4,326,372,552	4,262,954,576	4,171,536,344	4,032,690,082
<b>Program Revenues</b>					
<i>Governmental activities:</i>					
Charges for services:					
Public safety	\$ 71,729,966	58,202,390	58,883,550	62,860,108	74,126,570
Public works	141,711,640	131,355,271	117,037,898	110,804,240	113,296,977
Health and welfare	70,951,265	69,351,107	64,938,672	68,152,942	70,834,601
Other activities	309,689,155	334,124,545	287,013,174	191,091,722	137,393,757
Operating grants and contributions	243,282,980	222,115,446	239,536,892	256,182,164	292,921,660
Capital grants and contributions	34,407,375	22,578,476	22,312,264	29,696,488	17,033,448
Total program revenues, governmental activities	871,772,381	837,727,235	789,722,450	718,787,664	705,607,013
<i>Business-type activities:</i>					
Charges for services:					
Public works - Sewer	\$ 209,227,867	212,175,672	194,030,949	188,917,214	154,118,716
Capital grants and contributions	3,277,159	4,074,576	7,062,744	13,974,206	12,385,470
Total program revenues, business-type activities	212,505,026	216,250,248	201,093,693	202,891,420	166,504,186
Total program revenues, primary government	1,084,277,407	1,053,977,483	990,816,143	921,679,084	872,111,199
<b>Net (Expense) Revenue</b>					
Governmental activities	(3,302,814,409)	(3,313,799,642)	(3,304,019,639)	(3,288,792,773)	(3,170,093,871)
Business-type activities	37,572,898	41,404,573	31,881,206	38,935,513	9,514,988
Total primary government	\$ (3,265,241,511)	(3,272,395,069)	(3,272,138,433)	(3,249,857,260)	(3,160,578,883)

Fiscal Year					
2010	2009	2008	2007	2006	
					<b>Expenses</b>
					<i>Governmental activities:</i>
148,730,289	160,696,700	155,387,589	140,972,403	133,838,032	General government administration
40,825,671	44,885,189	45,402,679	41,566,535	38,631,468	Judicial administration
604,822,717	624,257,988	614,837,542	580,551,244	550,648,594	Public safety
198,458,714	195,125,647	191,477,505	173,175,664	159,913,922	Public works
495,727,107	494,493,208	491,520,452	464,160,365	441,567,541	Health and welfare
232,156,056	273,649,566	206,158,826	224,697,345	185,778,647	Community development
123,549,652	140,802,569	182,268,495	126,638,121	137,380,297	Parks, recreation, and cultural
1,784,128,380	1,784,670,681	1,733,929,914	1,665,173,825	1,547,083,954	Education - for Public Schools
97,587,106	95,151,292	94,307,127	88,475,535	82,365,378	Interest on long-term debt
3,725,985,692	3,813,732,840	3,715,290,129	3,505,411,037	3,277,207,833	Total expenses, governmental activities
					<i>Business-type activities:</i>
155,490,570	148,934,682	142,521,912	136,914,753	136,063,778	Public works - Sewer
155,490,570	148,934,682	142,521,912	136,914,753	136,063,778	Total expenses, business-type activities
3,881,476,262	3,962,667,522	3,857,812,041	3,642,325,790	3,413,271,611	Total expenses, primary government
					<b>Program Revenues</b>
					<i>Governmental activities:</i>
					Charges for services:
67,562,279	62,631,798	62,297,005	55,092,085	53,558,588	Public safety
95,740,931	88,943,909	88,692,491	89,181,174	80,212,361	Public works
63,641,537	60,789,511	56,173,288	53,722,470	56,770,395	Health and welfare
136,293,136	181,759,896	63,191,212	82,465,140	72,600,753	Other activities
440,962,393	247,996,754	260,367,949	238,382,990	241,510,533	Operating grants and contributions
45,298,191	30,537,124	32,540,001	20,942,679	28,003,177	Capital grants and contributions
849,498,467	672,658,992	563,261,946	539,786,538	532,655,807	Total program revenues, governmental activities
					<i>Business-type activities:</i>
					Charges for services:
137,350,273	120,184,626	114,206,818	115,457,196	123,358,395	Public works - Sewer
8,677,874	8,950,919	10,087,940	8,137,150	5,888,926	Capital grants and contributions
146,028,147	129,135,545	124,294,758	123,594,346	129,247,321	Total program revenues, business-type activities
995,526,614	801,794,537	687,556,704	663,380,884	661,903,128	Total program revenues, primary government
					<b>Net (Expense) Revenue</b>
(2,876,487,225)	(3,141,073,848)	(3,152,028,183)	(2,965,624,499)	(2,744,552,026)	Governmental activities
(9,462,423)	(19,799,137)	(18,227,154)	(13,320,407)	(6,816,457)	Business-type activities
(2,885,949,648)	(3,160,872,985)	(3,170,255,337)	(2,978,944,906)	(2,751,368,483)	Total primary government
					(continued)

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

	Fiscal Year				
	2015	2014	2013	2012	2011
<b>General Revenues and Other Changes in Net Position</b>					
<i>Governmental activities:</i>					
Taxes:					
Real property	\$ 2,356,421,557	2,215,898,422	2,123,759,406	2,057,935,398	2,028,435,622
Personal property	368,390,092	362,772,805	353,275,799	316,966,006	301,272,265
Business licenses	154,681,661	158,619,113	158,768,484	155,480,677	150,669,671
Local sales and use	247,734,220	261,193,846	265,029,666	257,770,918	158,772,098
Consumers utility	100,484,941	74,633,997	73,450,331	65,254,197	113,731,677
Motor vehicle decals	-	-	-	-	27,408,623
Recordation	23,898,873	19,968,520	28,281,179	26,223,747	26,407,596
Occupancy, tobacco, and other	33,775,982	31,296,981	32,694,178	33,360,801	47,946,003
Unrestricted grants and contributions	211,423,648	230,920,811	209,291,717	218,287,716	211,818,969
Revenue from the use of money	10,892,600	8,577,857	9,836,372	14,807,663	18,634,630
Special item	-	-	4,200,000 (3)	3,499,567 (3)	7,299,696 (3)
Total general revenues and other changes in net position, governmental activities	3,507,703,574	3,363,882,352	3,258,587,132	3,149,586,690	3,092,396,850
<i>Business-type activities:</i>					
Revenue from the use of money	\$ 780,354	484,332	1,409,377	521,755	1,084,587
Special item	-	-	-	-	16,787,885 (4)
Total general revenues and other changes in net position, business-type activities	780,354	484,332	1,409,377	521,755	17,872,472
Total general revenues and other changes in net position, primary government	3,508,483,928	3,364,366,684	3,259,996,509	3,150,108,445	3,110,269,322
<b>Change in Net Position</b>					
Governmental activities	204,889,165	50,082,710	(45,432,507)	(139,206,083)	(77,697,021)
Business-type activities	38,353,252	41,888,905	33,290,583	39,457,268	27,387,460
Total primary government	\$ 243,242,417	91,971,615	(12,141,924)	(99,748,815)	(50,309,561)

Source: Fairfax County Department of Finance

Notes:

- (1) In FY2007, Public Schools transferred 12 properties totaling 188.9 acres to the County valued at \$10,874,069. As part of this transfer, Public Schools is able to make an annual request of \$25 million in capital bond funding through fiscal year 2012.
- (2) In January 2008, the Sewer System sold purchased capacity to Prince William County Service Authority (2 MPG) and the City of Manassas (1 MPG) for \$50.6 million. As a result, a special item - Gain from sale of Purchased Capacity of \$10,954,572 was recognized.
- (3) 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.
- (4) 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.

Fiscal Year					
2010	2009	2008	2007	2006	
					<b>General Revenues and Other Changes in Net Position</b>
					<i>Governmental activities:</i>
					Taxes:
2,126,498,175	2,093,518,885	2,020,779,749	1,938,762,106	1,785,065,735	Real property
296,610,992	316,717,991	307,572,072	310,274,454	288,584,215	Personal property
138,684,942	142,922,838	139,073,624	136,616,482	127,439,823	Business licenses
151,354,001	154,902,699	164,873,726	160,580,634	176,084,111	Local sales and use
117,882,816	113,556,023	122,378,380	116,673,940	103,271,085	Consumers utility
-	-	-	-	19,572,404	Motor vehicle decals
24,891,357	25,063,223	29,958,163	41,687,302	51,431,631	Recordation
47,772,667	40,122,826	40,827,006	46,450,935	41,195,083	Occupancy, tobacco, and other
366,331	211,981,020	212,546,890	216,873,082	215,804,028	Unrestricted grants and contributions
34,364,804	87,529,721	103,859,750	111,428,568	88,643,896	Revenue from the use of money
-	-	-	10,874,069 (1)	-	Special item
2,938,426,085	3,186,315,226	3,141,869,360	3,090,221,572	2,897,092,011	Total general revenues and other changes in net position, governmental activities
					<i>Business-type activities:</i>
1,303,897	2,301,005	5,127,079	5,825,962	4,449,036	Revenue from the use of money
-	-	10,954,572 (2)	-	-	Special item
1,303,897	2,301,005	16,081,651	5,825,962	4,449,036	Total general revenues and other changes in net position, business-type activities
2,939,729,982	3,188,616,231	3,157,951,011	3,096,047,534	2,901,541,047	Total general revenues and other changes in net position, primary government
					<b>Change in Net Position</b>
61,938,860	45,241,378	(10,158,823)	124,597,073	152,539,985	Governmental activities
(8,158,526)	(17,498,132)	(2,145,503)	(7,494,445)	(2,367,421)	Business-type activities
53,780,334	27,743,246	(12,304,326)	117,102,628	150,172,564	Total primary government

(5) Fiscal Year 2012 expenses restated due to the implementation of GASB statement 65.



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

	Fiscal Year				
	2015	2014	2013	2012	2011 (1)
<i>General Fund:</i>					
Reserved	\$ -	-	-	-	-
Unreserved	-	-	-	-	-
Nonspendable	880,201	614,966	727,441	1,129,586	308,818
Committed	237,696,440	220,628,054	216,879,261	213,718,785	206,627,013
Assigned	33,264,339	29,406,539	34,841,916	29,080,155	34,411,546
Unassigned	54,080,837	52,154,540	76,819,631	109,742,640	135,051,587
Total general fund	<u>\$ 325,921,817</u>	<u>302,804,099</u>	<u>329,268,249</u>	<u>353,671,166</u>	<u>376,398,964</u>
<i>All Other Governmental Funds:</i>					
Reserved	\$ -	-	-	-	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Nonspendable	385,364	457,598	748,799	48,513,721	51,702,443
Restricted	806,622,981	779,237,002	565,814,956	569,803,909	566,941,106
Committed	161,136,329	151,287,756	162,348,750	155,083,147	158,420,964
Assigned	-	-	-	-	-
Unassigned	-	-	(13,108,305)	(2,604,408)	-
Total all other governmental funds	<u>\$ 968,144,674</u>	<u>930,982,356</u>	<u>715,804,200</u>	<u>770,796,369</u>	<u>777,064,513</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					
2010 (2)	2009	2008	2007	2006	
					<i>General Fund:</i>
42,842,683	41,356,567	44,027,425	41,763,658	34,665,914	Reserved
343,838,486	237,826,810	227,421,300	249,823,537	239,587,945	Unreserved
-	-	-	-	-	Nonspendable
-	-	-	-	-	Committed
-	-	-	-	-	Assigned
-	-	-	-	-	Unassigned
<u>386,681,169</u>	<u>279,183,377</u>	<u>271,448,725</u>	<u>291,587,195</u>	<u>274,253,859</u>	Total general fund
					<i>All Other Governmental Funds:</i>
204,151,525	219,337,769	238,978,072	249,675,360	236,238,170	Reserved
					Unreserved, reported in:
327,654,603	342,552,944	219,078,434	191,493,718	184,308,185	Special revenue funds
12,918,625	10,487,202	8,890,466	12,121,986	8,361,065	Debt service funds
74,003,428	(64,900,755)	(3,629,250)	121,892,612	101,882,556	Capital projects funds
-	-	-	-	-	Nonspendable
-	-	-	-	-	Restricted
-	-	-	-	-	Committed
-	-	-	-	-	Assigned
-	-	-	-	-	Unassigned
<u>618,728,181</u>	<u>507,477,160</u>	<u>463,317,722</u>	<u>575,183,676</u>	<u>530,789,976</u>	Total all other governmental funds

COUNTY OF FAIRFAX, VA  
**TABLE 1.4 - Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**

	Fiscal Year				
	2015	2014	2013	2012	2011
<b>Revenues</b>					
Taxes	\$ 3,289,084,031	3,119,946,744	3,036,288,822	2,907,905,803	2,857,920,425
Permits, privilege fees, and regulatory licenses	71,026,501	63,886,989	62,411,104	59,935,796	55,402,463
Intergovernmental	559,309,630	609,843,183	554,886,927	500,063,928	516,260,179
Charges for services	387,763,613	351,597,808	337,660,061	323,151,828	314,079,106
Fines and forfeitures	16,437,938	16,817,313	16,842,952	17,230,369	16,645,115
Revenue from the use of money and property	31,080,667	31,544,136	34,239,413	38,113,332	35,214,790
Recovered costs	20,109,855	16,141,935	14,076,599	20,294,568	21,034,191
Contributions and other	12,221,739	3,408,767	2,337,036	4,353,629	2,727,276
Total revenues	4,387,033,974	4,213,186,875	4,058,742,914	3,871,049,253	3,819,283,545
<b>Expenditures</b>					
Current:					
General government administration	163,023,642	164,384,546	172,947,861	142,882,772	131,833,676
Judicial administration	53,183,629	50,760,212	45,751,873	50,071,223	50,502,397
Public safety	699,203,895	690,063,408	639,655,183	594,264,731	573,559,767
Public works	199,205,144	202,904,525	198,203,970	194,764,262	203,941,440
Health and welfare	568,675,553	553,250,576	542,814,370	557,655,637	539,471,030
Community development	230,287,575	193,976,264	192,000,269	185,214,980	166,588,005
Parks, recreation, and cultural	50,642,925	51,709,656	54,270,433	51,248,180	45,300,724
Intergovernmental (1):					
Community development	111,031,149	146,812,410	178,024,166	195,414,873	196,331,575
Parks, recreation, and cultural	57,848,921	52,381,153	52,494,525	56,373,285	51,963,744
Education	1,936,673,334	1,878,460,936	1,843,611,090	1,769,700,781	1,744,248,387
Capital outlay	160,667,922	224,900,077	173,558,840	215,858,520	126,573,819
Debt service:					
Principal retirement	280,109,469	204,975,519	234,615,416	199,199,649	192,553,364
Interest and other charges	137,140,834	132,973,357	127,353,770	122,995,432	111,835,136
Total expenditures	4,647,693,992	4,547,552,639	4,455,301,766	4,335,644,325	4,134,703,064
Deficiency of revenues under expenditures	(260,660,018)	(334,365,764)	(396,558,852)	(464,595,072)	(315,419,519)
<b>Other Financing Sources (Uses)</b>					
Transfers in	555,297,170	581,375,596	525,335,599	547,558,731	485,495,544
Transfers out	(581,266,174)	(587,133,301)	(536,354,136)	(551,771,067)	(485,707,880)
Bonds issued	257,188,745	480,886,115	298,776,517	434,761,982	449,668,535
Refunding bonds issued	311,478,707	108,080,978	171,151,301	297,015,139	50,968,368
Payments to escrow agent	(270,710,041)	(107,703,910)	(145,945,515)	(295,465,222)	(50,785,617)
Capital leases, installment purchases, and other	48,951,647	47,574,292	-	-	6,535,000
Total other financing sources	320,940,054	523,079,770	312,963,766	432,099,563	456,173,950
<b>Special Item</b>	-	-	4,200,000	3,499,567	3,499,567
Net change in fund balances	\$ 60,280,036	188,714,006	(79,395,086)	(28,995,942)	144,253,998
Debt service as a percentage of noncapital expenditures	9.3%	7.8%	8.5%	7.8%	7.6%

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					
2010	2009	2008	2007	2006	
					<b>Revenues</b>
2,899,801,062	2,888,968,005	2,822,785,575	2,747,313,169	2,591,610,934	Taxes
47,681,442	41,148,793	42,102,636	44,581,986	45,335,405	Permits, privilege fees, and regulatory licenses
482,379,557	476,787,036	486,912,629	482,930,649	484,822,403	Intergovernmental
305,372,921	372,034,854	212,446,433	219,607,480	202,707,290	Charges for services
15,065,700	16,507,756	14,912,589	14,867,509	15,108,251	Fines and forfeitures
34,949,962	56,222,006	108,289,490	122,013,330	91,543,648	Revenue from the use of money and property
16,701,652	18,153,938	18,244,071	13,393,966	15,876,280	Recovered costs
4,482,245	6,639,296	4,975,659	6,771,263	6,708,723	Contributions and other
<u>3,806,434,541</u>	<u>3,876,461,684</u>	<u>3,710,669,082</u>	<u>3,651,479,352</u>	<u>3,453,712,934</u>	Total revenues
					<b>Expenditures</b>
					Current:
133,726,104	149,274,890	149,122,282	133,968,481	123,677,400	General government administration
39,347,205	43,230,230	43,509,367	41,062,317	38,113,725	Judicial administration
565,403,962	583,525,248	569,302,568	562,006,584	532,941,254	Public safety
218,774,283	215,701,070	218,923,642	210,888,400	195,231,421	Public works
489,662,065	488,328,771	488,090,226	463,193,567	442,392,799	Health and welfare
150,881,980	148,394,752	145,834,184	163,601,525	140,630,700	Community development
65,451,624	71,536,790	73,762,142	68,455,248	63,493,502	Parks, recreation, and cultural
					Intergovernmental (1):
64,962,498	111,546,162	53,272,255	52,461,994	36,375,841	Community development
50,660,393	57,753,807	97,512,863	51,998,820	67,429,466	Parks, recreation, and cultural
1,784,128,380	1,784,670,681	1,733,929,914	1,665,173,825	1,548,705,318	Education
108,546,444	103,631,142	269,431,452	151,872,354	159,498,041	Capital outlay
					Debt service:
180,329,456	181,248,484	172,491,889	163,468,305	155,731,090	Principal retirement
<u>113,476,133</u>	<u>107,665,231</u>	<u>103,891,079</u>	<u>97,148,791</u>	<u>93,863,245</u>	Interest and other charges
<u>3,965,350,527</u>	<u>4,046,507,258</u>	<u>4,119,073,863</u>	<u>3,825,300,211</u>	<u>3,598,083,802</u>	Total expenditures
<u>(158,915,986)</u>	<u>(170,045,574)</u>	<u>(408,404,781)</u>	<u>(173,820,859)</u>	<u>(144,370,868)</u>	Deficiency of revenues under expenditures
					<b>Other Financing Sources (Uses)</b>
515,765,999	519,572,088	493,747,382	500,822,272	494,604,574	Transfers in
(508,672,574)	(514,736,191)	(506,661,485)	(513,738,563)	(502,270,865)	Transfers out
370,806,378	211,699,021	250,487,439	248,483,479	199,964,050	Bonds issued
199,228,007	61,224,951	-	-	381,982,418	Refunding bonds issued
(198,007,662)	(61,085,125)	-	-	(381,019,900)	Payments to escrow agent
-	5,197,257	38,771,498	-	15,424,016	Capital leases, installment purchases, and other
<u>379,120,148</u>	<u>221,872,001</u>	<u>276,344,834</u>	<u>235,567,188</u>	<u>208,684,293</u>	Total other financing sources
-	-	-	-	-	<b>Special Item</b>
<u>220,204,162</u>	<u>51,826,427</u>	<u>(132,059,947)</u>	<u>61,746,329</u>	<u>64,313,425</u>	Net change in fund balances
7.6%	7.3%	7.2%	7.1%	7.3%	Debt service as a percentage of noncapital expenditures

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

COUNTY OF FAIRFAX, VA

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

Fiscal Year	Residential (000s)	Commercial (000s)	Public Service Corporations (000s)	Total Taxable Assessed Value (000s)	Tax-Exempt (000s)	Total Direct Tax Rate (2)
2015	\$ 164,977,246	54,044,028	863,583	219,884,857	16,421,055	1.09
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	1.07
2011	142,995,627	44,784,450	859,782	188,639,859	13,707,594	1.09
2010	151,207,936	55,600,077	1,187,930	207,995,943	14,960,334	1.04
2009	171,891,606	57,778,239	1,142,302	230,812,147	14,935,364	0.92
2008	176,497,713	52,001,524	1,025,674	229,524,911	12,972,693	0.89
2007	175,316,906	44,088,497	950,707	220,356,110	12,261,651	0.89
2006	141,857,826	36,942,894	960,617	179,761,337	10,462,057	1.00

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
2015	1.090	0.265	0.2288
2014	1.085	0.265	0.2288
2013	1.075	0.265	0.2421
2012	1.07	0.27	0.242
2011	1.09	0.28	0.245
2010	1.04	0.26	0.228
2009	0.92	0.24	0.209
2008	0.89	0.24	0.197
2007	0.89	0.24	0.186
2006	1.00	0.25	0.220

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 2015			
Rank	Taxpayer	Taxable Assessed Value (1)	Pct. of Total Taxable Assessed Value (2)
1	Tysons Corner Property Holdings LLC	\$ 1,295,238,660	0.59 %
2	Fairfax Company of Virginia LLC	403,630,610	0.18
3	Cesc Skyline LLC	343,114,760	0.16
4	Camden Summit Partnership LP	336,172,190	0.15
5	Federal Home Loan Mortgage Corp	331,851,560	0.15
6	Washington Gas Light Co	302,803,787	0.14
7	Sri Seven Fair Lakes LLC	252,124,340	0.12
8	Reston Town Center Property LLC	249,389,560	0.11
9	PS Business Parks LP	248,863,520	0.11
10	Patriot Village Owner LLC	241,747,820	0.11
Totals		<u>\$ 4,004,936,807</u>	<u>1.82 %</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 2015 is \$219,021,273,450.  
Total taxable assessed value for fiscal year 2006 is \$178,818,426,150.

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		
2015	2,367,484,875	2,360,588,850	99.71 %	\$ -	2,367,484,875
2014	2,226,943,153	2,220,155,139	99.70	(992,196)	2,225,950,957
2013	2,132,072,324	2,124,865,909	99.66	(1,472,923)	2,130,599,401
2012	2,055,354,905	2,048,202,774	99.65	(1,195,641)	2,054,159,264
2011	2,024,903,008	2,017,592,586	99.64	(1,148,660)	2,023,754,348
2010	2,122,256,675	2,113,800,763	99.60	(2,460,010)	2,119,796,665
2009	2,088,602,937	2,078,433,868	99.51	(1,377,486)	2,087,225,451
2008	2,014,871,776	2,005,101,989	99.52	(1,462,049)	2,013,409,727
2007	1,935,626,339	1,926,279,952	99.52	(344,301)	1,935,282,038
2006	1,779,168,760	1,769,793,216	99.47	(1,211,518)	1,777,957,242

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. FY2015, taxes are levied for calendar year 2014.
- (2) Adjustments to the original levy include exonerations, tax relief, and supplemental assessments.

Fiscal Year 2006			
Rank	Taxpayer	Taxable Assessed Value (1)	Pct. of Total Taxable Assessed Value (2)
1	Tysons Corner Property Holdings LLC	\$ 574,159,430	0.32 %
2	Prentiss Properties	496,564,760	0.28
3	West Group Properties LLC	377,562,360	0.21
4	Virginia Electric & Power Company	346,885,714	0.19
5	Company of Fairfax	262,191,600	0.15
6	Franconia Two LP	238,012,530	0.13
7	EOP Reston Town Center	230,431,960	0.13
8	Smith Property Holdings	206,341,640	0.12
9	Washington Gas Light	204,590,008	0.11
10	Gannett Co Inc	194,529,960	0.11
Totals		<u>\$ 3,131,269,962</u>	<u>1.75 %</u>

Collections in Subsequent Years	Total Collections to Date	
	Amount	Pct. of Adjusted Levy (3)
-	2,360,588,850	99.71 %
3,928,655	2,224,083,794	99.92
4,828,518	2,129,694,427	99.96
5,352,069	2,053,554,843	99.97
5,707,890	2,023,300,476	99.98
5,646,295	2,119,447,058	99.98
8,612,793	2,087,046,661	99.99
8,171,821	2,013,273,810	99.99
8,889,730	1,935,169,682	99.99
8,064,308	1,777,857,524	99.99

- (3) This table includes real estate taxes only and does not include penalty and interest. There is a difference in the collection rate reported here and the rate reported in the County's Budget Overview document resulting from a difference in accounting basis. Taxes receivable reflects only the actual levy and collections and does not include the accrual of taxes.



**3.0 - Debt** capacity information is intended to assist users in understanding and assessing the County's debt burden and its ability to issue additional debt. There are five tables presented in this section.

COUNTY OF FAIRFAX, VA

**TABLE 3.1 - Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

Governmental Activities (1)							
Fiscal Year	General Obligation Bonds (000s)	Revenue Bonds		Certificates of Participation (3) (000s)	Notes (000s)	Capital Leases (000s)	HUD Section 108 Loan (000s)
		Revenue- Backed Bonds (6) (000s)	Lease Revenue Bonds (2) (6) (000s)				
2015	\$ 2,367,801	406,207	495,338	-	75,736	23,218	10,152
2014	2,311,626	413,632	520,906	-	53,883	24,323	10,826
2013	2,226,884	420,949	348,712	-	32,713	3,478	11,493
2012	2,017,435	-	716,700	-	35,433	11,234	12,155
2011	1,996,210	-	557,841	-	38,258	15,025	12,466
2010	1,997,045	-	321,654	-	42,813	8,064	6,236
2009	1,895,765	-	209,653	25,855	45,958	8,339	6,535
2008	1,860,900	-	222,623	26,385	48,903	7,809	1,610
2007	1,784,240	-	234,290	26,885	11,933	11,736	1,725
2006	1,700,980	-	234,863	27,360	12,578	16,169	1,725

Source: Fairfax County Department of Finance

Notes:

- (1) Amounts for bonds are reported net of premiums and/or discounts starting in fiscal year 2013. Prior to fiscal year 2013, amounts for bonds are reported gross, excluding premiums and/or discounts and deferred amounts on refundings. See Note K in Notes to the Financial Statements for additional information regarding the County's outstanding debt.
- (2) Lease revenue bonds have been issued by county component units, using receipt of lease payments as the revenue source. All outstanding lease revenue bonds have been identified as conduit debt of the county and the associated lease payments are made using general government resources.
- (3) The Certificates of Participation relate to the County's acquisition of the South County Government Center, which is reported as a capital lease in the financial statements. The lease was signed on November 1, 2000, and the first payment was due on October 15, 2002. The Certificates of Participation bonds were refunded on March 10, 2010 by EDA Series 2010 Revenue Bonds.
- (4) See Table 4.1 for personal income data. The percentage is calculated using personal income data for the prior calendar year.
- (5) See Table 4.1 for population data. The ratio is calculated using population data for the prior calendar year.
- (6) In fiscal years 2011 and 2012, the revenue-backed and lease revenue bonds were consolidated in lease revenue bonds. The outstanding debt for revenue-backed bonds in fiscal years 2011 and 2012 are \$252,685 and \$364,595, respectively. The two types of bonds are reported separately starting in fiscal year 2013.

State Literary Fund Loans (000s)	Business-type Activities (1) Revenue Bonds (000s)	Total Primary Government (000s)	Pct. of Personal Income (4)	Debt Per Capita (5)
-	592,086	3,970,538	4.865 %	3,490
-	616,545	3,951,741	4.880	3,494
-	666,477	3,710,706	5.131	3,533
-	552,254	3,345,211	4.627	3,104
-	565,100	3,184,900	4.388	2,944
-	546,783	2,922,595	3.929	2,721
-	559,070	2,751,175	3.699	2,619
-	418,593	2,586,823	3.669	2,484
8	376,008	2,446,825	3.646	2,359
15	386,783	2,380,473	3.724	2,303

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

Fiscal Year	General Bonded Debt Outstanding (1)					Pct. of Actual Taxable Value of Real Property (3)	Debt Per Capita (4)
	General Obligation Bonds (000s)	Lease Revenue Bonds (2)(5) (000s)	Certificates of Participation (000s)	State Literary Fund Loans (000s)	Total (000s)		
2015	\$ 2,367,801	495,338	-	-	2,863,139	1.42 %	2,517
2014	2,311,626	520,906	-	-	2,832,532	1.41	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
2009	1,895,765	209,653	25,855	-	2,131,273	0.92	2,029
2008	1,860,900	222,623	26,385	-	2,109,908	0.92	2,026
2007	1,784,240	234,290	26,885	8	2,045,423	0.93	1,972
2006	1,700,980	234,863	27,360	15	1,963,218	1.09	1,899

Source: Fairfax County Department of Finance

Notes:

- (1) Amounts for bonds are reported net of premiums and/or discounts starting in fiscal year 2013. Prior to fiscal year 2013, amounts for bonds are reported gross, excluding premiums and/or discounts and deferred amounts on refundings. See Note J in Notes to the Financial Statements for additional information regarding the County's outstanding debt.
- (2) Lease revenue bonds have been issued by county component units, using receipt of lease payments as the revenue source. All outstanding lease revenue bonds have been identified as conduit debt of the county and the associated lease payments are made using general government resources.
- (3) See Table 2.1 for actual taxable value of real property data. This percentage is calculated using values for each fiscal year for which levied.
- (4) See Table 4.1 for population data. This ratio is calculated using population for the prior calendar year.
- (5) In fiscal years 2011 and 2012, the revenue-backed and lease revenue bonds were consolidated in lease revenue bonds. The outstanding debt for revenue-backed bonds in fiscal years 2011 and 2012 are \$252,685 and \$364,595, respectively. The two types of bonds are reported separately starting in fiscal year 2013.

COUNTY OF FAIRFAX, VA  
**TABLE 3.3 - Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2015**

	Debt Outstanding (000s)	Percentage Applicable (2)	Share of Overlapping Debt (000s) (1)
<i>Overlapping debt (2):</i>			
Town of Herndon			
General obligation bonds	\$ 12,465	100.0 %	\$ 12,465
Public Improvement notes	87	100.0	87
Total overlapping debt, Town of Herndon			12,552
Town of Vienna			
General obligation bonds	19,331	100.0	19,331
Capital leases	2,420	100.0	2,420
Total overlapping debt, Town of Vienna			21,751
Total overlapping debt			34,303
<i>County direct debt (3):</i>			
General obligation bonds			2,367,800
Revenue-Backed bonds			406,207
Lease Revenue bonds			495,338
Notes			75,736
Capital leases			23,218
HUD Section 108 loans			10,152
Total direct debt			3,378,451
Total direct and overlapping debt			\$ 3,412,754

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)				
		2015	2014	2013	2012	2011
(a) Debt limit (2)	\$	7,092,110	6,731,089	6,513,757	6,320,578	6,108,656
Total debt applicable to limit (3)		2,863,139	2,832,532	2,575,596	2,734,135	2,554,051
Self-imposed debt margin	\$	4,228,971	3,898,557	3,938,161	3,586,443	3,554,605
Total debt applicable to limit as a percentage of debt limit		40.37%	42.08%	39.54%	43.26%	41.81%
Total debt applicable to limit as a percentage of assessed value		1.21%	1.26%	1.19%	1.30%	1.25%
<i>Debt Margin Calculation for Fiscal Year 2015:</i>						
Assessed value (2)	\$	236,403,666				
Debt limit (3% of assessed value)		7,092,110				
Debt applicable to limit: (3)						
General obligation bonds (1)		2,367,801				
Lease Revenue bonds (1)		495,338				
Total debt applicable to limit		2,863,139				
Self-imposed debt margin	\$	4,228,971				
		Fiscal Year (000s)				
		2015	2014	2013	2012	2011
(b) Debt service limit	\$	372,962	363,784	353,329	341,854	334,490
Total debt service requirements applicable to limit (4)		313,969	295,451	289,714	288,302	285,551
Self-imposed debt service margin	\$	58,993	68,333	63,615	53,552	48,939
Total debt service requirements applicable to limit as a percentage of the debt service limit		84.18%	81.22%	82.00%	84.33%	85.37%
Total debt service requirements applicable to limit as a percentage of annual general fund expenditures and transfers out		8.42%	8.12%	8.20%	8.43%	8.54%

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
- (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 a current refunding of \$39.58 million in FY 2015.

Fiscal Year (000s)					
2010	2009	2008	2007	2006	
6,680,146	7,354,368	7,334,790	7,057,254	5,820,845	Debt limit (2)
2,318,699	2,131,273	2,109,908	2,045,423	1,963,218	Total debt applicable to limit (3)
4,361,447	5,223,095	5,224,882	5,011,831	3,857,627	Self-imposed debt margin
					Total debt applicable to limit as a percentage of debt limit
34.71%	28.98%	28.77%	28.98%	33.73%	
					Total debt applicable to limit as a percentage of assessed value
1.04%	0.87%	0.86%	0.87%	1.01%	

Fiscal Year (000s)					
2010	2009	2008	2007	2006	
330,895	335,364	332,217	322,551	303,501	Debt service limit
277,370	276,105	267,624	253,433	239,326	Total debt service requirements applicable to limit (4)
53,525	59,259	64,593	69,118	64,175	Self-imposed debt service margin
					Total debt service requirements applicable to limit as a percentage of the debt service limit
83.82%	82.33%	80.56%	78.57%	78.86%	
					Total debt service requirements applicable to limit as a percentage of annual general fund expenditures and transfers out
8.38%	8.23%	8.06%	7.86%	7.89%	

COUNTY OF FAIRFAX, VA

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

Fiscal Year	Gross Revenues (1) (000s)	Operating Expenses (2) (000s)	Net Available Revenue (000s)	Debt Service (3)			Coverage
				Principal (000s)	Interest (000s)	Total (000s)	
2015	\$ 210,057	92,312	117,745	22,429	24,290	46,719	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	103,993	16,445	25,418	41,863	2.48
2011	155,218	84,757	70,461	15,797	25,436	41,233	1.71
2010	138,702	83,112	55,590	12,287	22,892	35,179	1.58
2009	122,532	85,307	37,225	11,778	17,888	29,666	1.25
2008	119,395	79,870	39,525	11,341	17,042	28,383	1.39
2007	121,193	73,663	47,530	10,859	17,489	28,348	1.68
2006	127,780	72,705	55,075	9,910	18,028	27,938	1.97

Source: Fairfax County Department of Finance

Notes:

- (1) Gross revenues include all revenues, except the amortization of deferred gain on bond refundings.
- (2) Operating expenses do not include depreciation and amortization.
- (3) See Note K in the Notes to the Financial Statements for detailed information regarding the sewer revenue bonds issued by the Integrated Sewer System and Note L for the System's share of the revenue bonds issued by the Upper Occoquan Sewage Authority.

**4.0 - D**emographic 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.

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COUNTY OF FAIRFAX, VA

**TABLE 4.1 - Demographic and Economic Statistics  
Last Ten Calendar Years**

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Calendar Year	Population (1)	Personal Income (2) (000s)	Per Capita Personal Income (2)	Median Age (yrs) (3)	Pct. of People ≥ 25 Years Old with a Bachelor's Degree (3)	Public School Enrollment (4)	Unemployment Rate (5)
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	74,380,758	69,241	37.3	58.1	169,538	4.9
2008	1,050,315	74,385,409	70,822	39.4	58.5	166,307	2.8
2007	1,041,507	70,500,650	67,691	39.1	59.0	164,486	2.2
2006	1,037,311	67,111,947	64,698	38.4	58.7	164,284	2.2
2005	1,033,646	63,917,568	61,837	38.1	58.5	164,408	2.5

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Notes:

- (1) Population data includes the Cities of Fairfax and Falls Church and is obtained from U.S. Census Bureau's American Fact Finder.
- (2) Personal income data is obtained from the Bureau of Economic Analysis, U.S. Department of Commerce and includes the Cities of Fairfax and Falls Church. Data for only Fairfax County is not available, however, it is believed that the inclusion of these Cities does not significantly affect the County's data. Fairfax County data for 2014 is estimated using percent change in per capita personal income from 2013.
- (3) Median age and educational attainment information are obtained from the U.S. Census Bureau's American Fact Finder and Virginia Economic Development Partnership.
- (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 2015 (1)			Fiscal Year 2006 (1)		
	Number of Employees (2)	Rank	Pct. of Total County Employment (3)	Number of Employees (2)	Rank	Pct. of Total County Employment (3)
Fairfax County Public Schools	24,181	1	3.81 %	22,562	1	3.95 %
Federal Government	23,634	2	3.73	12,517	2	2.19
Fairfax County Government	12,326	3	1.94	10,999	3	1.92
Inova Health System	7,000-10,000	4	1.34	10,000-11,000	4	1.84
George Mason University	5,000-10,000	5	1.18	-	-	-
Booz-Allen Hamilton	4,000-6,999	6	0.87	8,000-9,000	5	1.49
Federal Home Loan Mortgage	4,000-6,999	7	0.87	4,000-5,000	10	0.79
General Dynamics	4,000-6,999	8	0.87	2,000-3,000	-	-
Science Applications International Corporation (4)	4,000-6,999	9	0.87	6,000-7,000	7	1.14
Northrop Grumman	1,000-3,999	10	0.39	8,000-9,000	6	1.49
Sprint Nextel	-	-	0.00	5,000-6,000	8	0.96
Lockheed Martin	-	-	0.00	5,000-6,000	9	0.96
Totals			<u>15.87 %</u>			<u>16.73 %</u>

Source: Fairfax County Economic Development Authority (using Virginia Employment Commission data); Fairfax County Public Schools; Fairfax County Department of Management and Budget

Notes:

- (1) Employment information for fiscal year 2015 excluding data for Fairfax County Government and Fairfax County Public Schools, is from the 1st quarter of calendar year 2015 VEC. Employment information for fiscal year 2006 is as was presented 2006 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 2015 is estimated at 634,272, based on Business Vital Statistics of the Fairfax Economic Development Authority. Average total County employment for fiscal year 2006 was estimated at 571,401.
- (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				
	2015	2014	2013	2012	2011
<u>Primary Government:</u>					
General government administration	2,258.0	2,251.0	2,254.0	2,257.0	1,362.0
Judicial administration	394.0	391.0	392.0	390.0	386.0
Public safety	4,390.0	4,318.0	4,330.0	4,335.0	4,256.0
Public works	538.0	520.0	511.0	481.0	972.0
Health and welfare	3,475.0	3,490.0	3,571.0	3,571.0	2,976.0
Community development	516.0	513.0	481.0	491.0	666.0
Parks, recreation, and cultural	755.0	757.0	763.0	753.0	422.0
Total	12,326.0	12,240.0	12,302.0	12,278.0	11,040.0
<u>Component Units:</u>					
<i>Public Schools:</i>					
Education	24,181.0	24,590.0	24,232.0	23,534.0	22,938.8
<i>Redevelopment and Housing Authority:</i>					
Community development	233.0	233.0	230.0	230.0	228.0
<i>Park Authority:</i>					
Parks, recreation, and cultural	595.0	600.0	598.0	605.0	603.0

Sources: Fairfax County Department of Management and Budget; Fairfax County Public Schools; Fairfax County Redevelopment and Housing Authority; Fairfax County Park Authority

Full-Time Equivalent Employees as of June 30					Function/Program
2010	2009	2008	2007	2006	
					<u>Primary Government:</u>
1,375.0	1,466.5	1,446.5	1,437.5	1,426.5	General government administration
386.0	391.0	384.0	381.0	370.0	Judicial administration
4,304.0	4,331.0	4,321.0	4,297.8	4,163.4	Public safety
970.5	1,118.5	1,129.5	1,128.5	1,103.5	Public works
2,865.8	2,913.3	2,922.3	2,986.3	2,867.1	Health and welfare
678.0	531.0	495.0	487.0	469.0	Community development
604.5	641.5	636.2	605.5	599.5	Parks, recreation, and cultural
11,183.8	11,392.8	11,334.5	11,323.6	10,999.0	Total
					<u>Component Units:</u>
					<i>Public Schools:</i>
22,851.6	23,014.3	22,994.2	22,706.8	22,561.8	Education
					<i>Redevelopment and Housing Authority:</i>
228.0	238.0	238.0	236.0	234.0	Community development
					<i>Park Authority:</i>
600.0	620.0	618.0	615.5	611.3	Parks, recreation, and cultural

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

Function/Program	Fiscal Year				
	2015	2014	2013	2012	2011
<b>Primary Government:</b>					
<i>General government administration:</i>					
Real property parcels assessed	359,265	359,099	358,555	358,489	357,943
Personal property vehicles assessed	979,836	979,424	970,361	963,595	956,528
Businesses licensed	49,063	48,202	47,454	46,919	46,597
Best qualified job applicants forwarded to departments	17,374	15,577	21,828	22,466	20,563
<i>Judicial administration:</i>					
Cases filed in General District Court	316,727	313,055	310,883	313,369	328,580
Booking transactions	40,248	43,543	43,857	42,290	48,569
General District Court probation program new adult enrollment	1,168	1,252	1,286	755	1,353
<i>Public safety:</i>					
Police:					
Recruits graduating Criminal Justice Academy (4)	72	49	31	28	42
Total cases assigned (5)	60,888	59,552	59,735	59,749	58,983
Total cases cleared	20,032	20,805	22,426	22,005	21,681
Parking tickets issued	48,645	59,097	52,182	58,550	61,252
Sheriff:					
Court cases heard annually	420,081	510,857	490,492	478,726	451,744
Average daily Adult Detention Center inmate population	1,062	1,228	1,220	1,257	1,226
Fire and rescue:					
Fire investigations conducted	386	283	329	260	306
Fire inspection activities conducted	20,943	21,920	18,024	17,917	19,251
EMS incidents	69,486	66,550	67,243	67,073	64,066
Animals impounded	4,906	4,090	3,228	4,323	4,365
<i>Public works:</i>					
Gross square feet of facilities maintained	10,652,102	8,590,360	8,688,860	8,613,111	8,532,386
Tons of County waste disposed	709,936	700,170	724,606	796,472	789,721
Total tons recycled	484,783	518,575	647,456	571,116	472,646
Total average daily wastewater flow treated (million gallons)	102.9	104.2	98.0	102.7	100
<i>Health and welfare:</i>					
Persons served through Community Services Board programs (1):					
Mental Health Services	7,082	6,619	6,874	6,736	12,390
Substance Abuse Services	2,406	2,602	2,944	3,281	5,153
Developmental Services	1,901	1,910	1,645	2,087	2,319
Infant Toddler Connection	3,372	3,164	2,975	2,803	2,801
Emergency and Ancillary Services	14,245	13,442	13,248	11,549	-
Home and Congregate Meals for Older Adults	433,170	443,865	451,945	479,555	504,093
Food Stamp applications (SNAP)	18,466	17,416	18,725	17,604	17,593
Medicaid/FAMIS applications	31,609	17,472	22,161	20,544	19,711
Primary care clinic visits	48,100	50,174	50,287	54,336	56,018
Child immunization vaccines given at clinics	34,417	30,590	27,849	29,365	31,152

Fiscal Year					Function/Program
2010	2009	2008	2007	2006	
<u>Primary Government:</u>					
<i>General government administration:</i>					
357,872	358,179	357,180	354,830	349,995	Real property parcels assessed
948,285	947,698	940,437	941,788	947,135	Personal property vehicles assessed
46,872	47,750	47,768	47,556	48,074	Businesses licensed
11,672	11,028	19,343	20,336	23,850	Best qualified job applicants forwarded to departments
<i>Judicial administration:</i>					
334,971	345,240	336,776	308,118	314,964	Cases filed in General District Court
49,784	55,806	54,134	53,389	52,069	Booking transactions
1,300	1,819	1,455	1,369	1,092	General District Court probation program new adult enrollment
<i>Public safety:</i>					
Police:					
37	41	108	89	76	Recruits graduating Criminal Justice Academy (4)
70,099	11,078	11,200	11,224	10,752	Total cases assigned (5)
26,071	6,158	7,850	6,937	6,182	Total cases cleared
64,079	66,003	66,962	66,993	77,459	Parking tickets issued
Sheriff:					
435,853	459,836	459,543	458,358	488,453	Court cases heard annually
1,279	1,309	1,155	1,095	1,046	Average daily Adult Detention Center inmate population
Fire and rescue:					
312	276	331	380	395	Fire investigations conducted
15,468	24,641	26,830	18,942	17,396	Fire inspection activities conducted
65,898	65,662	64,433	64,088	62,036	EMS incidents
4,087	5,176	5,899	5,202	5,753	Animals impounded
<i>Public works:</i>					
8,494,171	8,079,711	8,569,129	7,720,206	7,620,961	Gross square feet of facilities maintained
789,198	845,541	917,463	1,008,263	1,020,009	Tons of County waste disposed
445,625	491,113	488,240	498,139	424,923	Total tons recycled
107.7	101	99	107	102	Total average daily wastewater flow treated (million gallons)
<i>Health and welfare:</i>					
Persons served through Community Services Board programs (1):					
11,447	11,318	12,006	11,191	11,165	Intellectual Disability Services (IDS)
5,115	5,136	5,397	5,456	5,684	Alcohol and drug services
2,297	2,685	2,808	2,297	1,890	Intellectual disability
2,448	2,374	2,044	1,314	1,719	Infant Toddler Connection
-	-	-	-	-	Emergency and Ancillary Services
584,942	624,745	624,745	570,614	505,520	Senior home-delivered meals
17,739	15,412	11,057	9,363	9,343	Food Stamp applications (SNAP)
17,760	18,700	17,298	15,621	14,548	Medicaid/FAMIS applications
51,447	50,012	50,054	47,022	48,032	Primary care clinic visits
65,725	36,062	39,587	44,775	39,762	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				
	2015	2014	2013	2012	2011
<i>Community development:</i>					
Building inspections	156,331	148,587	150,877	136,532	131,236
Building permits issued	59,471	59,956	59,714	54,138	52,450
Zoning permits processed	19,223	19,163	17,982	15,000	15,768
Fairfax Connector bus passengers	9,764,166	10,655,021	10,650,401	10,895,833	10,283,313
<i>Parks, recreation, and cultural:</i>					
Senior Center attendance	296,883	277,342	284,392	260,943	258,359
Teen Center attendance	94,142	92,895	84,180	97,913	95,993
Community Center attendance	308,143	269,279	264,144	224,163	219,768
Library visits	4,814,043	4,990,860	5,221,226	5,246,854	5,439,426
Circulation of all library materials	12,095,926	12,881,013	13,091,690	13,034,816	13,241,259
<u>Component Units:</u>					
<i>Public Schools:</i>					
Combined SAT scores	1,669	1,668	1,663	1,659	1,654
Number of lunches served daily	81,526	83,355	85,006	86,703	85,154
Number of breakfasts served daily	19,193	19,090	17,171	15,400	12,825
Student enrollment	185,914	183,895	181,259	177,918	174,933
Special education enrollment	25,490	25,358	25,114	24,807	24,489
ESOL enrollment	31,104	31,204	28,090	27,944	22,650
<i>Redevelopment and Housing Authority:</i>					
Residents housed through subsidized rental programs:					
Federal Public Housing	2,637	2,701	2,789	2,818	2,839
Federal Housing Choice Vouchers	9,327	9,530	9,636	9,317	9,103
County Rental Program-multifamily and seniors (2)	6,223	6,202	6,224	6,166	6,006
Homes sold in First-Time Homebuyer Program	15	27	42	32	51
<i>Park Authority:</i>					
REC Center attendance	1,817,882	1,796,905	1,919,684	2,006,294	1,988,830
Golf course rounds	259,313	268,151	276,759	294,828	281,930
Visits to natural, cultural, historic, and interpretive sites (3)	1,601,690	1,324,432	791,038	881,510	723,351
Class, camp, and program participation	179,575	178,861	180,336	176,240	166,430

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 FY2007, the numbers for the Fairfax County Rental Program included only properties managed by the FCRHA.
- (3) Prior to FY2014, the visitor numbers included only counted attendance for program visitation and outreach.
- (4) The increase in recruits graduating in FY2015 is due to increased academy class size and number of classes.
- (5) Prior to 2010, police case data reflected only those cases handled by the Major Crimes Division.

Fiscal Year					Function/Program
2010	2009	2008	2007	2006	
Community development:					
119,132	130,492	144,388	180,471	218,631	Building inspections
59,662	49,783	59,662	73,719	82,029	Building permits issued
14,791	14,379	18,435	24,611	24,555	Zoning permits processed
9,629,993	10,901,053	9,810,228	9,717,392	9,529,056	Fairfax Connector bus passengers
Parks, recreation, and cultural:					
254,830	278,054	276,326	246,946	249,966	Senior Center attendance
99,267	90,600	103,357	99,445	116,033	Teen Center attendance
211,637	211,781	190,397	175,908	157,512	Community Center attendance
5,685,827	6,128,289	5,794,036	5,334,827	5,225,404	Library visits
13,879,073	13,931,027	13,065,309	11,942,788	11,279,972	Circulation of all library materials
Component Units:					
Public Schools:					
1,664	1,664	1,654	1,639	1,643	Combined SAT scores
83,514	83,385	81,432	82,273	82,169	Number of lunches served daily
11,911	10,456	10,555	10,889	10,202	Number of breakfasts served daily
172,391	169,538	166,307	164,486	164,284	Student enrollment
14,157	14,071	13,499	13,265	12,665	Special education enrollment
19,222	22,001	21,783	21,369	20,963	ESOL enrollment
Redevelopment and Housing Authority:					
Residents housed through subsidized rental programs:					
2,866	2,863	2,878	2,924	2,933	Federal Public Housing
8,138	8,454	8,264	8,108	8,676	Federal Housing Choice Vouchers
6,113	6,398	4,941	3,876	1,355	County Rental Program-multifamily and seniors (2)
63	120	152	142	92	Homes sold in First-Time Homebuyer Program
Park Authority:					
1,868,390	1,847,391	1,778,914	1,773,319	1,775,980	REC Center attendance
289,384	298,631	322,175	318,117	319,595	Golf course rounds
616,441	606,411	566,815	526,975	574,127	Visits to natural, cultural, historic, and interpretive sites (3)
152,002	157,590	161,213	158,449	151,019	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				
	2015	2014	2013	2012	2011
<b>Primary Government:</b>					
<i>General government administration:</i>					
Government office buildings (square feet)	3,191,961	3,763,174	3,621,104	3,605,182	3,792,927
Vehicle maintenance facilities	3	3	3	4	4
<i>Judicial administration:</i>					
Correctional facilities (inmate capacity)	1,260	1,157	1,220	1,257	1,260
Courtrooms	44	44	44	44	40
<i>Public safety:</i>					
Police:					
Stations	8	8	8	8	8
Vehicles	1,498	1,491	1,486	1,263	1,255
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	29	29	28	28
Volunteer fire and rescue stations	8	9	9	9	9
Combination stations	4	4	4	4	4
Vehicles	502	502	502	495	496
Boats	2	2	2	4	2
Training facilities (trainee capacity)	186	186	186	186	186
Animal shelters (animal capacity)	153	153	137	158	134
<i>Public works:</i>					
Miles of sanitary sewer lines	3,425	3,420	3,412	3,398	3,390
Sewer pumping stations	59	59	59	65	65
Refuse collection, recycling, and disposal vehicles	239	244	263	264	264
Miles of stormwater drainage lines	1,641	1,633	1,621	1,607	1,593
Stormwater retention ponds	1,425	1,414	1,396	1,373	1,349
Landfills and transfer stations	3	3	3	3	3
<i>Health and welfare:</i>					
Health-related clinics	8	8	8	8	5
Shelters	6	6	6	6	6
Community Services Board Centers	7	10	10	10	10
<i>Community development:</i>					
Community centers	7	7	7	7	7
Bus shelters	557	410	375	350	194
Transit centers and park & ride lots	47	36	36	38	45
Fairfax Connector buses	284	278	278	254	271
<i>Parks, recreation, and cultural:</i>					
Libraries	23	23	23	23	23
Community centers	1	1	1	2	2
Trails and walkways (miles)	677	664	656	649	645

Fiscal Year					Function/Program
2010	2009	2008	2007	2006	
Primary Government:					
General government administration:					
3,630,519	3,836,771	3,393,794	3,080,056	3,027,973	Government office buildings (square feet)
4	4	4	4	4	Vehicle maintenance facilities
Judicial administration:					
1,260	1,260	1,260	1,260	1,260	Correctional facilities (inmate capacity)
39	35	34	35	35	Courtrooms
Public safety:					
Police:					
8	8	8	8	8	Stations
1,289	1,290	1,280	1,280	1,326	Vehicles
2	2	2	2	2	Helicopters
240	240	240	230	230	Criminal justice academy (trainee capacity)
Fire and rescue:					
27	26	24	22	21	County-operated fire and rescue stations
10	11	13	13	11	Volunteer fire and rescue stations
4	4	4	4	4	Combination stations
502	495	496	462	458	Vehicles
2	2	2	2	2	Boats
186	186	186	177	177	Training facilities (trainee capacity)
146	158	158	158	158	Animal shelters (animal capacity)
Public works:					
3,380	3,378	3,353	3,328	3,306	Miles of sanitary sewer lines
65	65	65	65	65	Sewer pumping stations
263	254	289	229	229	Refuse collection, recycling, and disposal vehicles
1,586	1,575	1,554	1,758	1,520	Miles of stormwater drainage lines
1,334	1,303	1,267	1,222	1,196	Stormwater retention ponds
3	3	3	3	3	Landfills and transfer stations
Health and welfare:					
5	5	5	5	5	Health-related clinics
6	6	4	3	3	Shelters
10	10	9	9	9	Community Services Board centers
Community development:					
7	7	5	5	5	Community centers
184	184	181	74	57	Bus shelters
51	51	48	19	8	Transit centers and park & ride lots
255	220	212	202	170	Fairfax Connector buses
Parks, recreation, and cultural:					
23	22	21	21	21	Libraries
2	2	3	3	3	Community centers
641	634	696	605	596	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				
	2015	2014	2013	2012	2011
<b>Component Units:</b>					
<i>Public Schools:</i>					
Elementary schools	139	139	139	138	139
Middle schools	23	23	23	22	22
High/secondary schools	25	25	25	25	25
Special education centers	7	7	7	7	8
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	1,458	1,456	1,420	1,420	1,420
Senior Housing Program	494	494	494	494	494
Partnership Program	779	779	779	779	779
<i>Park Authority:</i>					
Acres of park land	23,346	23,310	23,265	23,196	22,894
Athletic fields	268	272	272	274	273
Trail miles	324	324	320	320	317
Play areas and tot lots	210	209	205	205	204
Tennis courts	254	252	252	227	229
Multi-use courts	124	124	124	132	132
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
2010	2009	2008	2007	2006	
<u>Component Units:</u>					
<i>Public Schools:</i>					
139	137	137	137	136	Elementary schools
22	22	22	22	22	Middle schools
25	25	25	25	25	High/secondary schools
8	9	10	11	13	Special education centers
3	3	3	3	3	Alternative high schools
<i>Redevelopment and Housing Authority:</i>					
Housing units owned under programs:					
1,065	1,065	1,065	1,065	1,065	Federal Public Housing
1,429	1,442	1,437	736	702	County Rental Program
494	494	494	494	460	Senior Housing Program
779	689	689	689	491	Partnership Program
<i>Park Authority:</i>					
22,524	24,277	24,149	23,976	23,687	Acres of park land
284	289	289	288	288	Athletic fields
314	312	299	297	211	Trail miles
201	201	201	194	192	Play areas and tot lots
229	229	229	229	229	Tennis courts
132	132	132	132	128	Multi-use courts
9	9	9	9	9	Recreational centers
9	9	9	9	9	Golf courses
67	67	64	64	64	Historic sites
7	7	7	7	7	Nature/visitor centers
3	3	3	3	3	Marinas

