

# Fairfax County, Virginia

## Popular Annual Financial Report

July 1, 2020 – June 30, 2021



# FY 2021 County of Fairfax PAFR



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November 22, 2021

We are pleased to present to you, our residents, the Popular Annual Financial Report (PAFR) for the County of Fairfax, Virginia, covering Fiscal Year (FY) 2021, from July 1, 2020 through June 30, 2021. The PAFR is designed to offer, those with a general interest in the County's financial activities, a glimpse at selected data from the FY 2021 Annual Comprehensive Financial Report (ACFR) presented in a highly readable format.

The County's financial statements conform to generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB), have been audited as required by the Code of Virginia, and have received an unmodified opinion by the accounting firm of Cherry Bekaert LLP.

We hope this issue of the PAFR helps the reader gain a better understanding of the County's financial activities and reinforces our commitment to fiscal integrity and sound financial management. The PAFR also reflects our continued commitment to the residents and businesses of Fairfax County, the Board of Supervisors, and all interested readers of this report by providing financial, economic, and demographic information about the County, while demonstrating our deep pride in serving it.

Respectfully,



Government Finance Officers Association

Award for  
Outstanding  
Achievement in  
Popular Annual  
Financial Reporting

Presented to

Fairfax County

Virginia

For its Annual Financial Report  
for the Fiscal Year Ended

2020

*Christopher P. Morril*  
Executive Director/CEO

Bryan J. Hill  
County Executive

Christina C. Jackson  
Chief Financial Officer

Christopher J. Pietsch  
Director of Finance

All photos provided by the Office of Public Affairs.

Top – Groundbreaking ceremony in Lorton for the animal shelter and police station

Middle – COVID testing volunteers

Bottom Right – Health Department staff

Bottom Left – “Stuff the Bus” event in Chantilly

Back cover – Fairfax County District Map

## About Fairfax County

Fairfax County is located in the northeastern corner of Virginia and encompasses an area of 407 square miles, including land and water. The County is part of the Washington, D.C. metropolitan area which includes jurisdictions in Northern Virginia, Maryland, and the District of Columbia, and has a population in excess of 1.17 million.

Fairfax County surrounds the City of Fairfax and is adjacent to the Cities of Falls Church and Alexandria. Cities and counties in Virginia are discrete units of government that under Virginia law may not be overlapping districts. The incorporated towns of Clifton, Herndon, and Vienna are underlying units of government within the County. There are nine Board of Supervisor districts in Fairfax County as shown on the map on the back cover.

## Government Structure

Fairfax County operates under the urban county executive form of government, as defined by the Code of Virginia. The powers of government are vested in an elected Board of Supervisors (the Board or BOS) consisting of nine members elected by district, plus a Chairman elected at large. Board members are elected for four-year terms by the voters of the district in which each member resides. There is no legal limit to the number of terms a member can serve. The Board sets policy for the administration of the County and appoints a County Executive to act as the administrative head of the County. The County Executive carries out the policies established by the Board, directs business and administrative procedures, and recommends officers and personnel to be appointed by the Board. To see the complete organizational chart of the County, and the various relationships to the BOS, click [here](#).



**Fairfax County Board of Supervisors** pictured from left to right: Walter L. Alcorn (Hunter Mill District), Kathy L. Smith (Sully District), Pat Herryty (Springfield District), Daniel G. Storck (Mount Vernon District), Penelope A. Gross (Vice Chairman, Mason District), Jeffrey C. McKay (Chairman, At-Large), Dalia A. Palchik (Providence District), John W. Foust (Dranesville District), James R. Walkinshaw (Braddock District), and Rodney L. Lusk (Lee District).



# FY2021 County of Fairfax PAFR



One Fairfax is a social and racial equity policy, jointly adopted by the Fairfax County BOS and Fairfax County School Board (FCSB), committing the County and FCPS to intentionally consider equity when making policies and delivering programs and services. The interlocking, systemic issues existing in areas such as housing, employment, transportation, and health, were exacerbated by COVID-19 and continue to limit opportunity for some County residents to fully participate in the County and regional economy. All residents deserve an equitable opportunity to succeed, with equity recognized as an economic imperative.



Fairfax County awarded \$52.6 million to more than 4,800 small businesses and nonprofits impacted by the COVID-19 pandemic. The program, called RISE, offered financial assistance grants for wages, employees' health insurance, rent, and other fixed operating costs to help small businesses remain in business. More than 72% of the organizations receiving grants identified as small companies owned by women, minorities and/or veterans—businesses that account for one-third of jobs in Fairfax County. This exceeded the original goal to allocate at least one-third of funds to one of those historically disadvantaged groups. The program was funded using federal CARES Act funds provided to the County and the grants did not need to be repaid.



The Basic Needs Support program funded through the CARES Act was designed to address the community's increased need for food and financial assistance as a result of the pandemic. The Coordinated Services Planning (CSP) hotline utilized an existing network of community-based organizations to provide \$22 million of direct client assistance to meet the needs of the community, such as rent and mortgage assistance, payment for security deposits and housing-related fees, utilities, and prescription assistance. The CSP model serves community members in a multilingual call center environment and is a screening agency for referral to local community-based organization partners for access to needed resources.

**Nonprofit Sustainability Grants (NSG) Program** The Nonprofit Sustainability program was established to support 501(c)3 and 501(c)19 nonprofit organizations, whose primary work supports social safety net services to vulnerable populations within Fairfax County. The COVID-19 pandemic caused nonprofits to experience increased demand for services while withstanding organizational challenges which limited their capacity to fulfill their missions. The funding could be used for employee retention, equipment and materials, rent payments, debt payments, and technology upgrades needed to strengthen the core capacities of the nonprofits and sustain them during the impacts of COVID-19. A total of 149 nonprofits received \$5.0 million during fiscal year 2021.



Photo Credit - CareVan outside of the Government Center  
4 - PAFR FY2021



Photo Credit - Community vaccination clinic

## Fiscal Integrity

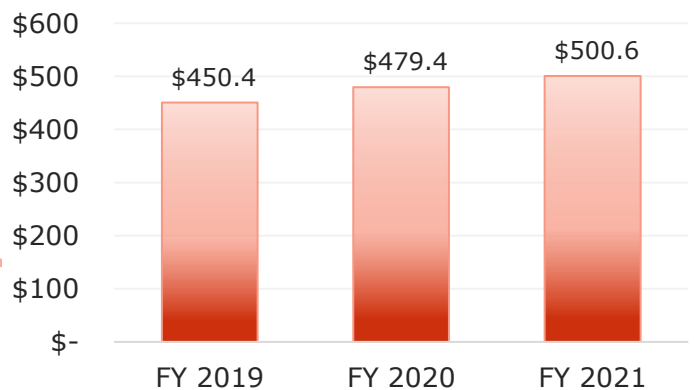
The keystone to the County's ability to maintain its fiscal integrity is the continuing commitment of the Board. This commitment is evidenced by their adoption of the Ten Principles of Sound Financial Management (Ten Principles), first adopted in 1975, which remain the policy context within which financial decisions are considered and made. These principles relate primarily to the integration of capital planning, debt planning, cash management, and productivity as a means of ensuring prudent and responsible allocation of the County's resources. From time to time the Board amends the Ten Principles in order to address changing economic conditions and management practices. In FY 2016, as a response to concerns from the bond rating agencies, the Board committed to increasing the County's reserve policies to strengthen the County's financial position. The total target balance is ten percent of the General Fund disbursements, which is in-line with other **Triple A jurisdictions**. The chart below illustrates the General Fund Committed Reserves for FY 2019 through FY 2021. The County has established General Fund committed reserves which are available to allow the County to respond to both anticipated and unforeseen events. At June 30, 2021, those reserves were primarily revenue stabilization fund reserves and managed reserves.

### Ten Principles of Sound Financial Management

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



### General Fund Committed Reserves (in millions)



### Triple A jurisdiction

The county government has held the AAA rating from Moody's since 1975, from Standard & Poor's since 1978 and from Fitch since 1997. As of January 2021, only 13 states, 49 counties, and 33 cities currently hold the AAA rating from all three agencies. Having the top bond rating allows Fairfax to borrow funds at lower interest rates, as investors would have confidence the government would not default on its debt. Since 1978, taxpayers have saved \$602 million in interest payments because of the high credit rating.

## **Business and Employment Facts**

Businesses in Fairfax County include corporate and regional headquarters, information technology firms, sales and marketing offices, and business services. Local businesses create employment in such diverse areas as computer software development and systems integration, internet related services, telecommunications, wholesale and retail trade, defense and homeland security, and financial services. A large proportion of jobs in the County are in the high wage, highly skilled information technology and professional services sectors.

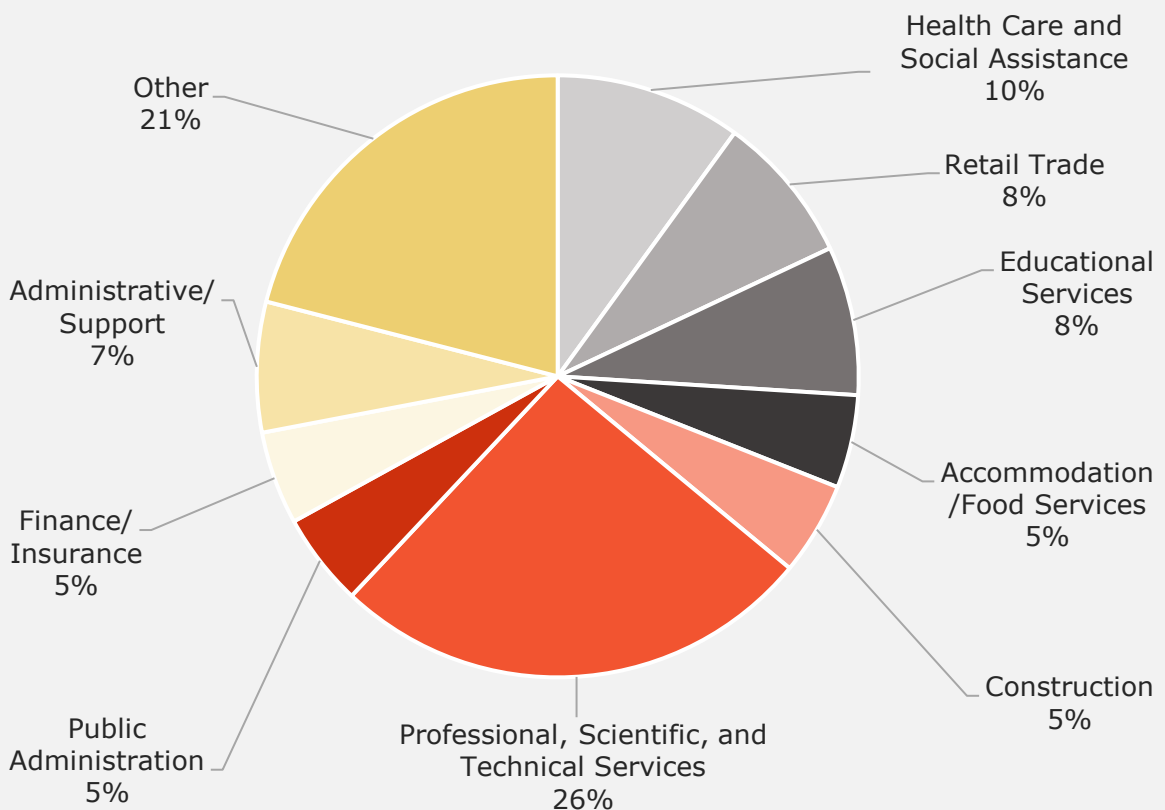
### **Economic Accolades**

- 8,700 technology-focused enterprises
- 430 international companies
- 11 Fortune 500 list companies

### **Ten Largest Employers in Fairfax County**

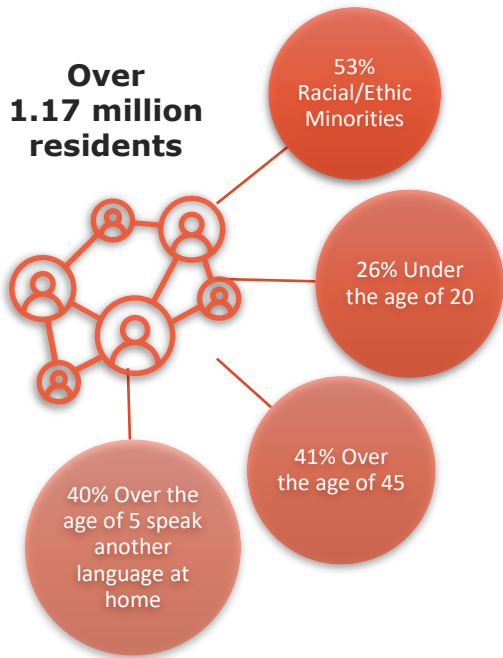
Federal Government  
Fairfax County Public Schools  
Fairfax County Government  
Inova Health System  
George Mason University  
Booz, Allen and Hamilton  
Amazon  
Federal Home Loan Mortgage  
Science Applications International Corporation  
Capital One

## **Employment By Industry (2020)**



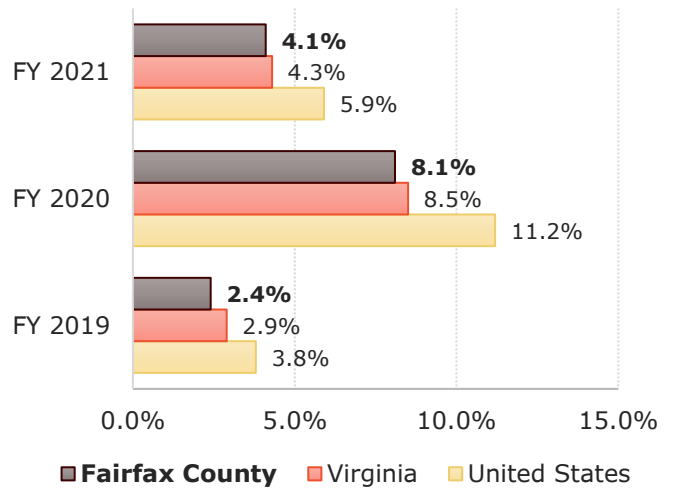
# Demographic Facts

**Over  
1.17 million  
residents**



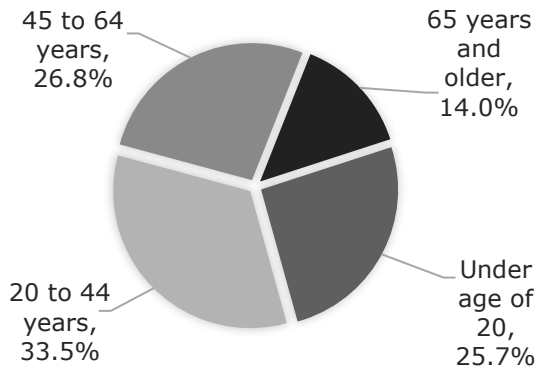
## Comparison of Unemployment Rates As of June 30

(not seasonally adjusted)



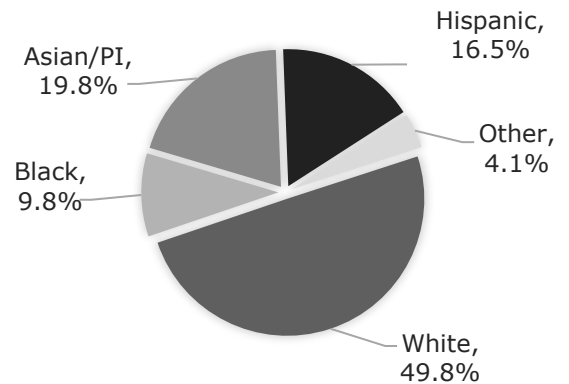
Source: U.S. Bureau of Labor and Statistics

## POPULATION AGE DISTRIBUTION

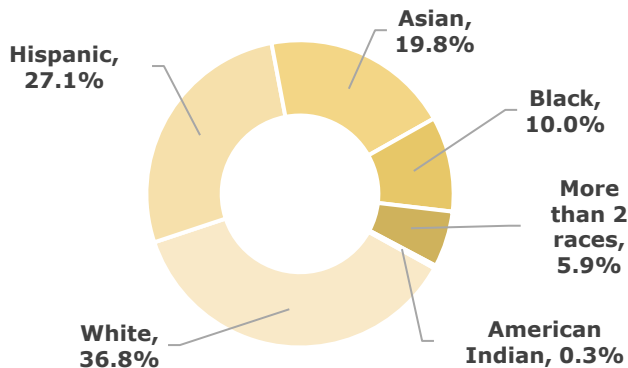


Source: Fairfax County Economic, Demographic, & Statistical Research

## RACE/ETHNICITY DISTRIBUTION



## FCPS Student Population



## FCPS Facts

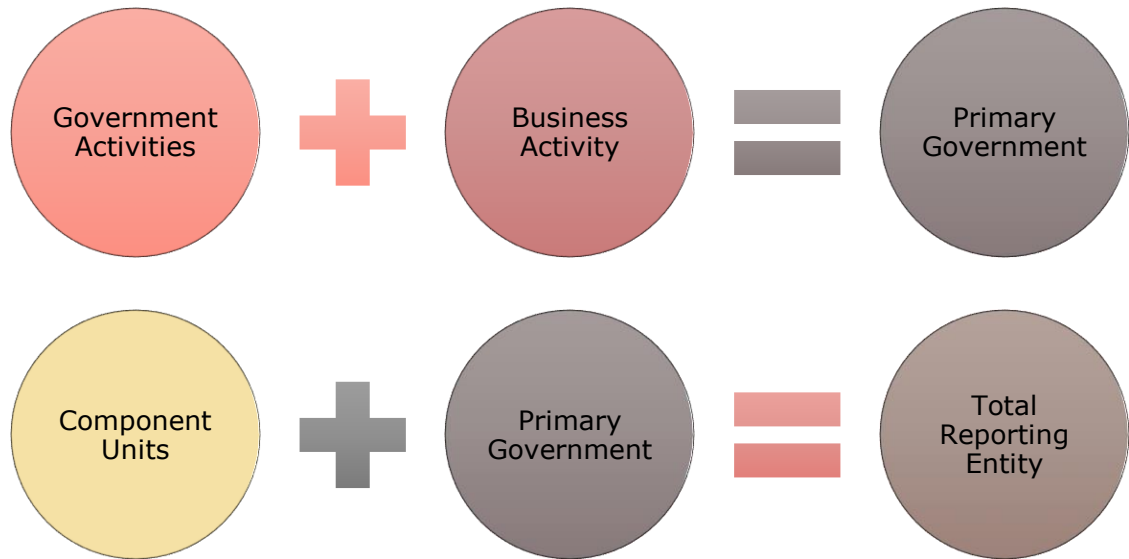
198  
Schools  
and  
centers

178,000  
Students  
(Pre-K –  
12<sup>th</sup> grade)



## Financial Facts

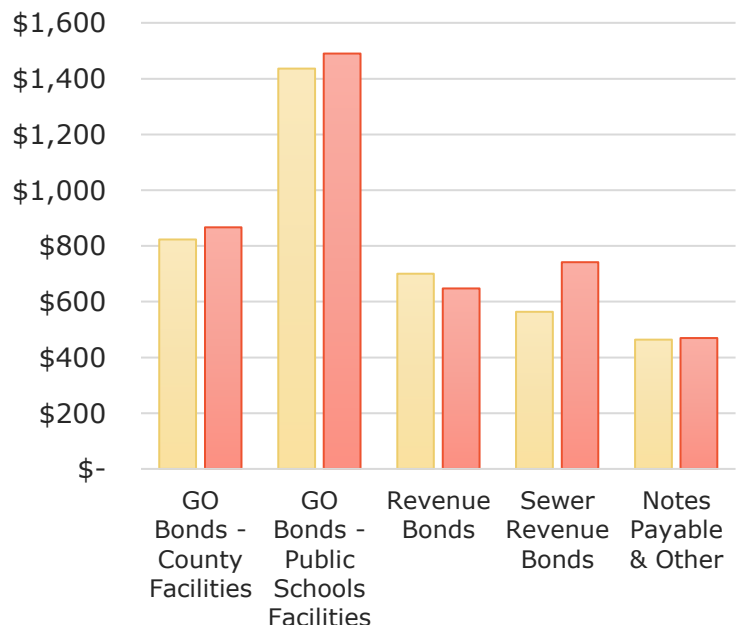
Government-wide financial statements consist of three categories: Government Activities; Business-type Activities; and Discretely Presented Component Units. The County's governmental and business-type activities are collectively referred to as the Primary Government. Together, the Primary Government and its discretely presented component units are referred to as the Total Reporting Entity. Most of the County's basic services are reported in the Governmental Activities category. The County's only Business-type activity is the Integrated Sewer System. To get a more comprehensive explanation on the Fairfax County's financial statements, please refer to the Management's Discussion and Analysis (MD&A) section in the [ACFR](#).



### Primary Government Long-term Debt

The County primarily borrows money by issuing general obligation (GO) bonds to finance capital projects. All general obligation bonds require approval by voter referendum. While there is no legal limit on the amount of long-term indebtedness that the County can at any time incur or have outstanding, the Board has established self-imposed limits with respect to long-term debt. The adjacent chart compares the debt distribution over the last two fiscal years for the Primary Government. Public school facilities represent the largest amount of GO bond debt, which, in part, reflects County residents' strong community support for our public schools.

### **Total Primary Government Gross Outstanding Long-term Debt (in millions)**



■ FY 2020 ■ FY 2021



## Net Position

For the Total Reporting Entity, assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$1,040.6 million for FY 2021, representing an increase of \$187.5 million in the net position over FY 2020. The increase in fiscal year 2021 net position was mainly due to the net additions in capital assets.

While Charges for services continued to decrease in FY2021 as a direct result of lower participation numbers and program offerings due to the impact of the COVID-19 pandemic, there were increases in both operating and capital grants and contributions. These increases are a direct result of federal funding the County received in order to better support the community during the pandemic.

Health and welfare expenses showed the highest growth in FY 2021 as a result of continued commitment to provide services throughout the pandemic and support the health and welfare of both residents and employees.

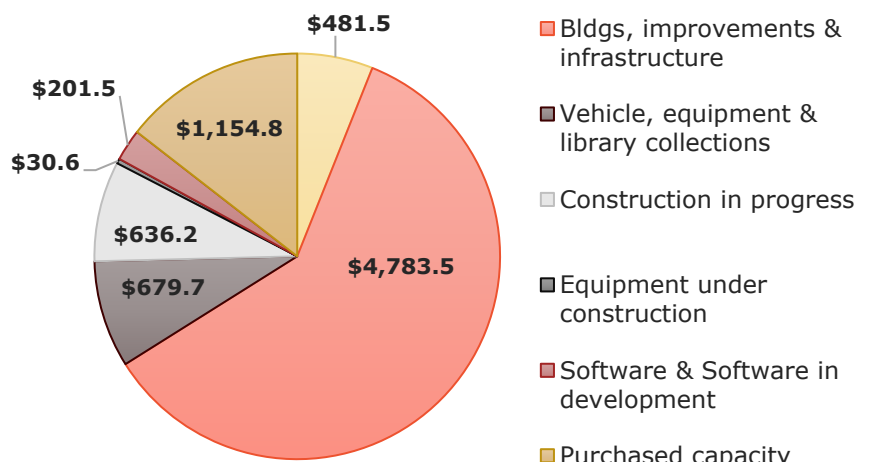
Summary of Changes in Net Position Total Primary Government For the Fiscal Years Ended June 30 (\$-millions)			
		FY 2020	FY 2021
<b>Revenues</b>			
<b>Program Revenues</b>			
	Charges for services	\$ 917.2	\$ 876.2
	Operating grants & contributions	346.8	505.0
	Capital grants & contributions	43.3	65.8
<b>General Revenues</b>			
	Real property tax	2,897.8	3,008.7
	Personal property tax	443.3	432.9
	Other taxes	600.2	612.2
	Unrestricted grants & contributions	211.4	211.4
	Revenue from the use of money	14.6	(4.4)
<b>Total Revenues</b>		<b>\$ 5,474.6</b>	<b>\$ 5,707.8</b>
<b>Expenses</b>			
<b>Expenses</b>			
	General government administration	\$ 258.3	\$ 258.1
	Judicial administration	76.7	71.1
	Public safety	879.2	882.3
	Public works	467.8	477.5
	Health and welfare	721.9	797.8
	Community development	550.1	569.7
	Parks, recreation, and cultural	143.7	133.2
	Education	2,332.4	2,339.3
	Interest on long-term debt*	103.2	99.9
<b>Total expenses</b>		<b>\$ 5,533.3</b>	<b>\$ 5,628.9</b>
	Increase in net position before special item	\$ (58.7)	\$ 78.9
	Special item gain from sale of purchased capacity	\$ 9.9	\$ -
	Increase (decrease) in net position	\$ (48.8)	\$ 78.9
<b>Beginning net position</b>		<b>\$ 854.7</b>	<b>\$ 805.9</b>
<b>Ending net position</b>		<b>\$ 805.9</b>	<b>\$ 884.8</b>

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

## Primary Government Capital Assets

The Total Primary Government's investment in capital assets for FY 2021, amounted to close to \$8.0 billion. Major activities for FY 2021 included: software acquisition; improvements to transportation, including bus and rail services; and upgrades to the sewer system's share of the Noman Cole Treatment Plant Renovation.

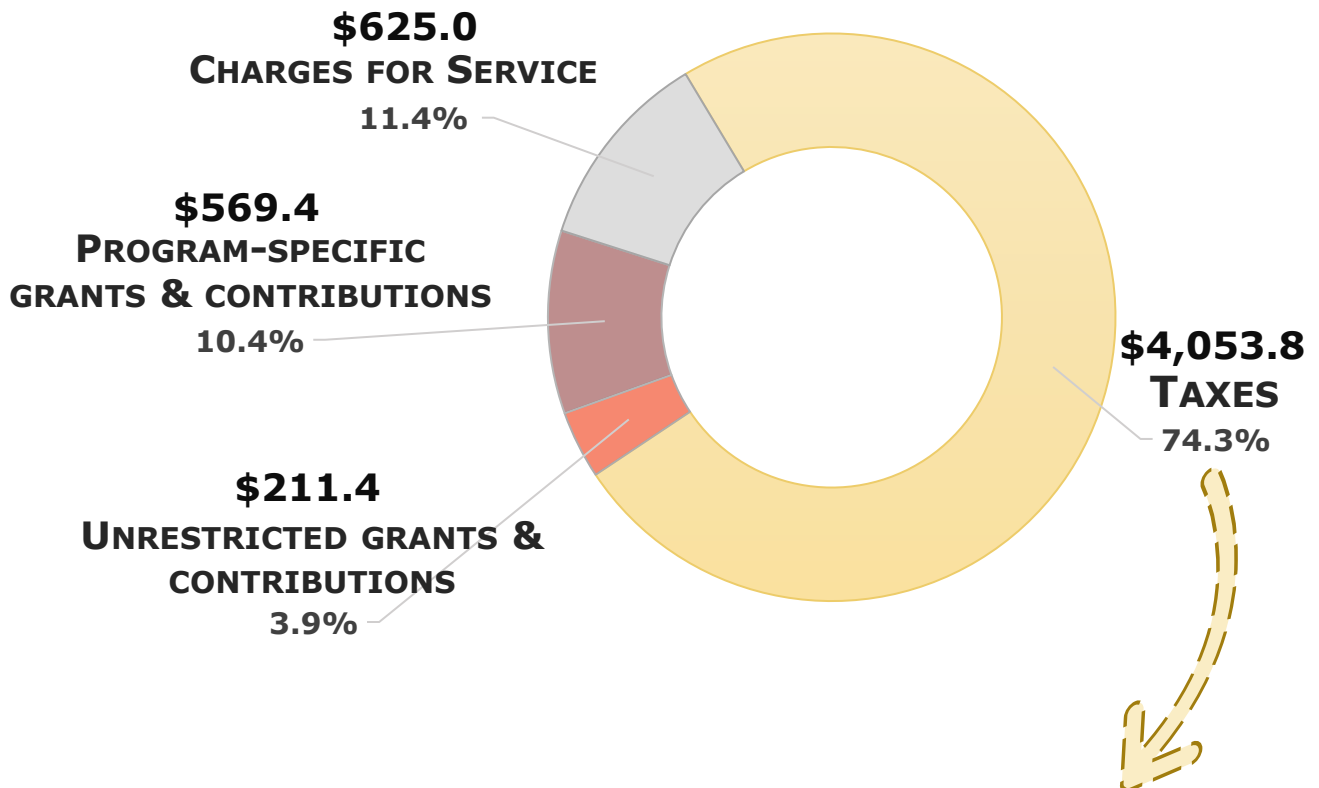
## FY 2021 Total Primary Government Capital Assets (in millions)



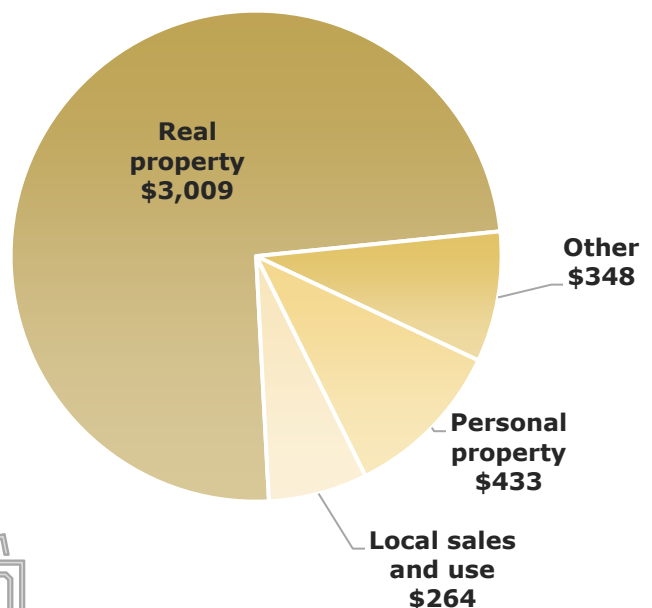
# FY2021 County of Fairfax PAFR

## Government Activities – Major Revenues by Source

(in millions)



### Tax Revenue by Source (in millions)



Taxes totaled \$4,053.8M for fiscal year 2021, an increase of \$112.5M over prior fiscal year.

The increase is primarily due to an increase in Real Property taxes.

Real Property taxes represent 74.2% of total taxes and over half of all revenues combined.

The real estate tax rate remained at \$1.15 per \$100 of assessed value, but real estate assessments increased by \$110.9M.

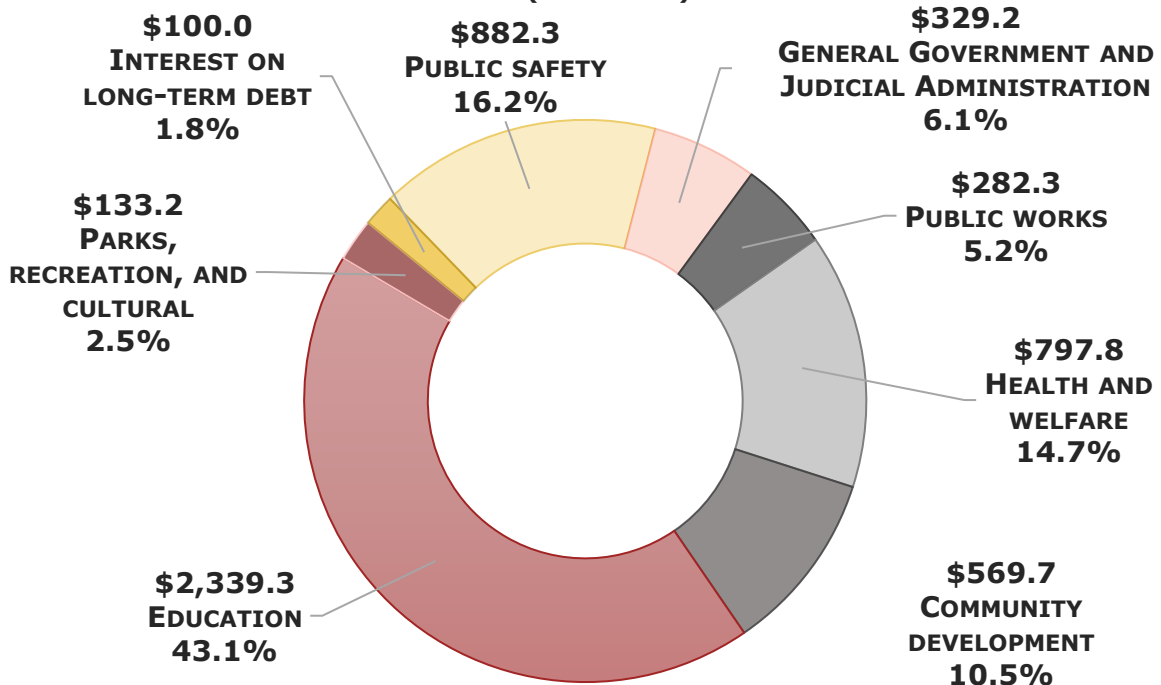


# FY2021 County of Fairfax PAFR

Expenditure categories identify the functional areas in which the County spends its resources on behalf of its residents. The chart below identifies the major expenditure categories and reflects the commitment the Board has to serving the community.

## Total Primary Government - Expenditures

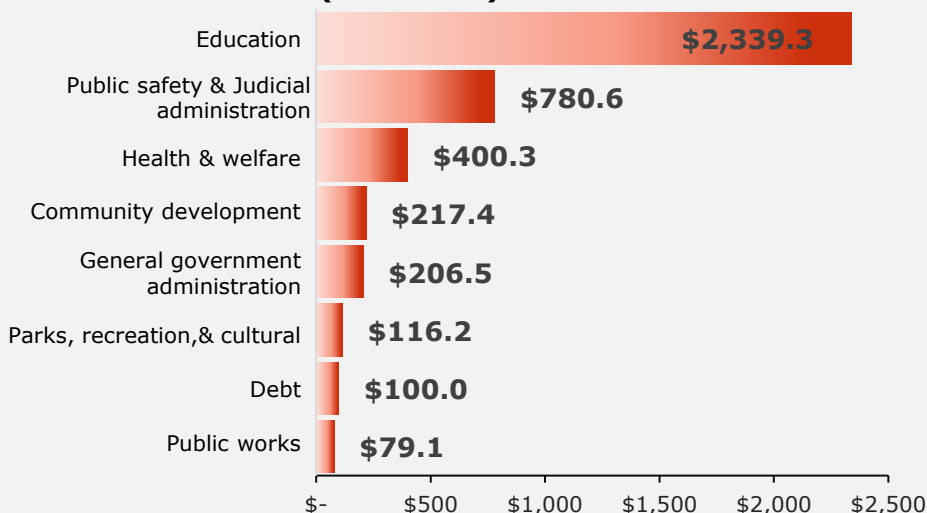
(in millions)



Expenditure categories can also be viewed by the net cost of each program for the governmental activities. The total cost less fees generated by the program, and program-specific intergovernmental aid, determines a program's net cost. The chart below illustrates the net cost of each of the County's six largest programs.

## Net Cost of Governmental Activities

(in millions)



Some of the cost of governmental activities is paid by those who directly benefit from the programs, as well as by subsidies from other governments and organizations for certain programs through grants and contributions. Of the \$4.2 billion net cost of services, the amount that County taxpayers paid for these programs through County taxes was \$3.9 billion.

**COUNTY OF FAIRFAX, VIRGINIA**  
**DEPARTMENT OF FINANCE**  
**12000 Government Center Parkway, Suite 214**  
**Fairfax, Virginia 22035**



**Special accommodations/alternative information formats will be provided upon request.**

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