FAIRFAX COUNTY PARK AUTHORITY

A COMPONENT UNIT OF THE COUNTY OF FAIRFAX, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED
June 30, 2012

Park Authority Mission:

To set aside public spaces for, and assist citizens in, the protection and enhancement of environmental values, diversity of natural habitats and cultural heritage to guarantee that these resources will be available to both present and future generations; to create and sustain quality facilities and services that offer citizens opportunities for recreation, improvement of their physical and mental well-being, and enhancement of their quality of life.

Park Authority Values

Enhancing Stewardship: We are stewards for a wonderfully rich community trust of natural and cultural resources. We will provide leadership to expand awareness, appreciation and protection of this heritage.

Fostering Diversity: We embrace the diversity of our community and seek to provide every resident with a wide variety of park experiences and recreational opportunities.

Developing Partnerships: We believe seeking and maintaining active partnerships with neighborhood and community organizations and individuals are essential to becoming a vital and treasured component of the communities we serve.

Providing Quality and Value: We are committed to providing high quality facilities and services that offer superior value and prompt efficient service to our customers and the community.

Communicating Effectively: We strive for productive two-way communication with residents and our staff to allow all to participate fully in creating quality parks and services.

Valuing Our Workforce: We believe our paid and volunteer staff is the key ingredient to our success and commit to creating a participative, team-oriented organization including career development opportunities and meaningful recognition.

Demonstrating Fiscal Responsibility: We are committed to building and preserving a park system that meets the community's needs in a cost effective, fiscally responsible manner.

Fairfax County Park Authority Sites

■ = RECenter
▲ = Historical Site
▲ = Nature Center
= RECenter/Park
= Golf Course/Park
= Cross County Trail
● = Park
▼ = Golf Course
■ = Park Authority Headquarters
= Historical Site/Park
= RECenter/Golf Course

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2012

ADMINISTRATION DIVISION
Financial Management Branch
12055 Government Center Parkway, Suite 927
Fairfax, Virginia 22035
(703) 324-8700, TTY (703) 803-3354
www.fairfaxcounty.gov/parks

Fairfax County Park Authority
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	V
Directory of Officials	XIV
Organizational Chart	XV
Comprehensive Annual Financial Report Project Team	XVI
Certificate of Achievement for Excellence in Financial Reporting	XVII
FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-wide Financial Statements	
Exhibit A — Statement of Net Assets	19
Exhibit B — Statement of Activities	20
Fund Financial Statements	
Exhibit C — Balance Sheet - Governmental Funds	21
Exhibit C-1 — Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	22
Exhibit D — Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	23
Exhibit D-1 — Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	24
Notes to the Basic Financial Statements	
Note A — Summary of Significant Accounting Policies	25
Note B — Deposits and Investments	32
Note C — Receivables	36
Note D — Interfund Balances and Transfers	37
Note E — Capital Assets	37
Note F — Long-Term Obligations	38
Note G — Commitments and Contingencies	40
Note H — Other Information	40
Note I — New Accounting Pronouncements	44

TABLE OF CONTENTS - Continued

		Page
Required Supplementary Information		
RSI-1	Budgetary Comparison Schedule - General Fund (Financed from County General Fund)	47
RSI-2	Budgetary Comparison Schedule - Park Revenue Fund	48
Notes to the Required Supplementary Information		49
STATISTICAL SECTION		
Table 1	Net Assets by Component	52
Table 2	Changes in Net Assets	54
Table 3	Fund Balances, Governmental Funds	56
Table 4	Changes in Fund Balances, Governmental Funds	58
Table 5	User Fee Revenue by Source, Park Revenue Fund	60
Table 6	Outstanding Debt by Type	61
Table 7	Demographic and Economic Statistics	62
Table 8	Principal Employers	63
Table 9	Full-Time Equivalent Employees, by Division	64
Table 10	Park Amenities	65
Table 11	Additional Facts	66

FAIRFAX COUNTY PARK AUTHORITY

12055 Government Center Parkway, Suite 927 • Fairfax, VA 22035-1118
703-324-8700 • Fax: 703-324-3974 • www.fairfaxcounty.gov/parks

November 7, 2012

Honorable Chairman, Members of the Board of the Fairfax County Park Authority (the Authority), and Citizens of the County of Fairfax, Virginia:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Fairfax County Park Authority for the fiscal year ended June 30, 2012 which is prepared in conformity with U. S. generally accepted accounting principles. The accuracy, completeness, and presentation of the financial statements, along with the entire contents of this report, are the sole responsibility of management. Management has been diligent in adhering to internal control guidelines to ensure the highest degree of accuracy in its representations.

An independent audit firm, KPMG LLP, performed the audit of the financial statements included in this report to determine whether or not the financial statements are free of material misstatement. They have concluded that the financial statements do present fairly, in all material respects, the financial position of the governmental activities and the major funds of the Authority for the fiscal year ended June 30, 2012.

The reader is referred to the Management's Discussion and Analysis (MD&A) section for additional information regarding the activities and financial position of the Authority. All necessary disclosures have been included to enable the reader to gain the maximum understanding of the Authority's financial position.

Profile of the Authority

The Authority is a political subdivision of the Commonwealth of Virginia (the Commonwealth) created pursuant to the Park Authorities Act by ordinance adopted by the Board of Supervisors of the County of Fairfax (the County) on December 6, 1950, as amended on October 28, 1991. The Authority has been in operation since its creation in 1950. The Authority operates under the policy oversight of a 12-member Park Authority Board, in accordance with a Memorandum of Understanding with the County Board of Supervisors. The Authority manages acquisition, preservation, development, maintenance and operation of its assets and activities through five funds to include County General Fund, Park Revenue Fund, County Construction Fund, Park Construction Bond Fund, and Park Capital Improvement Fund. The Park Authority Board has direct fiduciary responsibility for the Park Revenue Fund and the Park Capital Improvement Fund, while Fairfax County has fiduciary responsibility for the other three funds. The Authority also aggressively seeks management initiatives and alternate funding sources to sustain the delivery of quality services and facilities. The Park Foundation, established in 2001, serves to coordinate and seek the generous gifts of individuals, foundations, and corporations who wish to contribute to delighting current and future generations of park visitors. Grants, donations, the Adopt-A-Field and Adopt-A-Park programs, as well as many "friends groups" and other partnerships have provided cash and in-kind contributions to the Authority.

Due to its location in the northeastern section of the Commonwealth of Virginia, within the Washington D.C. metropolitan area, the Authority serves residents of neighboring jurisdictions as well as those of Fairfax County. With 23,196 acres of land, a goal of 10% of the County, challenges continue as the population has grown to over one million residents. Leisure and recreational opportunities are provided through a wide variety of facilities and services which provide valued enhancements to the quality of life. Optimizing the quality of life in the County is the ultimate goal and mission of the Authority through preservation of open space and natural areas, and by providing nature centers, recreation centers, historic sites, programs, golf courses, athletic fields, public gardens, and neighborhood, community, district and county-wide parks.

Full-time merit staff for all funds in fiscal year 2012 totaled 605 which include a support staff of engineers, park specialists, accountants, architects, landscape architects, planners and market research specialists and archaeologists. In addition to contracted program and service providers, 3,149 limited term and seasonal staff, and numerous volunteers, who contribute nearly 188,324 hours annually, provide a myriad of direct and support services.

LOCAL ECONOMY

Fairfax County, with its population exceeding one million residents, is the most populous jurisdiction in both the Washington, D.C. metropolitan area and the Commonwealth of Virginia with 13.5% of Virginia's population.

The County has become the economic center of the Washington, D.C. metropolitan area with thousands of technology companies doing business here. Employment opportunities are numerous in the areas of homeland security, internet, e-commerce, software development, telecommunications, systems integration and aerospace.

While the County has not completely recovered from the adverse effects on the economy, most signs point to gradual improvement and evidence of slow and steady recovery being seen. The unemployment rate in the County has been relatively stable and continues to be one of the lowest in the state at 4.3 % in June, 2012.

Fairfax County continues to benefit from federal government consolidations like the recent move of several defense agencies to Fort Belvoir which will attract defense contractors and jobs to the area. A resurgence of office construction occurred late in 2011 with nine buildings under construction. Of the new activity, 100 % is speculative. The redevelopment of Tysons and the construction of the Metro Silver line will also promote job growth which is essential to improving the County's housing market.

The real estate market plays a vital role in the local economy as there is a direct correlation between home values and real estate taxes collected by the County. The County's real estate values are clearly stabilizing. There is significant improvement in the change in real estate property values in FY 2012 from FY 2011. Rather than another year of loss in values, both residential and non-residential properties experienced positive growth. Overall residential equalization reflected a 2.34 % increase in FY 2012, compared to a 5.56 % decline in FY 2011, while non-residential equalization rebounded from a decline of 18.29 % in FY 2011 to a 3.73 % increase in FY 2012.

Also, based on information from the Department of Tax Administration, the number of net foreclosures in Fairfax County decreased for the seventh consecutive month in May 2011 to a new record low since detailed tracking began in April 2008. Compared to a year ago, net remaining foreclosures were down 151 properties, or 22.5 %.

The Washington Post noted in an editorial in October, 2011 stated, “Even after three years of budget cuts and plummeting revenue, Fairfax County remains the economic wunderkind of Virginia and in many ways of the Washington area. A magnet for government contractors and other major corporations, it is poised for further growth and prosperity ….”

Fairfax County is currently home to ten Fortune 500 company headquarters:

- Booz Allen Hamilton Holding
- Capital One Financial
- CSC
- Freddie Mac
- Gannett Corporation
- General Dynamics
- ITT Exelis
- NII Holdings, Inc.
- Northrop Grumman
- SAIC

These 10 Fairfax County-based companies accounts for 41.7% of the 24 companies from Virginia. In all, 18 Fairfax County firms are on the 2012 Inc. 500 list – equal to or larger than those in 41 states and all but two counties.

Thirty-three companies from Fairfax County are on this year’s Washington Business Journal list of the 50 fastest growing companies in the Washington region. Of the top 10 companies on the list, five are from Fairfax County. No other county or city is represented by more than five companies on the list.

As home of 10 Fortune 500 companies, “Fairfax County has gained a lot of notoriety but being home to two-thirds of the companies on the Business Journal list points out Fairfax County’s strength with newer, smaller companies that are growing quickly in this marketplace. It also shows the value that companies of all sizes put on the kinds of business assets and quality of life that Fairfax County offers,” said Gerald L. Gordon, Ph.D., president and CEO of the Fairfax County Economic Development Authority (FCEDA).

The *TIME* magazine called Fairfax County “one of the great economic success stories of our time.” Business growth helps Fairfax County fund the nation’s top-rated school system and other public services that contribute to the quality of life of residents. Fairfax County offers businesses a state-of-the-art telecommunications infrastructure, access to global markets through Washington Dulles International Airport and a well-educated workforce.

Fairfax County Economic Development Authority (FCEDA) promotes Fairfax County as a world-class center for commerce and trade and as the East coast’s technology hub. FCEDA maintains offices in Bangalore, Munich, London, Seoul, Tel Aviv and Los Angeles.

LONG-TERM PLANNING

In fiscal year 2006 the Authority adopted its 2006-2010 Strategic Plan, developed using the Balanced Scorecard approach. Due to challenging resources associated with the difficult economic time, the Authority’s Board approved extension of the existing plan for two years through fiscal year 2012. Strategic objectives identified in the plan remained relevant. The Authority has identified strategic objectives for achieving its overarching strategic goals of great parks, great communities.

The Authority is developing its five-year strategic plan and scored measures for fiscal years 2014 through 2018 using the Balanced Scorecard approach. As a part of this plan’s development, Authority staff met with the Authority’s Board to establish its key focus areas to include meeting the needs of a diverse community, informing and engaging the public, leveraging technology, optimizing programs and services, managing costs, expanding alternative resources, maintaining a quality workforce, managing and protecting facilities and property and creating a positive work environment.

Like other public agencies, the Authority faces the challenge of updating aging facilities while providing new facilities to meet the park and recreation demands of County residents. A schedule of capital project needs is maintained and the project list balances priority needs, reinvestment in aging facilities, and advancement of phased projects.

General obligation bonds are used to fund these capital projects. Using bonds allows projects to be completed more quickly and the costs are spread over an extended period of time. In May 2012, the Fairfax County Board of Supervisors authorized a $75 million Park Bond referendum of which $63 million is designated for the Authority. This allocation of park bonds will fall into three categories: stewardship and land acquisition - $12,915,000; facility renovations - $23,302,500; park development (new and expansion) - $26,782,500.

MAJOR INITIATIVES and ACCOMPLISHMENTS

Stewardship and Resource Management

The Fairfax County Board of Supervisors recently introduced a county-wide environmental excellence plan which includes stewardship and resource management. The Authority has always emphasized stewardship as it is a key part of its mission. A more deliberate and active approach to resource management is now being taken with the adoption of the first ever agency-wide Natural Resource Management Plan and by the development of the Cultural Resource Management Plan. These plans highlight the important roles that education and public involvement play in stewardship. The plans also focus on building and expanding partnerships with other agencies.

Some of the stewardship initiatives include making natural and cultural resources a key consideration for park use and facilities, working with the County to develop and implement watershed management plans to protect its streams, and developing strategies to reduce human impacts on park resources, mediate wildlife conflicts, discourage encroachments, prevent relic hunting and encourage the use of native plants in landscaping on private property.

Marketing and Communications

Creating a broad support base within the County is among the Agency's strategic objectives. This is being done through communicating its unique identity so that residents know, value and support the Authority. Recent or near-term initiatives include enabling customer-oriented services such as online pass sales/ renewals, e-mail classes and camp surveys, electronic distribution of camp registration packets, updated web pages that include new search capabilities for residents to find programs, development of an enhanced *Parktakes* online web portal, outreach efforts such as Listening Forums, "Ask Fairfax" and Park Central cable programs, and FCPA Facebook, Twitter and YouTube. These initiatives will enhance the Authority's ability to promote County-wide awareness and communication with residents to participate fully in creating quality parks and services.

Energy Management

An Energy Management Plan (FCPA-EMP) was adopted by the Authority's Board in September, 2011. This plan improves energy efficiency and conservation in parks, achieving optimum energy efficiency and promoting conservation. Funds have been received from the Energy Efficient Conservation Block Grant (EECBG) for two energy efficiency and conservation projects.

Other energy efficient initiatives include installation of pool lighting and control and skylight upgrade at Oak Marr RECenter, replacement of parking lot lighting system at Spring Hill RECenter, installation at South Run RECenter and Wakefield Park parking lot lighting and control up grades and installation of new energy efficient lighting at Fred Crabtree Park.

Developing Partnerships

Seeking and maintaining active partnerships with neighborhood and community organizations and individuals are essential to becoming a vital and treasured component of the communities served. Enhanced public/private partnerships have occurred with McLean Youth Soccer Association and Neighborhood and Community Services, Northern Virginia Radio Control Club, Mid-Atlantic Off Road Enthusiasts, Sotera, Reston Association and Northern Virginia Stream Restoration, Inc., Friends Groups, Covanta, Northern Virginia Disc Golf Association, and other state and county agencies.

FINANCIAL INFORMATION

Financial Management

As a component unit of Fairfax County, the Authority adheres to the same financial practices as the County. In 1975 the County Board of Supervisors adopted a set of County-developed policies known as the *Ten Principles of Sound Financial Management* which are amended periodically to address changing conditions. Relating primarily to capital planning, debt planning, cash management and productivity, these principles are used as a means of prudent and responsible allocation of the County's resources. Additionally, the County maintains a self-managed investment program under the direction and oversight of an investment committee. Investment activity, guided by a formal investment policy, is monitored daily, and investment strategies are reviewed biweekly. Investment policies are thoroughly reviewed on a quarterly basis and subjected to annual review by the Association of Public Treasurers of the United States and Canada.

The Authority is commitment to building and preserving a park system that meets the community's needs in a cost effective, fiscally responsible manner. The Authority's Board sets policies and establishes priorities to ensure fiscal integrity and sound financial management.

Budgetary and Accounting Controls

The *Code of Virginia* requires that the County adopt a balanced budget. As a component unit of Fairfax County, the Authority adheres to the same budget policies as the County. The County maintains extensive budgetary controls at certain legal and 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 at the fund, cost center and/or project level. Approval by the Board of Supervisors must be granted to alter the total expenditure appropriation of any agency or fund. The Park Board has fiduciary responsibility over the Park Revenue Fund and Park Capital Improvement Fund. The County Board of Supervisors has final approval on all budgets of the Authority.

Management is responsible for establishing and maintaining an internal control system which is designed to ensure that the assets of the Authority are protected from loss, theft, or misuse, and that U.S. generally accepted accounting principles are followed. This system of controls is designed to provide reasonable, but not absolute, assurance that its objectives are met. The concept of reasonable assurance connotes that the cost of controls should not exceed the benefits likely derived. The evaluation of costs and benefits requires estimates and judgments by management. Management has been diligent in adhering to its internal control guidelines to ensure the highest degree of accuracy in its representations. Additionally, as a recipient of federal, state and local financial assistance, the Authority is responsible for maintaining an internal control structure which ensures compliance with all laws and regulations associated with those programs. The internal control structure is subject to periodic evaluation by management, the internal audit staff of the County, and independent auditors.

In light of the economic times and the series of General Fund budget reductions, management pulled together an internal employee team, Revenue Assessment Team (RAT), representing all five divisions with senior and mid-level staff to review budget, financial and business related matters on a regular basis. RAT also provides support to two Park Authority Board subcommittees, the Administration, Management and Budget Committee and the Funding Policy and Bond committee. These committees consider administrative matters such as budget priorities, approval of budget submissions, quarterly reporting on the three operating funds, capital funding reviews, fees and charges reviews, as well as recommending policies and guidance for the comprehensive management of the Park Authority's financial structure and support of the park bond programs.

The County's budget is adopted by May 1 for the upcoming fiscal year which begins on July 1. Two budget reviews, Carryover Review and Third Quarter Review, serve as the primary mechanisms for revising budget appropriations. State law requires that a public hearing be held prior to the adoption of amendments to the current year budget when adjustments exceed $500,000. Any such amendments of $500,000 or more requires that the Board of Supervisors advertise a synopsis of the proposed changes.

Debt Administration

Fairfax County borrows money by issuing tax-exempt 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 and has ratings of Aaa from Moody's Investors Service, Inc., AAA from Standard and Poor's Corporation, and Aaa from Fitch Investor Service. The Authority holds an A- rating from Standard and Poor's and may from time to time issue its own bonds.

For additional information on the budgetary, accounting and debt policies, please refer to the Letter of Transmittal in the County of Fairfax, Virginia, Comprehensive Annual Financial Report (County CAFR).

OTHER INFORMATION

Independent Audit

As a component unit of the County, the Authority is audited each year by its independent auditing firm. The Authority's financial statements of the governmental activities and each major fund have been audited as required by the *Code of Virginia* and received an unqualified opinion by the accounting firm of KPMG LLP. The report of the independent auditors on the basic financial statements can be found in the financial section of this annual report.

Awards

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the prestigious Certificate of Achievement for Excellence in Financial Reporting to the Authority for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, an entity must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. It is believed that the current CAFR for the fiscal year ended June 30, 2012 continues to meet the Certificate of Achievement Program's requirements and will be submitted to the GFOA to determine its eligibility for another certificate. The Authority has received this prestigious national award for four consecutive years.

2012 Best of Aquatics by Aquatics International

The Authority received the Best Spray Park award, recognizing ***Our Special Harbor*** spray ground located at the Lee District Park Family Recreation Area. This project was a collaborative effort between the business community, private non-profit organizations, local government and individual contributors.

2012 National Association of Government Communicators (NAGC)Blue Pencil and Gold Screen Awards

Three awards were received by the Authority from NAGC which recognizes excellence in the field of communication.

- **Colvin Run Mill Exhibit** highlights this early 19th century operating gristmill. The old Miller's House features an exhibit about the process of milling and the families who operated the mill. This exhibit received the Award of Excellence.

- **Sully East Wing Exhibit** received its Award of Excellence in the display category. Historic Sully was built in 1794 by Richard Bland Lee, Northern Virginia's first representative to Congress. The house is furnished with antiques of the Federal period. Outbuildings include a kitchen, smokehouse and stone dairy.

- **Take 12! Steps for Community Health in 2012 Calendar**, created by the Park Services Division team, received the Award of Excellence. This calendar is a popular item and is available to program participants at no cost.

2011 Best Overall Commitment to Aquatics

The Authority was chosen for Best Overall Commitment to Aquatics by Aquatics International magazine. This accolade was received as a part of the annual Best of Aquatics contest and will be featured in a special Best of Aquatics supplement to the magazine this winter.

2012 Envirothon

The Hidden Pond Nature Center Envirothon team, a group of high school students, took first place at the Fairfax County and Area II regional Envirothon competitions. Moving on to the state level competition at James Madison University, Harrisonburg, VA, they finished second behind Fort Defiance High School. The state's top 15 teams competed in the finals. In the four categories that determine the state champion, the Hidden Pond team finished first in oral presentation, first in wildlife, second in aquatics and third in forestry.

2012 Land Conservation Award

The North Twin Lake Dam Rehabilitation project received the Land Conservation Award for excellence in implementing and maintaining erosion and sediment controls from the Fairfax County Department of Public Works and Environmental Services (DPWES). DPWES, for more than 30 years, has been recognizing organizations, as well as others, whose projects demonstrate excellence in the design and implementation of erosion and sediment controls.

ACKNOWLEDGEMENTS

The preparation of this report would not have been possible without the efficient and dedicated service of the Authority's financial staff, especially the members of the CAFR Project Team in the Administration Division, Financial Management Branch, who prepared and completed this report. The level of service provided is professional and we commend them for their hard work and continued efforts to improve this report. We also thank each Division within the Authority for its efficient administration of the Authority's financial operations.

In addition, we wish to thank the Chairman and Park Authority Board for their direction and support in the professional management of the Authority's finances. The results would not have been possible without the Board's exceptional service commitment. We also acknowledge the cooperation and support from the County Executive and County Board of Supervisors for supporting the Authority and its mission to preserve and protect the County's natural and cultural resources and to create and sustain quality recreational facilities and services.

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

Respectfully submitted,

John W. Dargle, Jr.
Director

Cindy Messinger
Deputy Director/CFO

Sara Baldwin
Deputy Director/COO

Michael P. Baird
Fiscal Administrator

FAIRFAX COUNTY PARK AUTHORITY

A Component Unit of the County of Fairfax, Virginia
As of June 30, 2012

Board Members

William G. Bouie, Chairman	Hunter Mill District
Harrison A. Glasgow, Vice Chairman	Member-at-Large
Frank S. Vajda, Secretary-Treasurer	Mason District
Edward R. Batten, Sr.	Lee District
Kevin J. Fay	Dranesville District
Linwood Gorham	Mount Vernon District
Harold Y. Pyon	Springfield District
Ken Quincy	Providence District
Marie Reinsdorf	Member-at-Large
Anthony J. Vellucci	Braddock District
Harold L. Strickland	Sully District
Kala Quintana	Member-at-Large

Director
John W. Dargle, Jr.

Deputy Director/CFO
Cindy E. Messinger

Deputy Director/COO
Sara Baldwin

Administration Division
(Vacant)

Park Operations Division
James T. Johnson, Director

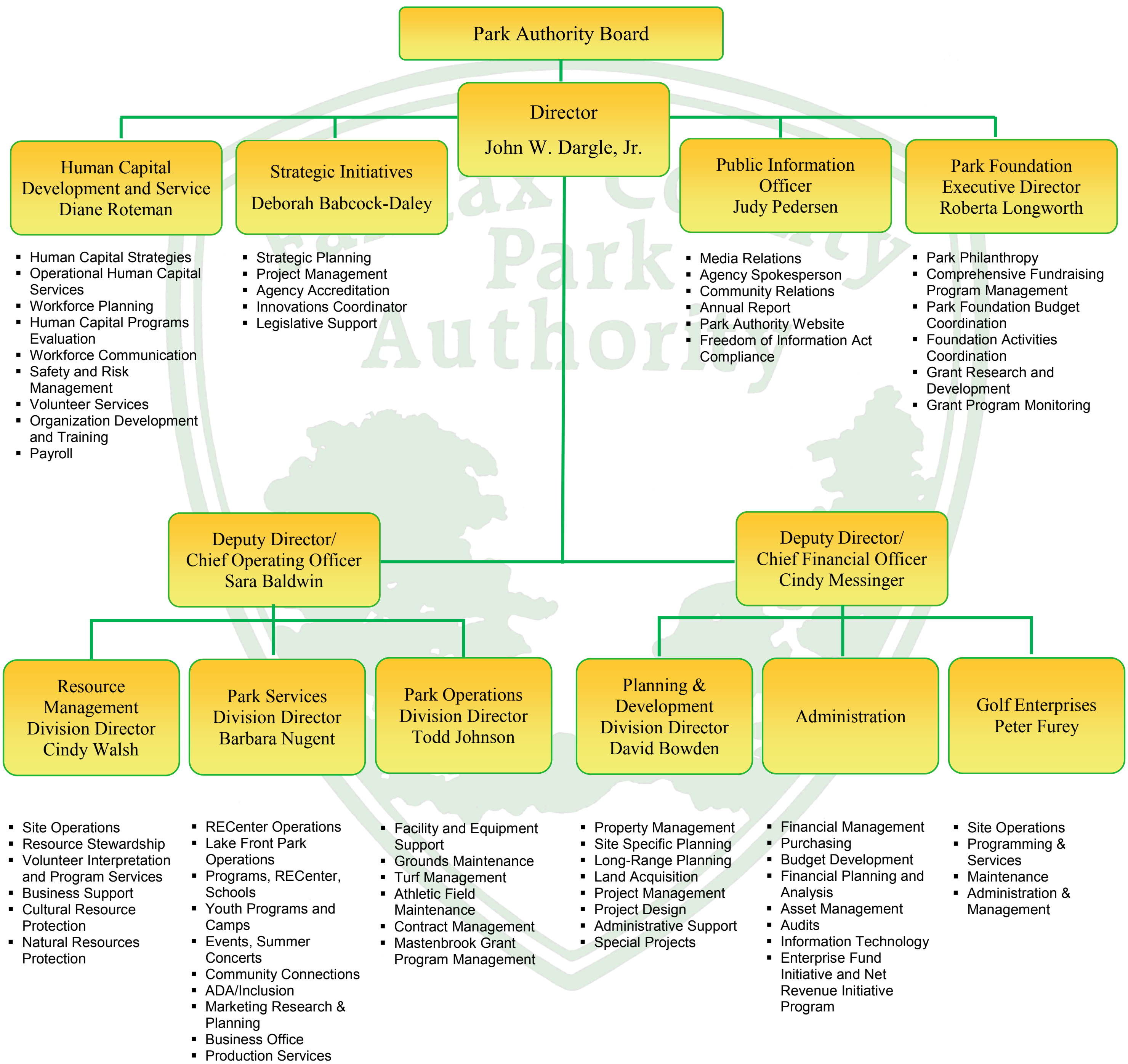
Planning and Development Division
David R. Bowden, Director

Park Services Division
Barbara A. Nugent, Director

Resource Management Division
Cindy E. Walsh, Director

Golf Enterprises Division
Peter Furey, Manager

ORGANIZATION OF FAIRFAX COUNTY PARK AUTHORITY



This report was prepared by:

COUNTY OF FAIRFAX, VIRGINIA
PARK AUTHORITY

FINANCIAL MANAGEMENT BRANCH

12055 Government Center Parkway, Suite 927
Fairfax, Virginia 22035
(703) 324-8700, TTY (703) 803-3354
www.fairfaxcounty.gov/parks

Michael P. Baird, Fiscal Administrator

CAFR PROJECT TEAM

Anh Bui, Financial Reporting
Dolores Claytor, Audits, Policies & Procedures
Shashi Dua, Revenue, Accounts Receivable & Grants
Susan Tavallai, Budget
Melinda Samimi, Accounts Payable
Hong Li, Capital Projects
Yen Chi Lin, System Support

Special thanks to Joanne Kearney, Graphic Artist, for cover design.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Fairfax County Park Authority Virginia

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

Linda C. Davidson

President

Jeffrey R. Esser

Executive Director

KPMG

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

Independent Auditors' Report

The Board of Supervisors
County of Fairfax, Virginia

The Fairfax County Park Authority Board:

We have audited the accompanying financial statements of the governmental activities and each major fund of the Fairfax County Park Authority (the Authority), a component unit of the County of Fairfax, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Fairfax County Park Authority as of June 30, 2012, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

U.S. generally accepted accounting principles require that the management's discussion and analysis and budgetary comparison information, on pages 3-17 and 47-50, respectively, 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.

Our audit was conducted for the purpose of forming an opinion on the Authority's basic financial statements. The introductory and statistical sections, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The information in these sections has 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.

KPMG LLP

January 16, 2013

Fairfax County Park Authority
A Component Unit of the County of Fairfax, Virginia
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012

I. INTRODUCTION

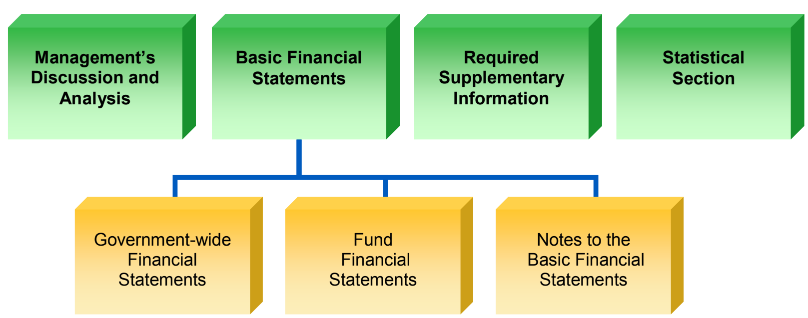
This section of the Fairfax County Park Authority's (the Authority) Comprehensive Annual Financial Report (CAFR) presents a discussion and analysis of the Authority's financial performance during the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to give perspective on the Authority's fiscal year 2012 financial performance as a whole.

The Management's Discussion and Analysis (MD&A) presents information that will help the reader ascertain and understand the reasons for changes in expenses, revenues, and net assets for the fiscal year ended June 30, 2012 and includes a comparative analysis to the fiscal year ended June 30, 2011.

II. OVERVIEW OF THE FINANCIAL STATEMENTS

The CAFR consists of four parts: Management's Discussion and Analysis, Basic Financial Statements and Notes to the Basic Financial Statements, Required Supplementary Information, and a Statistical Section. The Basic Financial Statements are organized to provide an understanding of the fiscal performance of the Authority as a whole, followed by an increasingly detailed look at the Authority's specific financial activities.

Components of the Financial Report



Government-wide Financial Statements

The government-wide financial statements can be found on pages 19-20 of this report.

The government-wide financial statements are designed to provide readers with a broad overview of the Authority in a manner similar to a private sector business. The Statement of Net Assets and the Statement of Activities are financial statements that provide information about the activities of the Authority as a whole, and present a long-term view of the Authority's finances. These financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

The ***Statement of Net Assets*** presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. The Statement of Net Assets can be found on page 19 of this report.

The ***Statement of Activities*** presents information showing how the Authority's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the Statement of Activities for some items that will only result in cash flows in future fiscal periods. The Statement of Activities can be found on page 20 of this report.

The government-wide financial statements of the Authority have only one category of operations titled Governmental Activities. The Authority's services and programs are included here, such as golf courses, lake parks, recreation centers, cultural activities, park maintenance and general administration. The County provides an annual subsidy to the Authority through its General Fund to supplement fees charged for the services provided at the Authority's facilities and for maintenance and support through the County Construction Fund.

Fund Financial Statements

The fund financial statements can be found on pages 21-24 of this report.

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

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

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

The fund financial statements utilize the current financial resources measurement focus and the modified accrual basis of accounting. Under modified accrual accounting, the fund recognizes revenues when they become available and measurable, and expenditures when the liability is incurred (if measurable), except for long-term debt and obligations which are recognized as they become due. Modified accrual accounting measures cash and all other financial assets that can be readily converted to cash and, as such, provides a more detailed short-term view of general operations.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements can be found on pages 25 - 45 of this report.

The Notes to the Basic Financial Statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

III. FINANCIAL HIGHLIGHTS

Highlights for Government-wide Financial Statements

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

- Assets of the Authority exceeded its liabilities by $580.2 million. Of this amount, $21.9 million is unrestricted, $4.6 million is restricted for capital projects, $2.0 million is restricted for debt service, $1.5 million is restricted for E.C. Lawrence Trust and $0.7 million is restricted for repair and replacement.
- Revenues of the Authority's functions/programs amounted to $57.1 million. Expenses amounted to $88.4 million.

Highlights for Fund Financial Statements

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

- Governmental funds of the Authority reported combined ending fund balances of $37.2 million, an increase of $3.7 million or in comparison to the prior year.
- Revenues of the Authority's governmental funds amounted to $101.4 million and expenses amounted to $97.6 million.

General Financial Highlights

- As of June 30, 2012, the Authority's cash of $37.2 million was held in the County's treasury and investment pool.
- The Authority's expenditures in certain funds were supported by the County. As of June 30, 2012, the amount due from the County was $1.9 million.
- Total capital assets, net, as of June 30, 2012, amounted to $567.8 million compared to $557.1 million the prior year.

- Litigation continued to recover revenues plus interest for rent and royalty payment related to Federal Lands to Park program which was remitted in error to another local government, the District of Columbia.
- The Authority was able to save $4.6 million on the Laurel Hill loan payable to the County as the result of the Revenue Refunding Bonds (Laurel Hill Public Facilities Projects) issued by the County in fiscal year 2012.

IV. FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net assets may serve as a useful indicator of an entity's financial position. The following table represents a summary of the net assets of the Authority at June 30, 2012 and 2011:

Summary of Park Authority Net Assets
As of June 30

	2012	2011	$ Change	% Change
Assets				
Current	$ 48,392,445	44,338,843	4,053,602	9.1 %
Capital, net	567,876,739	557,127,079	10,749,660	1.9
Other noncurrent	225,082	253,217	(28,135)	(11.1)
Total assets	616,494,266	601,719,139	14,775,127	2.5
Liabilities				
Current	11,403,574	11,101,752	301,822	2.7
Long-term liabilities	24,907,176	27,458,169	(2,550,993)	(9.3)
Total liabilities	36,310,750	38,559,921	(2,249,171)	(5.8)
Net Assets				
Invested in capital assets, net of related debt	549,502,057	536,126,640	13,375,417	2.5
Restricted for:				
Certain capital projects	4,582,726	3,307,876	1,274,850	38.5
Debt service	1,972,833	1,944,916	27,917	1.4
E.C. Lawrence trust	1,507,926	1,507,926	-	-
Repair and replacement	700,000	700,000	-	-
Unrestricted	21,917,974	19,571,860	2,346,114	12.0
Total net assets	$ 580,183,516	563,159,218	17,024,298	3.0

Analysis of Net Assets

At the end of the fiscal year, the Authority reported positive balances in all categories of net assets. Total net assets were $580.2 million. Of this amount $21.9 million was unrestricted, $6.6 million was restricted for certain capital projects and debt service, $1.5 million was restricted for E.C. Lawrence Trust and $0.7 million was restricted for repair and replacement. This is a cumulative amount representing the accumulated results of all past years' operations.

The largest portion of the Authority's net assets, nearly 94.7%, reflects its investment of $549.5 million in capital assets (i.e., land, buildings and equipment) net of any related outstanding debt used to acquire those assets. The Authority uses these capital assets to provide services to residents; consequently, these assets are not available for future spending. Although the Authority's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

The Authority's overall total net assets have increased by $17.0 million, or 3.0%, during fiscal year 2012.

- Current assets have increased by $4.1 million or 9.1% primarily due to an increase of revenue from Park Revenue Fund.

- Capital assets, net have increased by $10.7 million or 1.9% mainly due to land transferred from the County valued at $4.2 million, $5.0 million increase in building and improvement and $1.5 million in new on-going construction.

- Long-term liabilities decreased by $2.5 million or 9.3% primarily due to the saving of $1.78 million in principal as a result of the Revenue Refunding Bonds (Laurel Hill Public Facilities Projects).

- Invested in capital assets, net of related debt increased by $13.4 million or 2.5%. The increase reflects an increase in capital assets and a decrease in outstanding debt due to principal payments made during the year.

- Net assets restricted for certain capital projects increased by $1.27 million or 38.5% due to an increase in project costs for park development, parks and building renovation, stewardship and land acquisition in fiscal year 2012.

The results of this fiscal year's operations as a whole are reported in the Statement of Activities. The table below summarizes the changes in net assets for the fiscal years ended June 30, 2012 and 2011:

Summary of Park Authority Changes in Net Assets
For the Fiscal Years Ended June 30

	FY 2012	FY 2011	$ Change	% Change
Revenues:				
Program revenues:				
Charges for services	$ 43,324,989	40,993,655	2,331,334	5.7 %
Capital grants and contributions	13,811,586	13,182,612	628,974	4.8
General revenues:				
Intergovernmental	41,388,498	36,385,759	5,002,739	13.7
Investment earnings	105,060	170,585	(65,525)	(38.4)
Operating grants not restricted to specific programs	593,169	500,040	93,129	18.6
Capital contributions not restricted to specific programs	6,185,679	2,512,676	3,673,003	146.2
Total revenues	105,408,981	93,745,327	11,663,654	12.4
Expenses:				
Administration	17,143,757	10,640,173	6,503,584	61.1
Maintenance	18,097,262	20,216,277	(2,119,015)	(10.5)
Golf courses	9,108,477	10,275,083	(1,166,606)	(11.4)
Recreation centers	26,373,145	26,077,168	295,977	1.1
Lake parks	2,731,407	5,897,252	(3,165,845)	(53.7)
Other leisure services	4,899,174	5,272,258	(373,084)	(7.1)
Cultural enrichment	9,192,733	8,901,308	291,425	3.3
Interest on long-term debt	838,728	1,149,364	(310,636)	(27.0)
Total expenses	88,384,683	88,428,883	(44,200)	(0.05)
Increase (decrease) in net assets	17,024,298	5,316,444	11,707,854	220.2
Beginning net assets	563,159,218	557,842,774	5,316,444	1.0
Ending net assets	$ 580,183,516	563,159,218	17,024,298	3.0

Analysis of Changes in Net Assets

The Statement of Activities presents the Authority's revenues and expenses in a programmatic format. For each program, it presents gross expenses, offsetting program revenues and the resulting net cost of each program or activity. A large portion of the Authority's revenues are general, that is, not associated with any specific program or activity.

Revenues

In fiscal year 2012, revenues from governmental activities totaled $105.4 million, an increase of $11.7 million or 12.4% from fiscal year 2011. The increase was primarily due to land transferred from the County totaled to $4.2 million.

Explanations of these changes include the following:

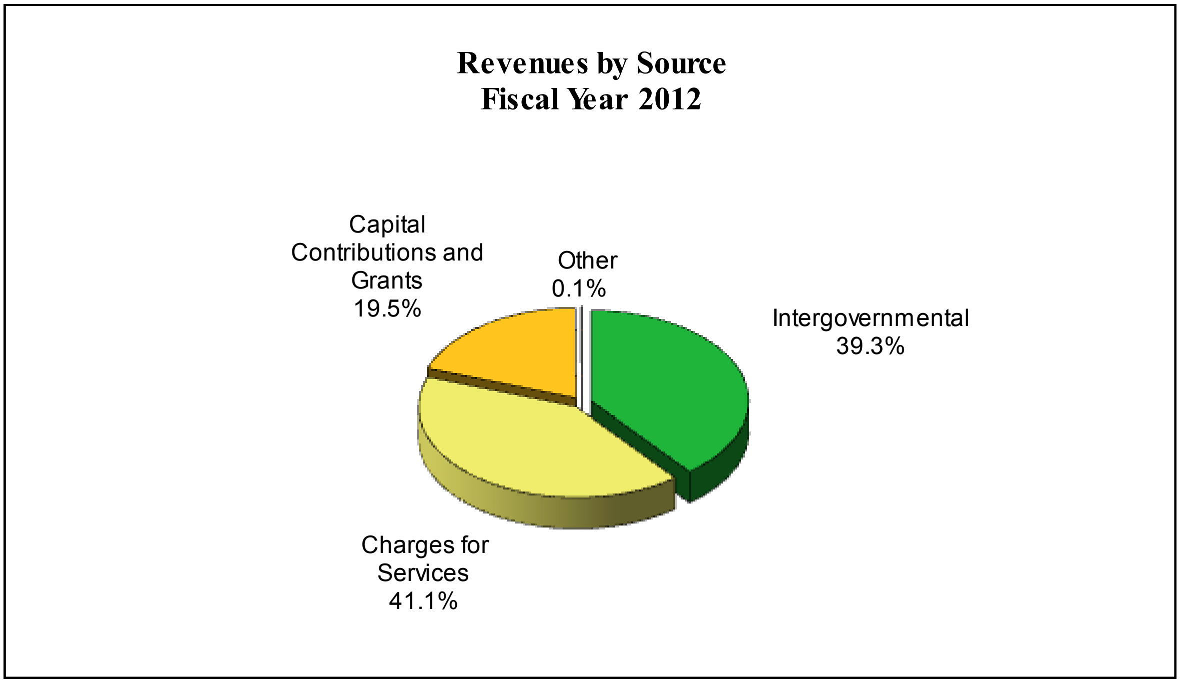
- Charges for services increased $2.3 million or 5.7% due to increases in fees and revenues from programs.
- Capital grants and contributions increased $0.62 million or 4.8% primarily due to an increase of $2 .0 million in bond proceeds for capital projects.
- Intergovernmental revenue increased $5.0 million or 13.7% due to an increase in fringe benefits paid by the County General Fund and an increase in capital outlay paid by the County Construction Fund.
- Investment earnings decreased $0.06 million or 38.4% due to lower earning rates on investments due to economic conditions.
- Unrestricted capital contributions increased $3.67 million or 146.2% primarily due to the twenty-two parcels of land transferred from County Board of Supervisors.

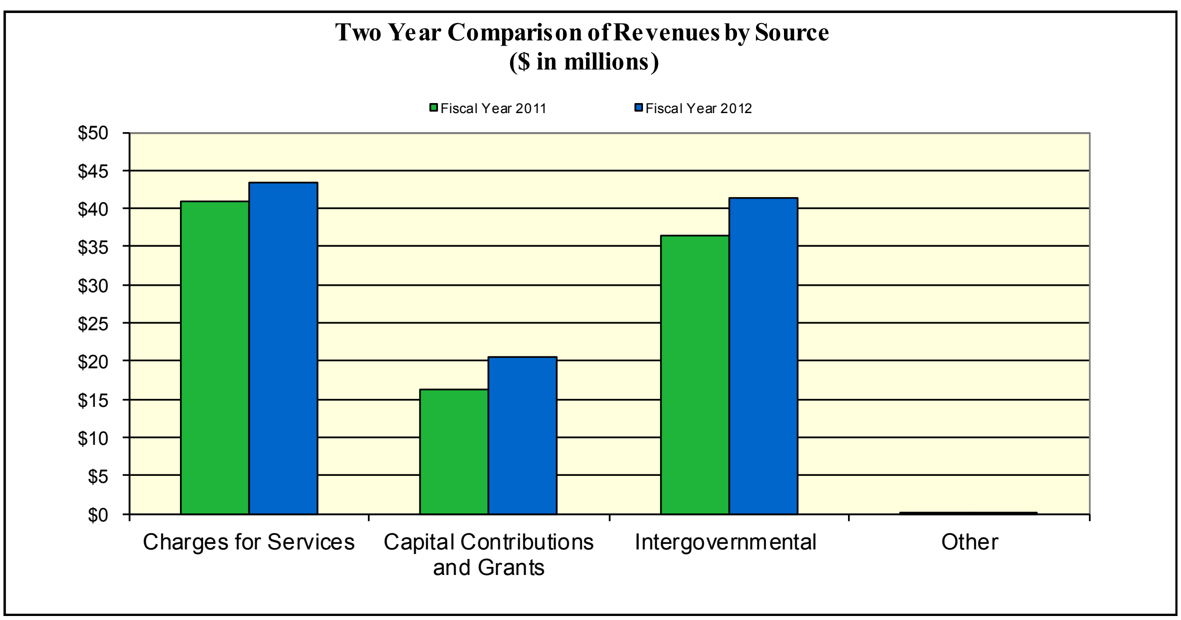
Expenses

A slight decrease of $0.04 million or 0.05% in expenses in fiscal year 2012 was due to budget reduction.

Revenues

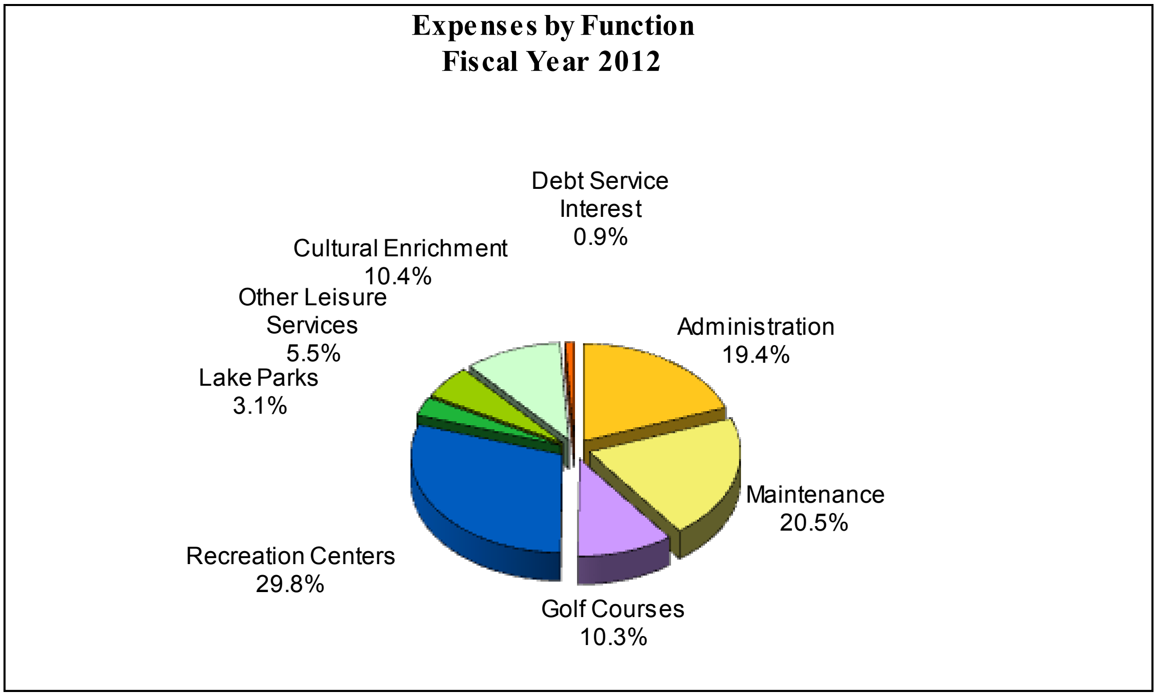
The Authority receives most of its funding from the Charges for Services, County and Capital contributions and Grants. The following graphics illustrate the Authority's major sources of revenues:

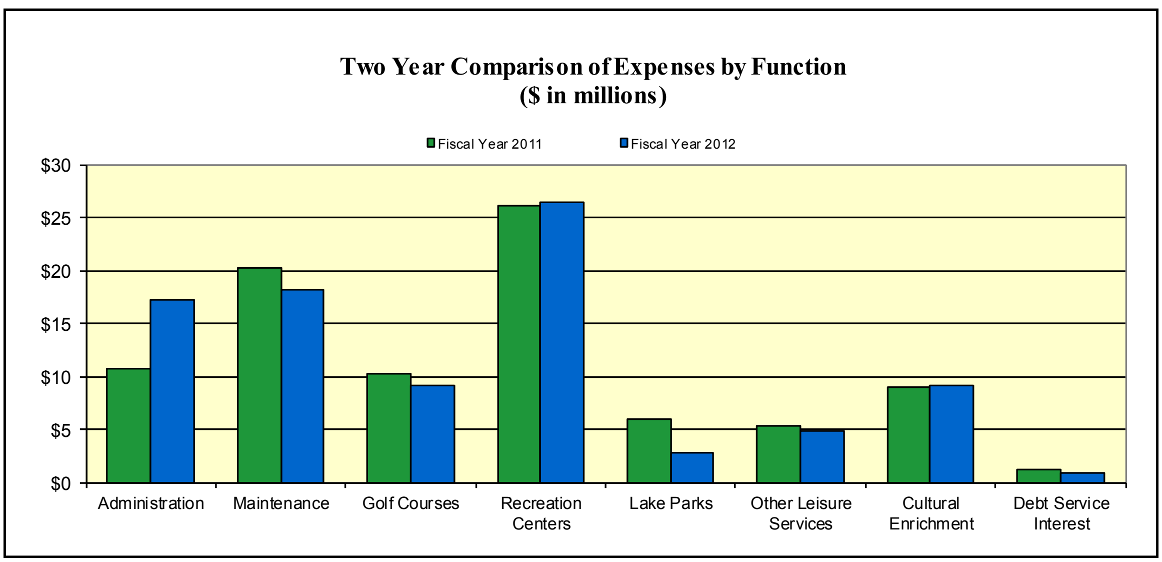




Expenses

For the fiscal year ended June 30, 2012, expenses for governmental activities totaled $88.38 million. The Authority's overall expenses have decreased by 0.05% from fiscal year 2011. The following graphics show the Authority's major expenses by function:





V. MAJOR FUND HIGHLIGHTS

The Authority considers all of its funds to be major. Each fund uses the modified accrual basis of accounting and the current financial resources measurement focus. The fund amounts have been aggregated for fiscal years 2012 and 2011 for the purpose of this analysis.

	Financed from County General Fund	Park Revenue Fund	Financed from County Construction Fund	Park Construction Bond Fund	Park Capital Improvement Fund	Total Major Funds
Fund balances, 6/30/2010	$ -	5,846,982	-	7,511,022	32,429,388	45,787,392
Revenues	30,572,280	39,950,420	7,491,465	11,309,527	2,935,743	92,259,435
Expenditures	(30,572,280)	(39,824,516)	(7,491,465)	(16,198,045)	(10,544,195)	(104,630,501)
Other financing sources (uses)	-	(800,000)	-	-	800,000	-
Net change in fund balance	-	(674,096)	-	(4,888,518)	(6,808,452)	(12,371,066)
Fund balances, 6/30/2011	-	5,172,886	-	2,622,504	25,620,936	33,416,326
Revenues	31,890,125	44,242,809	9,481,036	13,249,500	2,511,363	101,374,833
Expenditures	(31,890,125)	(41,730,309)	(9,481,036)	(11,818,119)	(2,722,041)	(97,641,630)
Net change in fund balance	-	2,512,500	-	1,431,381	(210,678)	3,733,203
Fund balances, 6/30/2012	$ -	7,685,386	-	4,053,885	25,410,258	37,149,529

At the end of the current fiscal year, the Authority's governmental funds reported a combined fund balance of $37.2 million, an increase of $3.7 million compared to the prior year.

The fund balance of the Park Revenue Fund increased $2.5 million in fiscal year 2012 due to increases in fees charged for services. The fund balance of the Park Construction Bond Fund also increased $1.4 million due to a higher amount of bond proceeds received for capital projects and a decrease in expenditures. The fund balance of the Park Capital Improvement Fund decreased $0.2 million due to no fund transfer from the Park Revenue Fund. The fund balances of the Financed from County General Fund and the Financed from County Construction Fund were zero since expenditures fully offset revenue received from County appropriations.

VI. CAPITAL ASSETS

The Authority's investment in capital assets includes land, easement, buildings, improvements, equipment, and construction in progress (CIP), which is detailed as follows (net of accumulated depreciation):

Park Authority Capital Assets

		June 30, 2012	June 30, 2011
Land	$	345,708,383	341,478,663
Easement		17,016,009	16,844,494
Buildings and improvements		193,247,648	188,236,908
Equipment		1,513,209	1,708,261
Construction in progress		10,391,490	8,858,753
Total	$	567,876,739	557,127,079

Major capital asset events during fiscal year 2012 included the following:

- Land increased to $345.7 million, an increase of $4.2 million or 1.24% primarily was the result of twenty–two parcels totaling 273.1 acres of land transferred from the County to the Authority. Parcels included the 13-acre Lake Braddock Park, a 13.9 acre addition to Greenway Heights, a 24.4 acre addition to Spring Hill, 25 acres addition to Accotink Stream Valley, approximately 76 acres addition to Huntley Meadows Park, a 13-acre addition to Backlick Stream Valley, the addition of over half an acre to Scotts Run Stream Valley, transfer of the 60-acre Baron Cameron Park, 32-acre Lincoln Lewis Vannoy Park, and 13-acre Fairfax Park, as well as the addition of 2.5 acres to Historic Centreville Park.

- Building and improvements, net of depreciation, increased $5.0 million or 2.7%, as various projects were completed. Some of the major costs included parking lot improvements, with 260 new spaces, and the new synthetic turf field at Spring Hill Park totaling $2.8 million, replacement of the 40-year-old miniature train track at Burke Lake Park which totaled $0.8 million, rehabilitation and restoration of Historic Huntley totaling $2.2 million, Huntley Meadow's newly refurbished wetland boardwalk which totaled $0.6 million, and Oak Marr RECenter improvements for $1.39 million to replace the pool bulkheads and roof, repair of the pool diver tower, and renovation of the natatorium lighting and skylights.

- Equipment balances decreased $0.19 million or 11.4% due to normal depreciation and reduced acquisition.

- The increase of $1.5 million in on-going construction associated with various projects for parks, recreation center and golf course including the Spring Hill RECenter expansion, Oak Marr RECenter fitness expansion, Oak Marr field lighting and synthetic turf field replacement, Laurel Hill equestrian center, Great Falls Nike field improvements, Huntley Meadows wetlands restoration, Pinecrest Golf dam repair, Lake Fairfax Park skate park, Lee District Park family recreation area, and entrance support and interpretive signs at Sully Historic Site.

Additional information on the Authority's capital assets can be found in Note E, page 37, of the Notes to the Basic Financial Statements.

VII. DEBT ADMINISTRATION

The following table summarizes the Authority's gross debt outstanding, as reported in the Statement of Net Assets:

Park Authority Outstanding Debt

		June 30, 2012	June 30, 2011
Revenue bonds payable	$	7,745,000	8,440,000
Loan payable		13,042,200	15,000,000
Total outstanding debt	$	20,787,200	23,440,000

<u>Revenue Bonds</u>

On September 15, 2001, the Authority issued $13,015,000 of Park Facilities Revenue Refunding Bonds, Series 2001. The bonds were issued to defease and refund in advance of their stated maturities, the Authority's outstanding revenue bonds, Series 1995, and pay the guaranty insurance premiums, underwriting fees and other issuance costs for such bonds. The Authority paid $695,000 of bond principal and $364,428 in interest during fiscal year 2012. All Series 1995 bonds were paid as of August 2003, allowing the release of $250,000 in supplemental debt service reserves.

<u>Loan Payable to the County</u>

On June 24, 2003 the Authority entered into a long-term agreement with the County to provide funding of $15,530,000 to finance the costs of the development and construction of a public golf course in the Laurel Hill area of southern Fairfax County. The Laurel Hill Golf Club began operating in fiscal year 2006 and opened its clubhouse in fiscal year 2007. Principal payments of $180,000 and interest payments of $673,313 were made in fiscal year 2012.

<u>Conduit Debt</u>

On December 27, 2005, the Authority entered into a long-term conservation easement agreement, the "Salona Agreement", in the amount of $12,900,000 with the Northern Virginia Conservation Trust and the DuVal family. This agreement permanently preserves 41 acres of open space as a public park in McLean, VA and will be enforced in perpetuity by the Northern Virginia Conservation Trust. The County made principal payments of $645,000 and interest payments of $368,489 in fiscal year 2012.

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 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, 2012, $8,707,500 of these Notes are outstanding. The easement is recorded on the Authority's Basic Financial Statements.

Additional information on the Authority's long-term obligations can be found in Note F, pages 38 - 40, of the Notes to the Basic Financial Statements.

VIII. GENERAL BUDGET HIGHLIGHTS

The original and final budgeted amounts are shown in the Budgetary Comparison Schedules on pages 47 and 48. Revisions that alter the total appropriations of the budgets must be approved by the County Board of Supervisors.

Financed from County General Fund

The Authority's revenue for the leisure services programs (charges for services) continues to be impacted due to lower than expected actual revenue as a result of reduced participants. Intergovernmental revenue increased from the original Adopted Budget Plan to offset expenditure increases. Total expenditures appropriation increased from the original fiscal year 2012 Adopted Budget Plan level from $21.7 million to $22.3 million or by $0.6 million. This increase consists of $0.3 million from fiscal year 2011 Carryover funding and $0.3 million for the market rate adjustments.

Budgetary Trends

The approved FY 2012 County General Fund totals $3,377.4 million, an increase of $69.0 million, or 2.09% , from the Fiscal Year 2011 Adopted Budget Plan total. While there were some positive indicators in the local economy, including an improvement in the volume of home sales, there were offsetting factors that made projecting Fiscal Year 2012 revenues growth difficult. Although some improvements were seen in Fiscal Year 2012 revenues, the growth was flat. Countywide, there were no growths in disbursements for personnel services, operating expenses and recovered costs which remained at the Fiscal Year 2011 Adopted Budget level.

IX. ECONOMIC FACTORS AND TRENDS

Experts predicted that the economic recovery for Fairfax County will continue to be restrained. The real estate market plays a vital role in the local economy as there is a direct correlation between home values and real estate taxes collected by the County. For the second consecutive year, the number of home sold in 2011 fell 9.0 % from 13,894 to 12,640. However, the average sales price of homes sold during the year rose 3.1%. Nonresidential real estate values also increased for the second straight year, rising 8.21%. The real estate tax base will also be impacted by new construction in the County. New office construction increased dramatically in 2011, as a result of the construction of the Metro Silver line in Tyson Corner and the Dulles corridor. New building permits rose 26% from 324 in 2011 to 407 during the period of January 2012 through April 2012.

The unemployment rate in the County was 4.0% at August 2012 compared to 4.4% at August 2011, a net decrease of 0.4%. This indicated that unemployment may also be stabilizing and reversing its upward trend. The County's unemployment rate peaked at 5.5% in February 2010.

Another year successful concluded in which land acquisition, a key factor for the Authority, increased. The Authority is the largest landholder in Northern Virginia managing 23,196 acres of parkland, wood lands and open space. Land acquisition is accomplished through park bonds, donations, land transfers and proffers. The County is comprised of 252,800 acres of which approximately 39,000 is owned by public agencies. The Authority owns approximately 60% of these acres or over 9% of the total land area of the County. Although the Authority continues to strive to meet the needs of the County's growing population and the need to protect its natural and cultural resources, funding issues will continue to cause challenges with park repair and maintenance backlogs and repairs to park equipment.

X. FAIRFAX COUNTY PARK AUTHORITY HIGHLIGHTS

The Authority continues to provide quality park and recreation services, programs and facilities which enhance the quality of life for the residents of the County on a daily basis. This is done through the protection and preservation of open space and natural areas, nature centers, recreation centers, historic sites, golf courses, athletic fields, public gardens, horticulture sites, trails, neighborhood community, district and countywide parks as well as park programs, classes, camps and tours. The Authority currently owns, maintains, and operates over 420 beautiful parks. Based on a survey of 1,025 Fairfax County households, conducted in coordination with George Mason University in 2007, 79% of the County's households considered the park system to be 'extremely' or 'very' important to their quality of life. Delivering high-quality service in parks is an important focus for the Authority as demand and usage continue to grow. The Authority seeks to provide quality recreational opportunities through construction, development and maintenance of a wide variety of facilities to meet the varied needs and interests of the County's residents. The Authority strives to improve the quality of life for the residents of the County by keeping pace with the community demands, continually enhancing the park system, and demonstrating stewardship for park land. Notable enhancements include increased open space through land acquisition, protection of critical natural and cultural resources, expanded trails, new inclusive features, and upgraded playability of outdoor facilities.

In fiscal year 2012, the Authority acquired 302 acres of land, increasing its ownership to 23,196 park acres which equates to over 9% of the land mass of Fairfax County. There were some land acquisition activities that resulted in additional Authority holdings. This includes one purchase, one dedication, one donation, one developer transfer and twenty-two County transfers.

New facilities completed include a bridge and trail network at Pohick Stream Valley – Burke VRE, miniature train track replacement at Burke Lake Park, North Twin Lake Park dam rehabilitation, roof and pool dive tower renovations and lighting and skylight replacement at Oak Marr RECenter, parking lot improvements at Spring Hill Park and rehabilitation of the main house and restoration of the historic out buildings at Historic Huntley. Two synthetic turf fields were also completed; one each at Luther Jackson Middle School and Spring Hill Park.

Parks give all County residents and visitors, regardless of age, background or economic condition, the opportunity to seek active recreation as well as natural and cultural enrichment. Park patron use, which includes paid and unpaid visits to staffed and non-staffed parks declined in fiscal year 2012 to 15.4 million visitors compared to 17.1 million visitors in fiscal year 2011. This decline is indicative of less money being available for discretionary spending due to the economic climate.

The Authority is continually challenged by the declining economy stressing the park system with continued General Fund budget reductions in addition to rising fuel, utility, repair and maintenance costs, aging infrastructure, and needs for active natural and cultural resource management.

Residents demand for services continues to grow with the rising population and changing needs and diversity of the community. The continuing urbanization of the County requires different types of parks and recreational services and facilities. The existing suburban park system must be supplemented by parks that are more suitable for the unique urban context and provide appropriate functions, uses, amenities, visual form, ownership, and accessibility to various users of an urban environment. In addition, seniors comprise the most rapidly expanding population group needing park and other County services.

In order to meet the growing challenges in fiscal year 2013, the Authority's Board and staff, along with the County Board of Supervisors, will continue to work through the economic challenge and continue to implement the initiatives and strategies outlined in the Financial Sustainability Plan, ensuring the Authority's continued success in the future.

XI. CONTACTING THE AUTHORITY'S MANAGEMENT

This CAFR is designed to provide a general overview of the financial condition of the Authority. If you have questions about this report or need additional financial information, please contact the Fairfax County Park Authority, Financial Management Branch, 12055 Government Center Parkway, Suite 927, Fairfax, Virginia 22035. This report can also be found on the Authority's website at www.fairfaxcounty.gov/parks.

Fairfax County Park Authority **Exhibit A**
A Component Unit of the County of Fairfax, Virginia
Statement of Net Assets
June 30, 2012

ASSETS		
Equity in pooled cash and temporary investments	$	37,209,309
Receivables:		
Accounts receivable		7,212
Accrued interest		27,582
Due from primary government		1,893,092
Due from intergovernmental units		225,000
Prepaid and other assets		266,765
Restricted assets:		
Equity in pooled cash and temporary investments		6,790,652
Investments		1,972,833
Other noncurrent assets:		
Deferred bond issuance costs		225,082
Capital assets:		
Non-depreciable:		
Land		345,708,383
Easement		17,016,009
Construction in progress		10,391,490
Depreciable:		
Equipment		13,510,516
Buildings and improvements		353,474,528
Accumulated depreciation		(172,224,187)
Total assets		616,494,266
LIABILITIES		
Accounts payable and other accrued liabilities		2,434,399
Accrued salaries and benefits		2,185,181
Due to primary government		201,132
Contract retainages		180,609
Deferred revenue		5,443,422
Performance and other deposits		798,173
Accrued interest payable		160,658
Long-term liabilities:		
Portion due or payable within one year:		
Compensated absences payable		2,489,695
Loans payable		210,000
Bonds payable, net		670,040
Portion due or payable after one year:		
Compensated absences payable		2,069,966
Loans payable		12,832,200
Bonds payable, net		6,635,275
Total liabilities		36,310,750
NET ASSETS		
Invested in capital assets, net of related debt		549,502,057
Restricted for:		
Certain capital projects		4,582,726
Debt service		1,972,833
E.C. Lawrence Trust		1,507,926
Repair and replacement		700,000
Unrestricted		21,917,974
Total net assets	$	580,183,516

See accompanying notes to the financial statements.

Fairfax County Park Authority **Exhibit B**
A Component Unit of the County of Fairfax, Virginia
Statement of Activities
For the Fiscal Year Ended June 30, 2012

			Program Revenues		Net (Expense)/ Revenue and Changes in Net Assets
Functions/Programs		Expenses	Charges for services	Capital grants and contributions	Governmental activities
Governmental activities:					
Administration	$	17,143,757	1,117,465	3,204,617	(12,821,675)
Maintenance / renovation		18,097,262	-	434,377	(17,662,885)
Golf courses		9,108,477	10,321,192	724,656	1,937,371
Recreation centers		26,373,145	25,170,664	3,081,518	1,879,037
Lake parks		2,731,407	2,799,689	593,170	661,452
Other leisure services		4,899,174	1,671,093	2,922,351	(305,730)
Cultural enrichment		9,192,733	2,244,886	2,850,897	(4,096,950)
Interest on long-term debt		838,728	-	-	(838,728)
Total governmental activities	$	88,384,683	43,324,989	13,811,586	(31,248,108)

General revenues:		
Intergovernmental	$	41,388,498
Investment earnings		105,060
Operating grants not restricted to specific programs		593,169
Capital contributions not restricted to specific programs		6,185,679
Total general revenues		48,272,406
Change in net assets		17,024,298
Net assets, June 30, 2011		563,159,218
Net assets, June 30, 2012	$	580,183,516

See accompanying notes to the financial statements.

Fairfax County Park Authority **Exhibit C**
A Component Unit of the County of Fairfax, Virginia
Balance Sheet-Governmental Funds
June 30, 2012

	Financed from County General Fund	Park Revenue Fund	Financed from County Construction Fund	Park Construction Bond Fund	Park Capital Improvement Fund	Total Governmental Funds
ASSETS						
Equity in pooled cash and temporary investments	$ -	13,223,770	-	-	23,985,539	37,209,309
Receivables:						
Accounts receivable	-	7,212	-	-	-	7,212
Accrued interest	-	-	-	-	27,582	27,582
Due from primary government	1,390,584	-	502,508	-	-	1,893,092
Due from intergovernmental units	-	-	-	100,000	125,000	225,000
Prepaid and other assets	-	266,765	-	-	-	266,765
Restricted assets:						
Equity in pooled cash and temporary investments	-	-	-	4,582,726	2,207,926	6,790,652
Investments	-	1,972,833	-	-	-	1,972,833
Total assets	1,390,584	15,470,580	502,508	4,682,726	26,346,047	48,392,445
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	289,396	1,152,679	502,508	449,847	39,969	2,434,399
Accrued salaries and benefits	1,101,188	1,083,993	-	-	-	2,185,181
Due to primary government	-	201,132	-	-	-	201,132
Contract retainages	-	-	-	178,994	1,615	180,609
Deferred revenue	-	5,258,171	-	-	185,251	5,443,422
Performance and other deposits	-	89,219	-	-	708,954	798,173
Total liabilities	1,390,584	7,785,194	502,508	628,841	935,789	11,242,916
Fund balances:						
Restricted for:						
Capital projects	-	-	-	4,053,885	11,106,160	15,160,045
Debt service	-	1,972,833	-	-	-	1,972,833
E.C. Lawrence Trust	-	-	-	-	1,507,926	1,507,926
Repair and replacement	-	-	-	-	700,000	700,000
Committed to:						
Managed reserve	-	1,957,666	-	-	-	1,957,666
Donation/Deferred revenue	-	1,246,804	-	-	-	1,246,804
Facilities and services reserve	-	-	-	-	2,153,576	2,153,576
Other capital projects	-	-	-	-	9,942,596	9,942,596
Aassigned to:						
Park operation and maintenance	-	2,508,083	-	-	-	2,508,083
Total fund balances	-	7,685,386	-	4,053,885	25,410,258	37,149,529
Total liabilities and fund balances	$1,390,584	15,470,580	502,508	4,682,726	26,346,047	48,392,445

See accompanying notes to the financial statements.

Fairfax County Park Authority **Exhibit C-1**
A Component Unit of the County of Fairfax, Virginia
Reconciliation of the Balance Sheet—Governmental Funds to the Statement of Net Asset
June 30, 2012

Fund balance - Total governmental funds		$ 37,149,529
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and are not reported as assets in governmental funds.		
Capital assets:		
Non-depreciable:		
Land	345,708,383	
Easement	17,016,009	
Construction in progress	10,391,490	
Depreciable:		
Equipment	13,510,516	
Buildings and improvements	353,474,528	
Accumulated depreciation	(172,224,187)	567,876,739
Deferred bond issuance costs reported in governmental activities are not financial resources and are not reported as assets in governmental funds.		225,082
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds:		
Accrued interest payable	(160,658)	
Compensated absences payable	(4,559,661)	
Loan payable	(13,042,200)	
Bonds payable due within one year	(725,000)	
Bonds payable due in more than one year	(7,020,000)	
Bonds payable discount	41,745	
Deferred amount on refunding	397,940	(25,067,834)
Net assets of governmental activities		$ 580,183,516

Fairfax County Park Authority **Exhibit D**
A Component Unit of the County of Fairfax, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds
For the Fiscal Year Ended June 30, 2012

		Financed from County General Fund	Park Revenue Fund	Financed from County Construction Fund	Park Construction Bond Fund	Park Capital Improvement Fund	Total Governmental Funds
REVENUES							
Intergovernmental	$	30,154,838	1,777,800	9,455,860	13,249,500	127,906	54,765,904
Charges for services		1,671,093	39,242,422	-	-	2,482	40,915,997
Revenue from the use of money and property		-	2,420,202	25,176	-	1,321,017	3,766,395
Gifts, donations, and contributions		64,194	593,169	-	-	851,833	1,509,196
Developers' contributions		-	-	-	-	208,125	208,125
Other		-	209,216	-	-	-	209,216
Total revenues		31,890,125	44,242,809	9,481,036	13,249,500	2,511,363	101,374,833
EXPENDITURES							
Current:							
Administration		8,598,606	1,201,474	-	281	378,201	10,178,562
Maintenance		11,206,606	-	6,986,573	493	-	18,193,672
Golf courses		4,347	8,832,647	-	-	-	8,836,994
Recreation centers		10,079	24,908,135	-	185	36,430	24,954,829
Lake parks		1,016,702	1,252,634	-	-	-	2,269,336
Other leisure services		4,459,258	-	-	1,535	192,145	4,652,938
Cultural enrichment		6,594,527	1,954,179	-	-	1,465	8,550,171
Capital outlay		-	154,231	2,494,463	11,815,625	2,113,800	16,578,119
Debt service:							
Principal retirement		-	2,652,800	-	-	-	2,652,800
Interest and other charges		-	774,209	-	-	-	774,209
Total expenditures		31,890,125	41,730,309	9,481,036	11,818,119	2,722,041	97,641,630
Excess (deficiency) of revenues over (under) expenditures		-	2,512,500	-	1,431,381	(210,678)	3,733,203
Net change in fund balances		-	2,512,500	-	1,431,381	(210,678)	3,733,203
Fund balances, June 30, 2011		-	5,172,886	-	2,622,504	25,620,936	33,416,326
Fund balances, June 30, 2012	$	-	7,685,386	-	4,053,885	25,410,258	37,149,529

See accompanying notes to the financial statements.

Fairfax County Park Authority **Exhibit D-1**
A Component Unit of the County of Fairfax, Virginia
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances—Governmental Funds to the Statement of Activities
For the Fiscal Year June 30, 2012

Net change in fund balances - Total governmental funds		$ 3,733,203
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 outlay	16,578,119	
Depreciation expense	(9,783,914)	6,794,205
Donations of capital assets increase net assets in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources.		4,055,632
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.		(100,177)
Repayment of bond principal is reported as an expenditure in governmental funds and thus has the effect of reducing fund balance because current financial resources have been used. In addition, proceeds from the issuance of long-term debt are reported as financing sources in the governmental funds and, thus, increase fund balances.		
Principal payments of bonds	695,000	
Principal payments of notes	1,957,800	2,652,800
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.		
Compensated absences	(46,846)	
Interest expense and amortization of bond issuance costs	(64,519)	(111,365)
Change in net assets of governmental activities		$ 17,024,298

Fairfax County Park Authority
A Component Unit of the County of Fairfax, Virginia
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

A. Summary of Significant Accounting Policies

The accounting policies of the Fairfax County Park Authority (the Authority) conform to the U.S. generally accepted accounting principles as applicable to governmental units. The following is a summary of the Authority's significant accounting policies:

1. Reporting Entity

The Authority, through appropriations from the County of Fairfax, Virginia (the County) and operating revenues, maintains and operates the public parks and recreational facilities located in the County. The Authority was originally created by the Board of Supervisors (the Board) of the County on December 6, 1950, to continue in existence for 30 years unless the Board provided for an earlier termination. Its existence, however, may not be terminated while any obligation incurred by the Authority remains binding unless the Board agrees to assume such obligations. The Board approved three interim extensions of the life of the Authority between 1981 and 1991. On October 28, 1991, the Board extended the life of the Authority for a period of 30 years, until October 28, 2021.

The County's Board of Supervisors appoints the Board members of the Authority and a substantial portion of the Authority's operations are financed by the County. Therefore, the Authority is considered a component unit of the County. The Authority has no component units. The Park Foundation is immaterial to the Authority as a whole and therefore does not meet the criteria in Governmental Accounting Standards Board (GASB) Statement No. 39 to be stated as a component unit for fiscal year 2012.

2. Basis of Presentation – Government-wide and Fund Financial Statements

The Basic Financial Statements include both government-wide (based on the Authority as a whole) and fund financial statements. The focus is on both the Authority as a whole and the fund financial statements, including the major individual funds of the governmental type categories. The Authority categorizes its primary activities solely as governmental activities. In the government-wide Statement of Net Assets, the governmental type activities are reported using the economic resources measurement focus and the accrual basis of accounting that incorporate long-term assets and long-term obligations. The government-wide Statement of Activities reflects both the gross and net cost per functional category. The Statement of Activities reduces gross expenses, including depreciation, by related program and general revenues.

In the fund financial statements, financial transactions and accounts of the Authority are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government activities column in the government-wide statements, reconciliations are presented to explain the adjustments necessary to reconcile the fund financial statements to the government-wide statements.

3. Measurement Focus and Basis of Accounting

The basis of accounting determines when transactions are reported in the Basic Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 where the Authority either gives or receives value without directly receiving or giving equal value in exchange include grants and donations. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Program revenues consist primarily of charges to customers who purchase, use or directly benefit from goods, services, or privileges provided by a given function such as recreational classes, tours, golf lessons and green fees, and camps.

Governmental funds use the flow of current financial resources measurement focus. This focus is based on the determination of, and changes in, financial position, and generally only current assets and current liabilities are included on the balance sheet. These funds use the modified accrual basis of accounting, whereby revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the fiscal period. Available means collectible within the current period or within 45 days after fiscal year end. The Authority recognizes revenues provided by appropriations from the County for the Financed from County General Fund and the County Construction Fund. Expenditures are recorded when the related liability is incurred and payment is due, except for principal and interest on long-term debt which are recorded only when payment is due.

The Authority considers all of its funds to be major and reports the following funds:

<u>*General Fund:*</u>

Financed from County General Fund - This is the primary operating fund of the Authority. This fund is used to account for all financial transactions and resources except those required to be accounted for in other funds. This fund accounts for the operations of the park facilities that are financed by the County.

<u>*Special Revenue Fund:*</u>

Park Revenue Fund - This fund accounts for the operations of the park facilities that are financed from park operating revenues.

<u>*Capital Projects Funds*</u>:

Financed from County Construction Fund - This fund accounts for specific park construction and maintenance projects related to park facilities that are financed from the County Construction Fund. No annual operating budget is prepared for this fund as it is budgeted as part of the County's Capital Construction Program.

Park Construction Bond Fund - This fund accounts for construction projects and capital improvements of the Authority that are financed primarily by County general obligation bond proceeds. The County bond obligations are not included within the Authority's financial statements as they are County debt and therefore are included in the County's government-wide statement of net assets. The County is responsible for paying all debt service on these bonds. No annual operating budget is prepared for this fund.

Park Capital Improvement Fund - This fund accounts for construction projects and capital improvements of the Authority that are financed primarily by property rentals, developers' contributions and transfers from the Park Revenue Fund. No annual operating budget is prepared for this fund.

4. Equity in Pooled Cash and Temporary Investments

The Authority maintains its cash in the County treasury. As of June 30, 2012, $37,209,309 of the Authority's cash was held in the County's cash and investment pool. The County invests cash in temporary investments consisting 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. The County allocates the interest earned on a monthly basis to the individual funds based on each fund's average daily balance of equity in pooled cash, except for the capital projects fund financed by County general obligation bonds. Interest earned on the assets of that fund, the Park Bond Construction Fund, is allocated directly to the County General Fund because debt service is funded by the County General Fund.

5. 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. The investments of the Authority are held in Fidelity Treasury Funds through money market accounts in U.S. Bank National Association.

6. Restricted Assets

Restricted assets typically reflect the receipt of proceeds from revenue bonds which have been restricted for future debt service payments, the revenue bond requirement for a reserve for repair and replacement of certain capital assets and the trust fund to be spent on the donor's dedicated park. In addition, unspent proceeds from general obligation bonds issued by the County and unspent loan proceeds received from the County are restricted for use in capital improvements.

7. Capital Assets

Capital assets, including land purchased, donated and transferred, easements, buildings, improvements, equipment and construction in progress, are reported in the governmental activities column in the government-wide financial statements. Purchased property and equipment are recorded at historical cost or at estimated historical cost based on appraisals or on other acceptable methods when historical cost is not available. Donated capital assets are stated at their fair market value as of the date of donation. Transferred capital assets are stated at the transferor's carrying value at the date of transfer.

The Authority capitalizes all buildings, building improvements, and equipment that cost $5,000 or more with useful lives of longer than one year. Accumulated depreciation is reported as a reduction of depreciable capital assets. Depreciation is computed using the straight-line method based on estimated useful lives of 30 to 50 years for buildings; 5 to 15 years for equipment; and 10 to 30 years for improvements.

8. Compensated Absences

Employees of the Authority are granted annual and sick leave based on their length of service, and may accrue compensatory leave for hours worked in excess of their scheduled hours. Unused annual and compensatory leave is payable to employees upon termination based on the employees' current rate of pay up to certain limits. Sick leave does not vest with the employee.

The compensated absences liability in the government-wide Statement of Net Assets is separated into current (expected to be paid within one year) and long-term (expected to be paid after one year). The amount expected to be paid within one year is an estimate based on historical usage. This liability is satisfied by the County General Fund.

9. Deferred Revenue

The Authority receives proceeds for passes sold to park patrons, in advance of usage, from patrons and refundable deposits from developers for future services. These amounts are unearned and reported as deferred revenue. The balance of deferred revenue as of June 30, 2012 was $5,443,422.

10. Net Assets

Net assets are comprised of three categories: Net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The first category reflects the portion of net assets which is associated with non-liquid capital assets, less the outstanding debt (net) related to these capital assets. The related debt (net) is the debt less the outstanding liquid assets and any associated unamortized costs. Restricted net assets are restricted assets, net of related debt. Net assets which are neither restricted nor related to capital assets are reported as unrestricted net assets.

Total capital assets of the Authority are the combined balances of land, easements, buildings, improvements, and equipment reduced by accumulated depreciation. This total is further reduced by the Laurel Hill debt and the revenue bonds payable net of the required debt service reserve and is reported as invested in capital assets, net of related debt on the Statement of Net Assets.

11. Long-Term Obligations

For long-term liabilities, only that portion expected to be financed from expendable, available financial resources is reported as a fund liability of a governmental fund. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets.

12. Fund Balance Classification

The Park Authority Board, as the highest level of authority, sets policies and establishes priorities for land acquisition, park development and operations for the Authority.

In the governmental fund financial statements, the Authority reports several categories of fund balances based upon the type of restrictions imposed on the use of the funds. The restricted fund balance category include amounts that can be spent only for the specific purposes stipulated by external resource providers such as creditors, grantors, contributors, or laws and regulations of other governments; or by law through constitutional provisions or enabling legislation. The committed fund balance category includes amounts that can be used only for the specific purposes imposed by formal actions of the Authority's highest level of decision making authority, Park Authority Board, and requires the same level to remove or change the constraint through the approval of the annual budget plan by resolution. The assigned fund balance category includes amounts that are intended to be used by the Authority for specific purposes but do not meet the criteria for restricted or committed. The Park Authority's Board can delegate assignment authority to the upper levels of management within the Authority for this category. Unassigned fund balances are the residual classification for the County General Fund and include all spendable amounts not contained in the other categories.

The Authority's Board established the policy on the spending order of the fund balance when both restricted and unrestricted fund balances are available. For the Park Revenue Fund, the assigned fund balance is to be spent first; then the restricted fund balance when expenditures are incurred. For the Park Capital Improvement Fund, the committed fund balance is to be spent first; then the restricted fund balance when expenditures are incurred.

Restricted for Debt Service:

The Master Indenture of Park Facilities Revenue Bonds (Series 1995) and subsequent Park Facilities Refunding Bond (Series 2001) requires the Authority to establish Debt Service Reserves. The restricted balance for debt service, $1,972,833, includes prepayment of principal and interest on the 2001 Revenue Refunding Bonds by the Authority as detailed below:

Restricted for E.C. Lawrence Trust:

Reserve for Debt Service:		
Debt service reserve required by bond documents	$	1,060,665
Additional reserve for future debt payments		912,168
Total reserve	$	1,972,833

In January 1997, the Authority Board received $1,306,555 from the E.C. Lawrence Trust. In accordance with the Authority Board resolution, $1,275,000 is to remain in perpetuity with interest to be spent on the E.C. Lawrence Park. On June 12, 2002, the Authority Board took action to increase the portion of the fund held in perpetuity to $1,507,926 which includes $1,275,000 plus a portion of the accumulated interest. As of June 30, 2012, the fund balance of the Park Capital Improvement Fund includes a combined principal investment and interest amount of $1,507,926 that has been restricted for E.C. Lawrence Park.

Restricted for Repair and Replacement Fund:

The 2001 Bond Indenture requires the Authority to have an accumulated fund balance sufficient to pay costs of major repairs, replacement and capital additions to certain facilities. The restricted fund balance of $700,000 is determined by the Authority to be necessary in any fiscal year for repairs and replacements to these facilities. Amounts on deposit in the balance may also be used to pay debt service on the Bonds if necessary.

Restricted for Capital Projects:

The fund balance of $4,053,885 in the Park Construction Bond Fund is funded by County general obligation bond proceeds and is restricted for capital projects to improve recreational facilities such as playgrounds, picnic areas, trails and recreation center/ swimming pool complexes or to acquire new land and develop and improve park facilities.

The fund balance of $11,106,160 in the Park Capital Improvement Fund is funded through grants, proffers and contributions and is restricted for specific park capital improvements.

Committed to Managed Reserve:

The Authority's committed fund balance to managed reserve of $1,957,666 in the Park Revenue Fund was adopted by the Authority's Board in fiscal year 2012. It includes set aside cash flow and emergency reserve for operations as a contingency for unanticipated operating expenses or a disruption in the revenue stream. The reserve is maintained at a minimum of 5% of the approved annual expenditure budget minus debt of the Park Revenue Fund.

Committed to Donation/Deferred Revenue Reserve:

The Authority's committed fund balance to Donation/Deferred Revenue Reserve of $1,246,804 in the Park Revenue Fund was adopted by the Park Authority Board in fiscal year 2012. This fund includes donations that the Park Authority is obligated to return to donors in the event that the donation cannot be used for its intended purpose. It also includes a set aside to cover any unexpected delay in revenue from the sold but unused Park passes.

Committed to Facilities and Services Reserve:

The Authority's committed fund balance to Facilities and Services Reserve of $2,153,576 in the Park Capital Improvement Fund was adopted by the Park Authority Board in fiscal year 2012. It provides for repairs and renovations of revenue-generating facilities and services.

Committed to Other Capital Projects:

The Authority's committed fund balance to Other Capital Projects of $9,942,596 in the Park Capital Improvement Fund was adopted by the Park Authority Board in fiscal year 2012 and is to provide capital improvements to the revenue-generating facilities and parks, as well as to various park sites.

Assigned to Park Operation and Maintenance:

The Authority's assigned fund balance to Park Operation and Maintenance of $2,508,083 in the Park Revenue Fund is for operating and maintenance costs of park programs and services at the park facilities and other park sites.

13. Encumbrances

The Authority 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 re-appropriation by the County Board of Supervisors.

Significant Encumbrances by Function as of June 30, 2012:

Function	Encumbrances Balances
Restricted for:	
Administration	$ 27,493
Cultural enrichment	531,155
Golf courses	1,401,115
Lake Parks	1,538,672
Maintenance	58,164
Other leisure services	1,512,533
Recreation center	1,297,604
Committed for:	
Administration	28,482
Maintenance	422,721
Assigned to:	
Administration	308,055
Cultural enrichment	41,860
Recreation center	25,655
Total Encumbrances	**$ 7,193,509**

Significant Encumbrances by Fund as of June 30, 2012:

Fund		Encumbrances Balances
Financed from County General Fund	$	262,035
Park Revenue Fund		113,535
Financed from County Construction Fund		1,494,392
Park Construction Bond Fund		4,501,241
Park Capital Improvement Fund		822,306
Total	$	7,193,509

14. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

15. Tax Status

The Authority, as a local government authority, is not subject to federal, state, or local income taxes and accordingly, no provision for income taxes is recorded.

B. Deposits and Investments

1. Deposit and Investment Policies

The Authority's available cash is invested in the County's cash and investment pool. The County 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 County's Investment Committee, which is comprised of the chief financial officer and certain key management and investment staff.
It is the County's policy to pool for investing purposes all available funds of the County and its component units that are not 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 County's pension trust funds have adopted investment policies to provide a well-managed investment program to meet the long-term goals of the pension trust funds, provide a high degree of diversification, maintain appropriate asset coverage of fund liabilities, and also optimize investment return without introducing higher volatility to contribution levels. Investment decisions for the funds' assets are made by the Boards of Trustees or investment managers selected by the Boards of Trustees. While the pension trust funds are not subject to the provisions of the Employee Retirement Income Security Act (ERISA), the Boards of Trustees endeavor to adhere to the spirit of ERISA. The Boards of Trustees believe that risks can be managed 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 County's other post-employment benefits (OPEB) trust fund is a participant in the Virginia Pooled OPEB Trust. Funds of participating jurisdictions are pooled and are invested in the name of the Virginia Pooled OPEB Trust. The County's respective share in this pool is reported on the face of the corresponding OPEB trust fund statements as found in the other supplementary information section of the County CAFR. The Board of Trustees of the Virginia Pooled OPEB Trust has adopted an investment policy 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. Specific investment information for the Virginia Pooled OPEB Trust can be obtained by writing to VML/VACo Finance Program, 1108 East Main Street, Richmond, Virginia 23219.

Under the Code of Virginia (Code), Investment of Public Funds Act, the County is authorized to purchase the following investments:

- Commercial paper
- U.S. Treasury and agency securities
- U.S. Treasury strips
- Negotiable certificates of deposits and bank notes
- Money market funds
- Bankers acceptances
- Repurchase agreements
- Medium term corporate notes
- Local government investment pool
- Asset-backed securities
- Hedged debt obligations of sovereign governments
- Securities lending programs
- Obligations of the Asian Development Bank
- Obligations of the African Development Bank
- Obligations of the International Bank for Reconstruction and Development
- Obligations of the Commonwealth of Virginia and its instrumentalities
- Obligations of counties, cities, towns, and other public bodies located within the Common wealth 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 Common wealth that complies with the Code

The County's investment policy precludes the investment of pooled funds in derivative securities, reverse repurchase agreements, or security lending programs.

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 Authority's investment within the County's pooled investment portfolio is covered by the County's policy to minimize the risk that the market value of securities in its portfolio will fall due to changes in market interest rates. To achieve this minimization of risk, the County structures the pooled investment portfolio so that sufficient securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Pooled investments that are purchased to meet liquidity needs shall have a target weighted average maturity of 90 days. All other pooled funds are invested primarily in shorter-term securities, with a maximum maturity of one year.

The County'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. In addition, the fund's investment policy states that the average effective duration of each manager's portfolio should be within 25% of the portfolio's benchmark duration.

3. Credit Risk

The County'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 County pre-qualifies financial institutions, broker-dealers, intermediaries, and advisers with which the County does business.

In addition, the pooled investments are limited to the safest types of securities and are diversified 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) Watch list or Standard & Poor's, Inc. (S&P) Credit Watch with a negative 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 minimum rating of Prime 1; S&P, with a minimum rating of A-1; Fitch Investor's Services, Inc. (Fitch), with a minimum rating of F-1; or by Duff and Phelps, Inc., with a minimum rating of 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 must have a rating by at last two of the following: Moody's, with a rating of P-1; S&P, A-1; Fitch Investor's Services, Inc. (Fitch), F-1; or by Duff and Phelps, Inc., D-1.

- ♦ Corporate notes must have a rating of at least Aa by Moody's and a rating of at least AA by S&P.

While the overall investment guidelines for the primary government's pension trust funds do not specifically address credit risk, investment managers have specific quality limits appropriate for the type of mandate they are managing and that fit within the total risk tolerance of the fund. Additional information regarding investment type in the pooled portfolio can be found in the County CAFR.

4. Concentration of Credit Risk

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

Repurchase agreements and money market funds	30% maximum
Bank notes, banker's acceptances and negotiable certificates of deposit	40% maximum
Commercial paper	35% maximum
Corporate notes	25% maximum
US Treasury and agency securities	100% maximum
Non-negotiable certificates of deposit	40% maximum

In addition, not more than 5% 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 a minimum of 5% of the investment portfolio in a combination of mutual funds or open repurchase agreements to meet liquidity requirements.

Whereas the overall investment guidelines for the County'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 Fairfax County Employees' Retirement System (ERS) does not have investments (other than U.S. Government and U.S. Government guaranteed obligations) in any one organization that represent 5% or more of net assets held in trust for pension benefits.

The County's OPEB trust funds investment policy for equity holdings states that all holdings must be publicly traded on U.S. markets with no single issue exceeding 5% of each individual manager portfolio at market value.

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 County'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 member of the pool. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirement of the Act and for notifying local government 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 County will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Per policy, all of the pooled investments purchased by the County are insured or registered or are securities held by the County or its agent in the County's name.

Certain investments of the Authority are separately held by its fiscal agent, U.S. Bank National Association, in the Authority's name. These investments are held in Fidelity Treasury Funds through money market accounts. 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. The Authority follows the County's investment policy with respect to acceptable credit ratings for its investments. Investments in the amount of $1,972,833 are restricted for debt service requirements related to the 2001 Park Facilities Revenue Refunding Bonds and the Laurel Hill Note Payable.

6. Foreign Currency Risk

Per the County's policy, pooled investments are limited to U.S. dollar denominated instruments, however the pension trust funds of the County are allowed to invest in foreign currency denominated instruments.

Additional information related to the interest rate risk and the credit risk, such as the weighted average maturity and credit quality ratings of investments, pertaining to the entire cash and investment pool can be found in the County CAFR.

C. Receivables

Receivables as of June 30, 2012 consist of the following:

Receivables:		
Accounts receivable	$	7,212
Accrued interest receivable		27,582
Total receivables	$	34,794

Amounts due to the Authority from other governmental units as of June 30, 2012 include the following:

	Park Construction Bond Fund	Park Capital Improvement Fund
Federal Government	$ 100,000	$ 125,000

D. Interfund Balances and Transfers

Due from Primary Government

The Authority's revenues in certain funds consist of a transfer from the County to offset actual expenditures incurred during the fiscal year. Consistent with the Authority's funding mechanism, the amount due from the County is equal to the Authority's total outstanding liabilities in these funds on the modified accrual basis of accounting. As of June 30, 2012, the amount due from the County was $1.89 million. Of this amount, $1.39 million is due from the Financed from County General Fund and represents accrued salaries, accrued fringe benefits, accounts payable and accrued liabilities. The remaining $0.5 million is due from the Financed from County Construction Fund and represents accounts payable and accrued liabilities.

Interfund Transfers

Interfund transfers are used to finance construction projects, capital purchases, and capital improvements. There was no transfer from the Park Revenue Fund to the Park Capital Improvement Fund as of June 30, 2012.

E. Capital Assets

The following is a summary of the changes in capital assets for fiscal year 2012:

		Balances June 30, 2011	Increases	Decreases	Balances June 30, 2012
Capital assets, not being depreciated:					
Land	$	341,478,663	10,796,907	(6,567,187)	345,708,383
Easement		16,844,494	171,515	-	17,016,009
Construction in progress		8,858,753	7,736,640	(6,203,903)	10,391,490
Total capital assets, not being depreciated		367,181,910	18,705,062	(12,771,090)	373,115,882
Capital assets, being depreciated:					
Buildings and improvements		339,167,331	14,307,197	-	353,474,528
Equipment		13,549,013	292,405	(330,902)	13,510,516
Total capital assets, being depreciated		352,716,344	14,599,602	(330,902)	366,985,044
Less accumulated depreciation for:					
Buildings and improvements		(150,930,424)	(9,296,456)	-	(160,226,880)
Equipment		(11,840,751)	(487,458)	330,902	(11,997,307)
Total accumulated depreciation		(162,771,175)	(9,783,914)	330,902	(172,224,187)
Total capital assets, being depreciated, net		189,945,169	4,815,688	-	194,760,857
Total capital assets, net	$	557,127,079	23,520,750	(12,771,090)	567,876,739

Depreciation Expense by Function:		
Administration	$	6,977,256
Maintenance		89,513
Golf courses		164,870
Recreation centers		1,062,702
Lake parks		619,932
Other leisure services		316,271
Cultural enrichment		553,370
Total depreciation expense	$	9,783,914

F. Long-Term Obligations

Bonds Payable

In February 1995, the 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. On September 15, 2001, the Authority issued $13,015,000 of Park Facilities Revenue Refunding Bonds, Series 2001, with an average interest rate of 4.36% to advance refund $11,670,000 of the outstanding Series 1995 Bonds with an average interest rate of 6.62%. Proceeds of $12,615,112 were used to purchase U.S. Government securities which were deposited in an irrevocable escrow fund to provide for the resources to redeem the Series 1995 Bonds on July 15, 2003. The reacquisition price exceeded the net carrying amount of the refunded bonds by $945,112, and this amount is being amortized over the remaining life of the refunding bonds. These bonds are solely the obligations of the Authority and are payable from the Park Revenue Fund's revenues from operations, earnings from investments, and certain fund balance reserves.

The debt service requirements to maturity for the outstanding bonds are:

Fiscal Year	Interest Rate		Principal	Interest	Total
2013	4.10	$	725,000	335,665	1,060,665
2014	4.20		750,000	305,053	1,055,053
2015	4.30		785,000	272,425	1,057,425
2016	4.40		815,000	237,618	1,052,618
2017	4.50		855,000	200,450	1,055,450
2018-2021	4.75		3,815,000	372,756	4,187,756
	Totals	$	7,745,000	1,723,967	9,468,967

As set forth in the Park Facilities Revenue Refunding Bonds, Series 2001 covenant, the Authority is required to maintain reserves for major repairs and replacements and debt service, and to meet specific revenue levels. The Authority is in compliance with all bond covenants.

Loan Payable to the County of Fairfax

On June 24, 2003, the Authority entered into a long-term loan agreement with the County in the amount of $15,530,000. The loan provided funds to finance the development and construction of a public golf course located in the Laurel Hill area of the southern part of the County. As the result of the refunding of Series 2003 Laurel Hill revenue bonds by Fairfax County Economic Development Authority in April 2012, the outstanding loan payable amount was reduced to $13,042,200.

The debt service requirements to maturity for the outstanding loan are:

Fiscal Year	Interest Rate	Principal	Interest	Total
2013	5.00	$ 210,000	509,934	719,934
2014	5.00	243,700	499,434	743,134
2015	5.00	283,100	487,249	770,349
2016	5.00	327,900	473,094	800,994
2017	5.00	372,600	456,699	829,299
2018-2022	5.00	2,650,800	1,953,281	4,604,081
2023-2027	3.00-5.00	3,669,100	1,274,254	4,943,354
2028-2032	3.00-4.00	4,330,000	631,694	4,961,694
2033	4.00	955,000	34,619	989,619
	Totals	$ 13,042,200	6,320,258	19,362,458

Conduit Debt

On December 27, 2005, the Authority issued two long-term notes to finance the acquisition of a permanent conservation easement totaling $12,900,000. This acquisition permanently preserves 41 acres of open space as a public park in McLean, Virginia and will be enforced in perpetuity by the Northern Virginia Conservation Trust.

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 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, 2012, $8,707,500 of these notes are outstanding.

The Memorandum of Understanding between the County Board of Supervisors (BOS) and the Authority states that the BOS has agreed to administer the employees of the Authority. All salaries of the Authority, including payments for compensated absences, lie within this understanding and have been made from the County General Fund.

The following is a summary of changes in the government-wide long-term obligations of the Authority for fiscal year 2012:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Due within One Year
Revenue bonds payable:					
Principal amount of bonds payable	$ 8,440,000	-	(695,000)	7,745,000	725,000
Discount on bonds payable	(46,962)	-	5,217	(41,745)	(5,217)
Deferred amount on refundings	(447,683)	-	49,743	(397,940)	(49,743)
Long-term loan payable	15,000,000	-	(1,957,800)	13,042,200	210,000
Compensated absences payable	4,512,815	2,510,962	(2,464,116)	4,559,661	2,489,695
Total	$ 27,458,170	2,510,962	(5,061,956)	24,907,176	3,369,735

Bond Rating

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 Investors Service. The Authority maintains an "A-" rating from Standard and Poor's for its revenue bond debt.

G. Commitments and Contingencies

Various claims and lawsuits may arise in the ordinary course of business. In the opinion of legal counsel, there are no significant cases, claims, or assessments of any nature against the Authority that are pending or threatened as of June 30, 2012.

The Authority is due revenue for rent and royalty payments related to the Federal Lands to Park program which was remitted in error to another local government, the District of Columbia. Litigation is in progress to recover these amounts plus interest with unknown probability of the timing of settlement.

H. Other Information

1. Retirement Plans

Plan Description

Employees of the Authority participate in the Fairfax County Employees' Retirement System (ERS), a cost-sharing multiple-employer defined benefit pension plan which covers full-time and certain part-time employees who are not covered by other plans of the County or the Virginia 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 65 with five years of creditable service, or (b) attain the age of 50 with age plus years of creditable service being greater than or equal to 80. 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. Annual cost-of-living adjustments (COLA) are provided to retirees and beneficiaries equal to the lesser of 4.0% or the percentage increase in the Consumer Price Index for the Washington-Baltimore Metropolitan 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. The benefit for early retirement is actuarially reduced and payable at early termination.

Effective July 1, 2005, a Deferred Retirement Option Program (DROP) was established for eligible members of the ERS. Members who are eligible for normal service retirement are eligible to participate in this program. DROP provides the ability for an employee to retire for purposes of the pension plan, while continuing to work and receive a salary for a period of three years. During the DROP period, the pension plan accumulates the accrued monthly benefit into an account balance identified as belonging to the member. The account balance is credited with interest in the amount of 5.0% 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.

Funding Policy

The contribution requirements of ERS members are established and may be amended by County ordinances. Members may elect to join Plan A or Plan B. Plan A requires member contributions of 4.0% of compensation up to the Social Security wage base and 5.33% of compensation in excess of the wage base. Plan B requires member contributions of 5.33% of compensation.

For fiscal year 2012, the County contributed a contractually fixed rate of 17.2% of annual covered payroll. This rate was established by the Board of Trustees of the Retirement System and approved by the County Board of Supervisors to cover the actuarially-determined normal cost plus administrative expenses of the ERS. In the event the ERS's funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) exceeds 120% or falls below 90%, the contribution rate will be adjusted to bring the funded ratio back within these parameters.

Annual Pension Cost

For the fiscal years 2012, 2011 and 2010, the County contributed $2,906,248, $2,422,781, and $1,693,006 respectively, to the plan on behalf of the Authority.

Information concerning ERS as a whole, including annual pension cost, actual contributions and annual required contributions, is available in the County CAFR for the fiscal year ended June 30, 2012. Additionally, 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, Virginia 22030, or by calling (703) 279-8200.

2. Risk Management

The Authority 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 residents, and natural disasters. For all of these risks, the Authority participates in the County's insurance program which includes self-insurance and the purchase of certain commercial insurance policies, and reports its share of the program's costs. There were no claims settlements in excess of insurance coverage in any of the past three fiscal years. Information regarding the County's insurance program is available in the County CAFR for the fiscal year ended June 30, 2012.

3. Other Post-Employment Benefits (OPEB)

The Authority participates in the County's program to subsidize the health and other benefits of certain retirees and certain surviving spouses.

Beginning in fiscal year 2008, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions. This statement establishes standards for measurement, recognition and reporting of post-employment benefits including health care, life insurance, and other non-pension benefits offered to retirees of the County. Historically, the County's subsidy was funded on a pay-as-you-go basis, however, GASB Statement No. 45 requires that the County recognize the cost of its retiree health subsidy and other post-employment benefits during the period of employees' active employment while the benefits are being earned. The unfunded actuarial accrued liability is required to be disclosed in order to accurately account for the total future cost of post-employment benefits and the financial impact on the County. This funding methodology mirrors the funding approach used for pension benefits. The legal authority to establish a trust fund to pre-fund OPEB was provided by the Virginia General Assembly and Governor in March 2007 and the County has accordingly established trust funds to fund the OPEB cost.

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% 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.

Additional information regarding these programs is available in the County CAFR for the fiscal year ended June 30, 2012.

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 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, 1108 East Main Street, 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, the net OPEB asset and the funding progress schedules can be found in the County CAFR for the fiscal year ended June 30, 2012.

The Authority's annual OPEB contribution to the plan for 2012 and 2011 are as follows:

	2012	2011
Annual OPEB Contribution	$ 691,028	631,555

4. On-behalf Payments

On-behalf payments for salaries and fringe benefits are direct payments made by one entity (the County) to a third-party recipient for the employees of another, legally separate entity (the Authority). On-behalf payments include salaries, pension plan contributions, employee health and life insurance premiums, and salary supplements. The County expended $29,658,629 in on-behalf payments for the Authority for fiscal year 2012. This amount consisted of $19,787,324 in salaries; $3,354,731 in health, life, catastrophic loss and unemployment insurance premiums; $2,126,123 in Federal Insurance Contributions Act (FICA); $2,906,248 in pension plan contributions; and $1,484,203 in liability insurance premium payments. The Authority is not required to reimburse the County for these payments, therefore, the Authority recognized revenues and expenditures for the amounts paid on behalf of the Authority by the County General Fund.

5. Related Parties

During fiscal year 2012, the Authority purchased, in the ordinary course of business, services from the County under a Memorandum of Understanding. These included office services, transportation, and communications. Also, a County-owned building serves as the Authority's administrative headquarters. No rent is charged to the Authority by the County.

I. New Accounting Pronouncements:

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangement (GASB 60),* addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-partnership that state and local governments are increasingly entering into. The requirements for this Statement are effective for financial statements for periods after December 15, 2011. The implementation of this new standard did not have any impact on the Authority's financial statements for fiscal year 2012.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (GASB 63),* provides financial reporting guidance on outflows of resources and deferred inflows of resources. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. The implementation of this new standard did not have any impact on the Authority's financial statements for fiscal year 2012.

GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53,* enhances comparability and improve financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty's credit provider, is replaced. The requirements for this Statement are effective for financial statements for periods beginning after June 15, 2011. The implementation of this new standard did not have any impact on the Authority's financial statements for fiscal year 2012.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements for this Statement are effective for financial statements for periods beginning after December 12, 2012. The Authority is currently evaluating the impact of GASB 65 for fiscal year 2013.

Fairfax County Park Authority **RSI - 1**
A Component Unit of the County of Fairfax, Virginia
Budgetary Comparison Schedule - General Fund (Financed from County General Fund)
For the Fiscal Year June 30, 2012

		Budgeted Amounts		Actual Amounts	Variance from Final Budget
		Original	Final	(Budget Basis)	Positive (Negative)
REVENUES					
Charges for services	$	1,850,000	1,850,000	1,671,093	(178,907)
Intergovernmental		19,849,789	20,443,822	20,347,727	(96,095)
Total revenues		21,699,789	22,293,822	22,018,820	(275,002)
EXPENDITURES					
Administration		5,122,530	5,349,091	5,947,994	(598,903)
Maintenance		8,335,382	8,591,607	7,992,470	599,137
Other leisure services		4,027,464	4,073,010	3,814,246	258,764
Cultural enrichment		4,214,413	4,280,114	4,264,110	16,004
Total expenditures	$	21,699,789	22,293,822	22,018,820	275,002

See accompanying notes to the required supplementary information

Fairfax County Park Authority **RSI - 2**
A Component Unit of the County of Fairfax, Virginia
Budgetary Comparison Schedule - Park Revenue Fund
For the Fiscal Year June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final	(Budget Basis)	Positive (Negative)
REVENUES				
Charges for services	$ 38,578,101	38,578,101	39,242,422	664,321
Revenue from the use of money and property	2,797,368	2,797,368	2,420,202	(377,166)
Gifts and donations	687,044	687,044	593,169	(93,875)
Other	35,293	35,293	1,987,016	1,951,723
Total revenues	42,097,806	42,097,806	44,242,809	2,145,003
EXPENDITURES				
Administration	2,771,693	2,701,887	3,781,170	(1,079,283)
Golf courses	9,844,596	9,861,039	8,947,582	913,457
Recreation centers	26,661,597	26,713,110	26,181,475	531,635
Cultural enrichment	1,966,607	1,968,457	1,966,769	1,688
Laurel Hill debt service	853,313	853,313	853,313	-
Total expenditures	42,097,806	42,097,806	41,730,309	367,497
Excess (deficiency) of revenues over (under) expenditures	-	-	2,512,500	2,512,500
Net change in fund balance	$ -	-	2,512,500	2,512,500

See accompanying notes to the required supplementary information

Fairfax County Park Authority
A Component Unit of the County of Fairfax, Virginia
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2012

Budget Data

The Authority's budgets are formulated using the following procedures:

The Authority submits to the County Board of Supervisors proposed operating and capital budgets that have been approved by the Authority's Board for the forth-coming fiscal year.

The budgets are legally enacted through passage of an ordinance by the County Board of Supervisors, as part of the County's budget adoption process. The legal level of budgetary control is exercised at the fund level, and the administrative controls are exercised at the character level.

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. All unexpended appropriations lapse at year-end. The budgets are on a basis consistent with U.S. generally accepted accounting principles (GAAP) for all governmental funds with the following exceptions:

- Certain offsetting on-behalf payments made by the County General Fund are excluded from revenues and expenditures for budgetary purposes in the Financed from County General Fund.
- Debt service and capital outlays in the Financed from County General Fund and Park Revenue Fund are budgeted as functional expenditures.

The Lake Parks function is budgeted with the Maintenance function in the Financed from County General Fund and in the Recreation Centers function in the Park Revenue Fund.

The schedule below reconciles the amounts on the Budgetary Comparison Schedule - General Fund (Financed from the County General Fund) to the amounts on the Statement of Revenues, Expenditures and Changes in Fund Balances.

	General Fund (Financed from County General Fund)	Park Revenue Fund
Actual Revenue (Budget Basis)	$ 22,018,820	44,242,809
Perspective differences:		
Certain on-behalf payments made by County are not budgeted, as they are an expenditure of the County, but must be recorded as a revenue and expenditure by the Authority under U.S. GAAP	9,871,305	-
Actual Revenue (U.S. GAAP Basis)	31,890,125	44,242,809
Actual Expenditure (Budget Basis)	22,018,820	41,730,309
Perspective differences:		
Certain on-behalf payments made by County are not budgeted, as they are an expenditure of the County, but must be recorded as a revenue and expenditure by the Authority under U.S. GAAP	9,871,305	-
Actual Expenditure (U.S. GAAP Basis)	$ 31,890,125	41,730,309

LIST OF TABLES

The Statistical Section presents detailed information to enhance the understanding of the Authority's overall financial health. Ten years of data is shown for all tables.

Financial Trends

These schedules contain comparisons of financial statement information to assess the financial performance of the Authority since the implementation of Governmental Accounting Standards Board Statement Number 34 (GASB 34), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, in fiscal year 2002.

Table 1 - Net Assets by Component
Table 2 - Changes in Net Assets
Table 3 - Fund Balances, Governmental Funds
Table 4 - Changes in Fund Balances, Governmental Funds

Revenue Capacity

This schedule represents the Authority's primary own-source revenue.

Table 5 - User Fee Revenue by Source, Park Revenue Fund

Debt Capacity

This schedule provides information on the type of debt as well as outstanding debt ratios.

Table 6 - Outstanding Debt by Type

Demographic and Economic Information

These schedules provided additional insight into the environment in which the Authority operates.

Table 7 - Demographic and Economic Statistics
Table 8 - Principal Employers

Operating Information

These schedules are specific to the Authority and provide additional information about its operations.

Table 9 - Full-Time Equivalent Employees, General Fund and Revenue Fund
Table 10 - Park Amenities
Table 11 - Additional Facts

Fairfax County Park Authority
Table 1 – Net Assets by Component
Fiscal Years 2003 to 2012
(accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities					
Invested in capital assets, net of related debt	$ 334,038,797	358,542,958	388,835,308	430,404,264	464,350,705
Restricted	16,284,142	23,913,727	23,154,898	12,045,269	978,340
Unrestricted	2,185,018	5,818,198	7,615,150	10,734,752	527,431
Total governmental activities net assets	$ 352,507,957	388,274,883	419,605,356	453,184,285	465,856,476

Fiscal Year					
2008	2009	2010	2011	2012	
					Governmental activities
489,764,149	502,460,903	516,804,325	536,126,640	549,502,057	Invested in capital assets, net of related debt
19,219,940	15,954,951	9,381,937	5,952,792	8,763,485	Restricted
18,662,435	20,820,763	31,656,512	21,079,786	21,917,974	Unrestricted
527,646,524	539,236,617	557,842,774	563,159,218	580,183,516	Total governmental activities net assets

Fairfax County Park Authority
Table 2 – Changes in Net Assets
Fiscal Years 2003 to 2012
(accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental activities:					
Administration	$ 7,690,087	8,030,321	9,538,435	11,211,933	11,414,098
Maintenance	16,739,837	14,498,402	16,807,101	18,138,320	21,758,038
Golf courses	6,925,815	6,865,349	7,193,198	9,107,594	9,650,140
Recreation centers	16,629,903	17,373,627	19,028,313	21,915,161	22,827,112
Lake parks	4,191,917	4,178,222	4,300,738	4,660,063	5,039,904
Other leisure services	3,941,379	3,643,022	3,776,913	3,911,204	3,953,144
Cultural enrichment	6,366,322	6,895,722	7,434,966	7,635,598	8,211,081
Interest on long-term debt	1,015,441	1,461,405	1,389,455	1,264,380	1,245,703
Total governmental activities expenses	63,500,701	62,946,070	69,469,119	77,844,253	84,099,220
Program Revenues [1)]					
Governmental activities:					
Charges for services					
Administration	1,295,506	894,113	910,676	929,850	974,363
Golf courses	7,419,644	7,985,064	7,702,364	9,741,161	10,570,312
Recreation centers	13,360,295	14,490,877	15,824,626	18,436,374	20,022,204
Lake parks	1,821,116	2,327,936	2,467,875	2,509,462	2,731,405
Other leisure services	2,731,734	2,588,265	2,455,045	2,459,922	2,277,754
Cultural enrichment	972,055	1,118,816	1,183,750	1,339,687	1,488,450
Capital grants and contributions	92,797	538,743	176,909	18,174,241	3,758,445
Total revenues	27,693,147	29,943,814	30,721,245	53,590,697	41,822,933
Net (expense)/revenue - governmental activities	(35,807,554)	(33,002,256)	(38,747,874)	(24,253,556)	(42,276,287)
General revenues and other changes in net assets					
Governmental activities:					
Intergovernmental	52,096,923	61,387,610	62,967,795	49,909,598	50,645,885
Investment earnings	199,323	280,882	502,119	877,972	1,197,458
Operating grants not restricted to specific programs	249,015	310,370	240,740	252,779	295,228
Capital contributions not restricted to specific programs	5,921,814	3,795,552	6,367,693	6,792,136	2,809,907
Total governmental general revenues and other changes	58,467,075	65,774,414	70,078,347	57,832,485	54,948,478
Changes in net assets					
Changes in net assets - governmental activities	22,659,521	32,772,158	31,330,473	33,578,929	12,672,191
Change in accounting principle [2)]	-	2,994,768	-	-	-
Total changes in net assets [3)]	$ 22,659,521	35,766,926	31,330,473	33,578,929	12,672,191

1) Beginning in fiscal year 2009, bond proceeds are reclassified from Intergovernmental to Program Revenue.
2) Developer contributions are recognized as revenue rather than deferred revenue.
3) Change in net assets - governmental activities, adjusted for change in accounting principle.

2008	2009	2010	2011	2012	Fiscal Year
					Expenses
					Governmental activities:
11,482,214	9,803,152	19,314,041	10,640,173	17,143,757	Administration
20,623,520	20,206,716	19,708,858	20,216,277	18,097,262	Maintenance
10,374,460	9,975,192	9,975,330	10,275,083	9,108,477	Golf courses
24,168,081	25,407,033	25,355,723	26,077,168	26,373,145	Recreation centers
5,133,721	5,917,656	5,710,227	5,897,252	2,731,407	Lake parks
4,770,382	5,947,812	5,555,311	5,272,258	4,899,174	Other leisure services
8,703,530	8,681,949	8,314,760	8,901,308	9,192,733	Cultural enrichment
1,223,710	1,199,491	1,172,693	1,149,364	838,728	Interest on long-term debt
86,479,618	87,139,001	95,106,943	88,428,883	88,384,683	**Total governmental activities expenses**
					Program Revenues [1)]
					Governmental activities:
					Charges for services
970,548	1,124,180	1,196,644	1,161,779	1,117,465	Administration
11,145,594	10,278,410	10,115,276	9,663,300	10,321,192	Golf courses
21,070,108	21,836,617	22,529,812	23,642,808	25,170,664	Recreation centers
2,670,412	2,778,658	2,919,675	2,787,336	2,799,689	Lake parks
2,312,751	2,217,356	1,849,597	1,733,561	1,671,093	Other leisure services
1,746,385	1,803,191	1,831,330	2,004,871	2,244,886	Cultural enrichment
23,060,953	19,790,204	27,036,755	13,182,612	13,811,586	Capital grants and contributions
62,976,751	59,828,616	67,479,089	54,176,267	57,136,575	**Total revenues**
(23,502,867)	(27,310,385)	(27,627,854)	(34,252,616)	(31,248,108)	**Net (expense)/revenue - governmental activities**
					General revenues and other changes in net assets
					Governmental activities:
70,820,769	36,617,597	34,595,632	36,385,759	41,388,498	Intergovernmental
1,326,509	553,207	244,589	170,585	105,060	Investment earnings
449,743	305,698	774,041	500,040	593,169	Operating grants not restricted to specific programs
12,695,894	1,423,976	10,619,749	2,512,676	6,185,679	Capital contributions not restricted to specific programs
85,292,915	38,900,478	46,234,011	39,569,060	48,272,406	**Total governmental general revenues and other changes**
					Changes in net assets
61,790,048	11,590,093	18,606,157	5,316,444	17,024,298	Changes in net assets - governmental activities
-	-	-	-	-	Change in accounting principle [2)]
61,790,048	11,590,093	18,606,157	5,316,444	17,024,298	**Total changes in net assets** [3)]

Fairfax County Park Authority
Table 3 – Fund Balances, Governmental Funds
Fiscal Years 2003 to 2012
(modified accrual basis of accounting)

	Fiscal Year				
	2003	**2004**	**2005**	**2006**	**2007**
General Fund					
Reserved	$ -	13,000	19,400	248,620	431,780
Unreserved	-	(13,000)	(19,400)	(248,620)	(431,780)
Total General Fund*	-	-	-	-	-
All other governmental funds					
Reserved	35,997,584	36,518,580	29,047,387	13,934,639	11,643,276
Unreserved, reported in:					
Revenue fund	(1,725,783)	(183,342)	(701,001)	(12,577)	1,254,818
Capital projects funds	4,701,582	11,822,825	12,290,914	14,866,903	(4,756,425)
Total unreserved	2,975,799	11,639,483	11,589,913	14,854,326	(3,501,607)
Restricted, reported in:					
Revenue fund	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Committed, reported in:					
Revenue fund	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Assigned, reported in					
Revenue fund	-	-	-	-	-
Total all other governmental Funds	$ 38,973,383	48,158,063	40,637,300	28,788,965	8,141,669

* The Authority's General Fund is financed through the County General Fund and therefore has no fund balance of its own other than that arising from encumbrances existing at year end.

** Fiscal year 2011 fund balance classifications have been revised due to the implementation of the GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions.

Fiscal Year					
2008	2009	2010	2011**	2012	
					General Fund
344,650	472,434	425,498	-	-	Reserved
(344,650)	(472,434)	(425,498)	-	-	Unreserved
-	-	-	-	-	Total General Fund*
					All Other Governmental Funds
13,648,497	9,983,561	10,381,385	-	-	Reserved
					Unreserved, reported in:
1,527,514	2,539,977	3,913,936	-	-	Revenue fund
28,803,445	28,932,752	31,492,071	-	-	Capital projects funds
30,330,959	31,472,729	35,406,007	-	-	Total unreserved
					Restricted, reported in:
-	-	-	1,944,916	1,972,833	Revenue fund
-	-	-	14,163,670	17,367,971	Capital projects funds
					Committed, reported in:
-	-	-	-	3,204,470	Revenue fund
-	-	-	14,079,770	12,096,172	Capital projects funds
					Assigned, reported in:
-	-	-	3,227,970	2,508,083	Revenue fund
43,979,456	41,456,290	45,787,392	33,416,326	37,149,529	Total All Other Governmental Funds

Fairfax County Park Authority
Table 4 – Changes in Fund Balances, Governmental Funds
Fiscal Years 2003 to 2012
(modified accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Revenues					
Intergovernmental	$ 52,111,392	61,394,170	63,089,067	50,514,710	53,073,848
Charges for services	25,653,315	27,752,238	28,418,775	32,821,560	35,310,324
Revenue from the use of money and property	2,726,137	3,047,333	2,801,446	3,740,902	6,058,235
Gifts, donations, and contributions	349,057	1,443,189	1,147,570	2,798,695	1,524,948
Other	120,149	169,596	167,895	227,946	387,613
Total revenues	80,960,050	93,806,526	95,624,753	90,103,813	96,354,968
Expenditures					
Administration	7,529,145	7,809,251	9,312,026	10,191,093	11,175,200
Maintenance	14,759,116	12,714,841	15,131,859	16,274,370	19,859,760
Golf courses	5,911,791	5,907,797	6,229,441	8,140,515	8,768,528
Recreation centers	14,384,581	15,016,704	16,645,855	19,066,139	19,884,029
Lake parks	3,915,469	3,864,839	3,998,455	4,366,191	4,712,584
Other leisure services	3,145,226	2,900,400	3,045,694	3,197,775	2,865,793
Cultural enrichment	6,219,445	6,610,664	7,161,910	7,375,336	7,946,946
Intergovernmental expense	-	-	-	779,250	-
Capital outlay	12,434,873	31,081,752	24,829,641	30,802,096	39,958,236
Debt service					
Principal	2,729,691	530,000	15,493,364	570,000	660,000
Interest and other charges	583,585	1,180,366	1,297,271	1,189,383	1,171,188
Total expenditures	71,612,922	87,616,614	103,145,516	101,952,148	117,002,264
Excess of revenues over (under) expenditures	9,347,128	6,189,912	(7,520,763)	(11,848,335)	(20,647,296)
Other financing sources (uses)					
Revenue notes issued	16,667,431	14,735,928	14,938,364	-	-
Retirement of revenue notes	(16,667,431)	(14,735,928)	(14,938,364)	-	-
Loan/note proceeds	15,530,000	-	-	-	-
Transfers in	3,163,217	-	900,000	210,000	-
Transfers out	(3,163,217)	-	(900,000)	(210,000)	-
Total other financing sources (uses)	15,530,000	-	-	-	-
Net change in fund balances	24,877,128	6,189,912	(7,520,763)	(11,848,335)	(20,647,296)
Change in accounting principle	-	2,994,768	-	-	-
Net change in fund balances - adjusted for change in accounting principle	$ 24,877,128	9,184,680	(7,520,763)	(11,848,335)	(20,647,296)
Debt service as a percentage of noncapital expenditures	5.60%	3.03%	2.78% [1]	2.47%	2.38%

[1] FY 2005 excludes the $15,029,231 Hunter Tract note repayment made with County funds.

2008	2009	2010	2011	2012	Fiscal Year
					Revenues
92,858,040	54,283,968	46,768,880	47,589,052	54,765,904	Intergovernmental
37,191,830	37,495,388	37,895,041	38,540,752	40,915,997	Charges for services
4,720,392	4,138,535	13,368,009	3,549,584	3,766,395	Revenue from the use of money and property
3,300,870	1,816,401	902,634	2,384,049	1,717,321	Gifts, donations, and contributions
540,469	399,241	187,972	195,998	209,216	Other
138,611,601	98,133,533	99,122,536	92,259,435	101,374,833	**Total revenues**
					Expenditures
11,447,592	9,485,448	9,048,363	9,600,475	10,178,562	Administration
18,845,826	18,315,522	17,649,492	18,218,165	18,193,672	Maintenance
9,227,839	8,743,520	8,684,674	9,083,552	8,836,994	Golf courses
21,345,702	22,557,675	22,362,952	23,275,013	24,954,829	Recreation centers
4,842,784	5,434,110	5,037,360	5,231,393	2,269,336	Lake parks
3,542,622	3,983,664	3,247,056	2,526,452	4,652,938	Other leisure services
8,119,749	8,071,343	7,594,822	8,230,365	8,550,171	Cultural enrichment
-	-	-	-	-	Intergovernmental expense
23,566,657	22,213,709	19,290,945	26,572,982	16,578,119	Capital outlay
					Debt service
685,000	725,000	775,000	820,000	2,652,800	Principal
1,150,043	1,126,708	1,100,770	1,072,104	774,209	Interest and other charges
102,773,814	100,656,699	94,791,434	104,630,501	97,641,630	**Total expenditures**
35,837,787	(2,523,166)	4,331,102	(12,371,066)	3,733,203	**Excess of revenues over (under) expenditures**
					Other financing sources (uses)
-	-	-	-	-	Revenue notes issued
-	-	-	-	-	Retirement of revenue notes
-	-	-	-	-	Loan/note proceeds
800,000	-	160,000	800,000	-	Transfers in
(800,000)	-	(160,000)	(800,000)	-	Transfers out
-	-	-	-	-	**Total other financing sources (uses)**
35,837,787	(2,523,166)	4,331,102	(12,371,066)	3,733,203	Net change in fund balances
-	-	-	-	-	Change in accounting principle
35,837,787	(2,523,166)	4,331,102	(12,371,066)	3,733,203	Net change in fund balances - adjusted for change in accounting principle
2.32%	2.36%	2.48%	2.42%	4.23%	Debt service as a percentage of noncapital expenditures

Fairfax County Park Authority
Table 5 - User Fee Revenue by Source, Park Revenue Fund
Fiscal Years 2003 to 2012
(modified accrual basis of accounting)

Fiscal Year	Admissions	Classes/Lessons	Golf Fees	Sales	Rentals	Total
2003	7,958,805	10,045,139	5,136,800	1,139,058	889,119	25,168,921
2004	8,829,491	10,445,791	5,772,456	1,286,693	901,351	27,235,782
2005	9,452,280	11,020,133	5,545,293	1,426,536	946,236	28,390,478
2006	11,305,323	11,902,575	6,921,119	1,512,002	1,172,445	32,813,464
2007	11,756,973	13,190,327	7,621,269	1,633,530	1,173,774	35,375,873
2008	12,776,087	13,910,878	7,954,964	1,789,830	3,480,006	39,911,765
2009	12,985,816	14,139,145	7,248,308	1,763,024	3,449,932	39,586,225
2010	13,400,561	14,239,873	7,078,965	1,683,163	3,611,887	40,014,449
2011	13,625,076	15,099,789	6,639,157	1,687,540	3,552,361	40,603,923
2012	14,177,947	16,457,496	6,964,454	1,690,986	3,896,499	43,187,382

County of Fairfax, Virginia
Table 6 - Outstanding Debt by Type
Fiscal Years 2003 to 2012

Fiscal Year End	Revenue Bonds(1)	Notes Payable County/ISS(1)	Notes Payable County/EDA(1)	Total	Percentage of Personal Income (2)	Debt Per Capita (2)
2003	13,230,000	14,442,740	15,530,000	43,202,740	0.08	43
2004	12,700,000	14,735,928	15,530,000	42,965,928	0.08	42
2005	12,145,000	-	15,530,000	27,675,000	0.05	27
2006	11,575,000	-	15,530,000	27,105,000	0.04	26
2007	10,990,000	-	15,455,000	26,445,000	0.04	25
2008	10,385,000	-	15,375,000	25,760,000	0.04	25
2009	9,760,000	-	15,275,000	25,035,000	0.03	24
2010	9,110,000	-	15,150,000	24,260,000	0.03	23
2011	8,440,000	-	15,000,000	23,440,000	0.03	22
2012	7,745,000	-	13,042,200	20,787,200	0.03	19

Notes:

(1) Details of the Authority's outstanding debt are located in the notes to the financial statements

(2) Per capita personal income for Fairfax County was used to calculate Percentage of Personal Income ratio and the Population of Fairfax County was used to calculate Debt Per Capita ratio. See Table 7.

The Estimated Population and Per Capita Personal Income numbers for 2000-2007 were revised based on actual data versus an estimation from the prior year. The 2012 numbers were calculated based on the 2011 population and income data in Table 7.

Fairfax County Park Authority
Table 7 - Demographic and Economic Statistics
Fiscal Years 2002 to 2011

Calendar Year	Estimated Population(1)	Personal Income (2) (000s)	Per Capita Personal Income(2)	Median Age(3)	Higher Degree and 25 Years of Age or Older % (3)	School Enrollment(4)	Unemployment Rates % (5)
2002	1,004,435	52,744,891	52,512	37.3	55.9	161,385	3.4
2003	1,012,090	54,771,275	54,117	37.9	56.3	163,386	3.1
2004	1,022,298	58,830,183	57,547	37.6	57.4	164,195	2.7
2005	1,033,646	63,917,568	61,837	38.1	58.5	164,408	2.5
2006	1,037,311	67,111,947	64,698	38.4	58.7	164,284	2.2
2007	1,041,507	70,500,650	67,691	39.1	59.0	164,486	2.2
2008	1,050,315	74,385,409	70,822	39.4	58.5	166,307	3.4
2009	1,074,227	77,325,008	71,982	37.3	58.1	169,538	5.2
2010	1,081,726	72,577,324	67,094	37.5	56.1	172,391	4.9
2011	1,100,692	71,145,429	64,637	37.6	58.0	174,933	4.2

Notes:

(1) Population data is obtained from the Fairfax County Department of Systems Management for Human Services.

(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 Fairfax County, alone, 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 2009 has been updated to reflect actual reported figures, while 2010 has been estimated using percent change in her capita personal income from 2008 to 2009.

(3) Median age and educational attainment information are obtained from the U.S. Census Bureau's American Community Survey.

(4) Public school enrollment is obtained from Fairfax County Public Schools.

(5) Unemployment rates are obtained from the Virginia Employment Commission, Annual Unemployment Statistics for the calendar year, not seasonally adjusted. The previously reported estimated figures for the most recent prior year have been updated to reflect the final reported figures from the Commission.

County of Fairfax, Virginia
Table 8 - Principal Employers
Current Year and Nine Years Ago

Fiscal Year 2012 (1)				Fiscal Year 2003 (1)			
Rank	Employer	Number of Employees (2)	Pct. of Total County Employment (3)	Rank	Employer	Number of Employees (2)	Pct. of Total County Employment (3)
1	Fairfax County Public Schools	23,534	4.05 %	1	Fairfax County Public Schools	20,712	3.95 %
2	Federal Government	23,361	4.02 %	2	Fairfax County Government	11,506	2.19 %
3	Fairfax County Government	12,070	2.08 %	3	Federal Government	10,136	1.93 %
4	Booz-Allen Hamilton	7,000-10,000	1.46 %	4	Inova Health System	9,000-10,000	1.81 %
5	Inova Health System	7,000-10,000	1.46 %	5	Northrup Grumman	6,000-7,000	1.24 %
6	Science Applications International	4,000-6,999	0.95 %	6	Science Applications International	5,000-6,000	1.05 %
7	George Mason University	4,000-6,999	0.95 %	7	Booz-Allen Hamilton	5,000-6,000	0.86 %
8	Federal Home Loan Mortgage	4,000-6,999	0.95 %	8	Raytheon Corporation	4,000-5,000	0.86 %
9	Northrup Grumman	4,000-6,999	0.95 %	9	Computer Science Corporation	4,000-5,000	0.86 %
10	The Mitre Corp	1,000-3,999	0.43 %	10	Federal Home Loan Mortgage	3,000-4,000	0.67 %
Totals			17.31 %				15.42 %

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 2012, excluding data for Fairfax County Government and Fairfax County Public Schools, is from the 1st quarter of calendar year 2012 VEC. Employment information for fiscal year 2003 is from 2003 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 2012 is estimated at 581,547, based on VEC's report for the first quarter 2012. Average total County employment for fiscal year 2003 was estimated at 524,697.

Fairfax County Park Authority
Table 9 - Full-Time Equivalent Employees, by Division
Fiscal Years 2003 to 2012

Fiscal Year	Administration	Resource Management	Park Operations	Park Services	Planning and Development	Total
2003	56	98	186	216	32	588
2004	56	92	183	232	33	596
2005	55	96	183	247	33	614
2006	58	96	183	244	33	614
2007	63	95	183	240	34	615
2008	64	97	183	240	34	618
2009	62	98	184	244	32	620
2010	62	88	175	244	31	600
2011	60	103	168	240	34	605
2012	61	102	167	241	34	605

*Source: Fairfax County Department of Management and Budget.

Fairfax County Park Authority
Table 10 - Park Amenities
Fiscal Years 2003 to 2012

	Fiscal Year									
Function	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Parks, Recreation and Cultural										
Park Acreage	22,644	22,987	23,517	23,677	23,977	24,149	22,600*	22524**	22,894	23,196
Parks, Recreation and Cultural	388	388	397	415	417	421	417	415	418	420
Athletic Fields	274	274	275	288	288	289	289	284	273	274
Aquatic & Fitness Center	8	8	9	9	9	9	9	9	9	9
Dog Parks	5	5	5	7	7	7	7	7	7	8
Historic Sites	60	65	65	64	64	64	67	67	68	68
Hiking & Fitness Trails (in miles)	204	204	204	292	297	299	312	314	317	320
Indoor Gymnasiums	2	2	2	2	2	2	2	2	2	2
Indoor Ice Rinks	1	1	1	1	1	1	1	1	1	1
Marinas	3	3	3	3	3	3	3	3	3	3
Miniature Golf Course	5	5	5	5	5	5	5	5	5	5
Multi-Use Courts	119	118	119	132	132	132	132	132	132	132
Nature Areas	7	7	7	7	7	7	7	7	7	7
Outdoor Swimming Pools	1	1	1	1	1	1	1	1	1	1
Outdoor Volleyball Courts	11	11	11	13	13	13	13	13	13	16
Picnic Shelters	33	36	36	31	31	31	31	38	40	40
Playgrounds	201	205	205	194	194	201	201	201	204	205
Regulation Golf Courses	8	8	8	8	9	9	9	9	9	9
BMX/Skateparks	0	1	1	1	1	1	1	1	1	1
Tennis & Raquetball Courts	222	223	225	229	229	229	229	229	229	227
Waterparks	1	1	1	1	1	1	1	1	1	1

*Total acreage was reduced in Fiscal Years 2009 to reconcile to the Grantor's Index / Parks to Parcels.
**Reduction due to out sale of Vulcan (115 acres); partially offset with the acquisition of 39 acres, resulting in a net reduction of (76)
acres.

Fairfax County Park Authority
Table 11 - Additional Facts
Fiscal Years 2003 to 2012

Fiscal Year	Acres of Park Land Acquired, Dedicated, Transferred or Proffered During the Year	Cumulative Acres of Park Land Acquired, Dedicated, or Proffered	Recreation Center Attendance	Golf Course Rounds	Visits to Natural, Cultural, Historic, and Interpretive Sites	Maintainable Linear Feet of Trail	Number of Park Athletic Fields Maintained
2003	23	22,644	1,532,537	285,392	459,828	1,067,485	274
2004	343	22,987	1,582,774	321,381	469,774	1,076,294	274
2005	530	23,517	1,658,377	296,750	479,533	1,077,194	275
2006	160	23,677	1,775,980	319,595	574,127	1,114,182	289
2007	300	23,977	1,773,319	318,117	526,975	1,568,160	285
2008	172	24,149	1,778,914	322,175	566,815	1,578,720	289
2009	114	22,600*	1,847,391	298,631	606,411	1,647,360	289
2010	(76) **	22,524	1,868,390	289,384	616,441	1,657,920	284
2011	370	22,894	1,988,830	281,930	723,351	1,673,971	273
2012	302	23,196	2,006,294	294,828	881,510	1,690,128	274

*Total acreage was reduced in Fiscal Year 2009 to reconcile to the Grantor's Index / Parks to Parcels.
**Reduction due to out sale of Vulcan (115 acres); partially offset with the acquisition of 39 acres, resulting in a net reduction of (76)