

County of Fairfax, Virginia

Comprehensive Annual Financial Report



For the Fiscal Year Ended June 30, 2017

Front Cover Photographs:

Top Left - Tysons Corner Historic Picture dated 1935*

Top Right - Fairfax County's 275th Anniversary Celebration**

Lower Left–Tysons Present Day***

Lower Right–Fairfax County Government Center Present Day

275 Logo courtesy of the Fairfax County 275th Anniversary Steering Committee

** photograph courtesy of Virginia Room, Fairfax County Public Library Photographic Archive*

*** photograph courtesy of the Fairfax County 275th Anniversary Steering Committee*

**** photograph courtesy of the Fairfax County Economic Development Authority*

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2017



DEPARTMENT OF FINANCE
12000 Government Center Parkway, Suite 214
Fairfax, Virginia 22035
(703) 324-3120, TTY 711
www.fairfaxcounty.gov



COUNTY OF FAIRFAX, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2017
TABLE OF CONTENTS

	PAGE
<hr/>	
INTRODUCTORY SECTION (UNAUDITED)	
Letter of Transmittal.....	IX
Directory of Officials	XXXIV
Organizational Chart	XXXVI
Certificate of Achievement for Excellence in Financial Reporting.....	XXXVIII
<hr/>	
FINANCIAL SECTION	
Report of Independent Auditor.....	1
Management’s Discussion and Analysis (<i>unaudited</i>)	3
Basic Financial Statements	19
<u>Exhibit</u>	
A Statement of Net Position	20
A-1 Statement of Activities	24
A-2 Balance Sheet – Governmental Funds with Reconciliation.....	26
A-3 Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds with Reconciliation	30
A-4 Statement of Net Position – Proprietary Funds.....	32
A-5 Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds.....	34
A-6 Statement of Cash Flows – Proprietary Funds.....	35
A-7 Statement of Fiduciary Net Position	36
A-8 Statement of Changes in Plan Net Position – Trust Funds	37
A-9 Combining Statement of Net Position – Component Units.....	38
A-10 Combining Statement of Activities – Component Units.....	42
<u>Notes to the Financial Statements</u>	
A Summary of Significant Accounting Policies	45
B Deposits and Investments.....	56
C Property Taxes.....	76
D Receivables	77
E Interfund Balances and Transfers.....	79
F Capital Assets.....	80
G Retirement Plans	82
H Other Post-Employment Benefits.....	97
I Risk Management	104
J Long-Term Obligations	106
K Long-Term Commitments	120
L Contingent Liabilities.....	123
M Implementation of New Accounting Pronouncements	124

	PAGE
<i>Required Supplementary Information</i>	131
Budgetary Comparison Schedule – General Fund (Budget Basis)	131
<i>Schedule of Changes in Net Pension Liability and Related Ratios:</i>	
Employees’ Retirement System Last Ten Fiscal Years.....	132
Police Officers Retirement System Last Ten Fiscal Years.....	133
Uniformed Retirement System Last Ten Fiscal Years	134
Educational Employees Supplementary Retirement System Last Ten Fiscal Years	135
Schedule of Net Pension Liability - Single Employer Plans Last Ten Fiscal Years.....	136
Schedule of Employer Contributions - Single Employer Plans Last Ten Fiscal Years	137
Schedule of Proportionate Share of Net Pension Liability in VRS Pension Plan Last Ten Fiscal Years	138
Schedule of Contributions -VRS Pension Plan Last Ten Fiscal Years	138
Schedule of Employer Contributions - OPEB Last Ten Fiscal Years.....	139
Schedule of Funding Progress - OPEB Last Ten Fiscal Years	139
Schedule of Changes in Net OPEB Liability and Related Ratios - Last Ten Fiscal Years.....	140
Schedule of Contributions - OPEB Last Ten Fiscal Years	141
Schedule of Investment Returns - OPEB Last Ten Fiscal Years	141
Notes to Required Supplementary Information.....	143
<i>Other Supplementary Information</i>	147
<u>Exhibit</u> <u>Governmental Funds</u>	
B Budgetary Comparison Schedule Detail – General Fund (Budget Basis)	148
<i>Budgetary Comparison Schedules – General Fund Group (Budget Basis):</i>	
B-1A Consolidated Community Funding Pool Fund.....	151
B-1B Contributory Fund	152
B-1C Northern Virginia Regional Identification System.....	153
B-1D Information Technology Fund.....	154
B-1E Revenue Stabilization Fund (Budget Basis)	155
C Combining Balance Sheet – Nonmajor Governmental Funds	158
C-1 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	159
<u>Special Revenue Funds</u>	
D Combining Balance Sheet – Special Revenue Funds	164
D-1 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Special Revenue Funds.....	170
<i>Budgetary Comparison Schedules – Special Revenue Funds (Budget Basis):</i>	
D-2A County Transit Systems Fund	175
D-2B Dulles Rail Phase I Transportation Improvement District Fund.....	176
D-2C Dulles Rail Phase II Transportation Improvement District Fund	177
D-2D County and Regional Transportation Projects	178
D-2E Tysons Service District Fund	179
D-2F Metrorail Parking System Pledged Revenue	180
D-2G Federal/State Grant Fund	181
D-2H Cable Communications Fund.....	182
D-2I Fairfax-Falls Church Community Services Board Fund.....	183

<u>Exhibit</u>	<u>PAGE</u>
D-2J	Reston Community Center Fund..... 184
D-2K	McLean Community Center Fund 185
D-2L	Burgundy Village Community Center Fund 186
D-2M	E-911 Fund..... 187
D-2N	Integrated Pest Management Program Fund..... 188
D-2O	Stormwater Services Fund 189
D-2P	Leaf Collection Fund 190
D-2Q	Refuse Collection and Recycling Operations Fund 191
D-2R	Refuse Disposal Fund 192
D-2S	Energy Resource Recovery Facility Fund 193
D-2T	I-95 Refuse Disposal Fund..... 194
D-2U	Community Development Block Grant Fund 195
D-2V	Housing Trust Fund..... 196
D-2W	HOME Investment Partnership Grant Fund..... 197
 <u>Debt Service Funds</u>	
E	Combining Balance Sheet – Debt Service Funds 200
E-1	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Debt Service Funds..... 201
E-2	Budgetary Comparison Schedule – Debt Service Fund (Budget Basis)..... 202
 <u>Capital Projects Funds</u>	
F	Combining Balance Sheet – Capital Projects Funds..... 206
F-1	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Capital Projects Funds 210
 <u>Internal Service Funds</u>	
G	Combining Statement of Net Position – Internal Service Funds 216
G-1	Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds..... 218
G-2	Combining Statement of Cash Flows – Internal Service Funds 220
 <u>Fiduciary Funds</u>	
H	Combining Statement of Plan Net Position – Trust Funds 224
H-1	Combining Statement of Changes in Plan Net Position – Trust Funds 226
H-2	Combining Statement of Fiduciary Assets and Liabilities – Agency Funds..... 228
H-3	Combining Statement of Changes in Assets and Liabilities – Agency Funds 230
 <u>Component Units</u>	
<i>Fairfax County Public Schools:</i>	
I	Balance Sheet with Reconciliation – Governmental Funds..... 234
I-1	Statement of Revenues, Expenditures, and Changes in Fund Balances with Reconciliation – Governmental Funds..... 236
I-2	Budgetary Comparison Schedule – General Fund (Budget Basis)..... 239
	<i>Budgetary Comparison Schedules – Special Revenue Funds (Budget Basis):</i>
I-3A	Food and Nutrition Services Fund 240

<u>Exhibit</u>	<u>PAGE</u>
I-3B	Grants and Self-Supporting Programs Fund..... 241
I-3C	Adult and Community Education Fund..... 242
I-4	Combining Statement of Net Position – Internal Service Funds..... 243
I-5	Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds..... 244
I-6	Combining Statement of Cash Flows – Internal Service Funds..... 245
I-7	Statement of Fiduciary Net Position..... 246
I-8	Statement of Changes in Plan Net Position – Trust Funds..... 247
I-9	Statement of Changes in Assets and Liabilities – Agency Fund..... 248
	<i>Fairfax County Redevelopment and Housing Authority:</i>
J	Statement of Net Position..... 250
J-1	Statement of Revenues, Expenses, and Changes in Net Position..... 251
J-2	Statement of Cash Flows..... 252
	<i>Fairfax County Park Authority:</i>
K	Balance Sheet with Reconciliation..... 254
K-1	Statement of Revenues, Expenditures, and Changes in Fund Balances with Reconciliation..... 256
	<i>Budgetary Comparison Schedules (Budget Basis):</i>
K-2A	General Fund (Financed by County General Fund)..... 259
K-2B	Park Revenue Fund..... 260
	<i>Fairfax County Economic Development Authority:</i>
L	Balance Sheet with Reconciliation..... 262
L-1	Statement of Revenues, Expenditures, and Changes in Fund Balance with Reconciliation..... 263
L-2	Budgetary Comparison Schedule – General Fund (Financed by County General Fund) (Budget Basis)..... 264

STATISTICAL SECTION (UNAUDITED)

Table

Financial Trends Information

1.1	Net Position by Component, Last Ten Fiscal Years..... 266
1.2	Changes in Net Position, Last Ten Fiscal Years..... 268
1.3	Fund Balances, Governmental Funds, Last Ten Fiscal Years..... 272
1.4	Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years..... 274

Revenue Capacity Information

2.1	Assessed Value and Actual Value of Taxable Real Property, Last Ten Fiscal Years..... 276
2.2	Direct and Overlapping Real Property Tax Rates, Last Ten Fiscal Years..... 277
2.3	Principal Real Property Taxpayers, Current Year and Nine Years Ago..... 278
2.4	Real Property Tax Levies and Collections, Last Ten Fiscal Years..... 278

<u>Table</u>	PAGE
 <u>Debt Capacity Information</u>	
3.1	Ratios of Outstanding Debt by Type, Last Ten Fiscal Years..... 280
3.2	Ratios of General Bonded Debt Outstanding, Last Ten Fiscal Years..... 282
3.3	Direct and Overlapping Governmental Activities Debt..... 283
3.4	Self-Imposed Debt Margin Information, Last Ten Fiscal Years 284
3.5	Pledged Revenue Coverage for the Integrated Sewer System, Last Ten Fiscal Years..... 286
 <u>Demographic and Economic Information</u>	
4.1	Demographic and Economic Statistics, Last Ten Calendar Years 287
4.2	Principal Employers, Current Year and Nine Years Ago 288
 <u>Operating Information</u>	
5.1	Full-time Equivalent County Government Employees by Function, Last Ten Fiscal Years..... 290
5.2	Operating Indicators by Function, Last Ten Fiscal Years 292
5.3	Capital Asset Statistics by Function, Last Ten Fiscal Years..... 296





County of Fairfax, Virginia

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

November 17, 2017

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the County of Fairfax, Virginia (the County) for Fiscal Year (FY) 2017 (July 1, 2016 - June 30, 2017) in accordance with the Code of Virginia. The financial statements included in this report conform to generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the County management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the County. Extensive disclosures have been included to enable the reader to gain the maximum understanding of the County's financial and business affairs.

The following subjects are discussed in this letter:

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

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

ECONOMIC CONDITION AND OUTLOOK

It has been almost a decade, since the Great Recession, in which Fairfax County saw property values plummet. Since then, values have increased only moderately. In addition, federal budget cuts and the resulting impact on the local economy in terms of lost jobs from 2013 to 2014 contributed to higher office vacancy rates. In order to respond to these economic factors, the Board of Supervisors adopted a *Strategic Plan to Facilitate the Economic Success of Fairfax County* in March 2015. It was subsequently updated in the fall of 2016 to continue advancing the following six goals:

Department of Finance
12000 Government Center Parkway, Suite 214
Fairfax, VA 22035
703-324-3120, TTY 711
www.fairfaxcounty.gov/finance

- Further diversify our economy;
- Create places where people want to be;
- Improve the speed, consistency and predictability of the development review process;
- Invest in natural and physical infrastructure;
- Achieve economic success through education and social equity; and
- Increase agility of county government.

Throughout 2016, the County worked with the Virginia Tech School of Public and International Affairs to identify a set of indicators to measure progress on the County's Economic Success Strategic Plan. The team distributed a survey to approximately 200 stakeholders and met with 60 internal and external stakeholders in group and one-on-one sessions to identify and refine indicators based on common interests and themes in order to prioritize what is most important to them. The measures are intended to serve as internal management tools to drive the efforts of stakeholders. After initial collection, reasonable targets will be developed by County staff based on the current state and an assessment of reasonable progress over time. It is anticipated that most indicators will be assessed on a yearly basis.

Online Resource: <http://www.fairfaxcounty.gov/success/economic-success-fall-2016-report.pdf>

The Local Economy

Total employment in Fairfax County increased for a second consecutive year in 2016. It should be noted, however, the job growth in the Professional and Business Services sector continued to lag behind its peak level in 2012. Specifically, the 2016 level of employment in this sector was 10,000 jobs less than its peak in 2012. The lower employment in this sector was primarily due to the federal sequestration in 2013 and 2014, which remained flat in 2015.

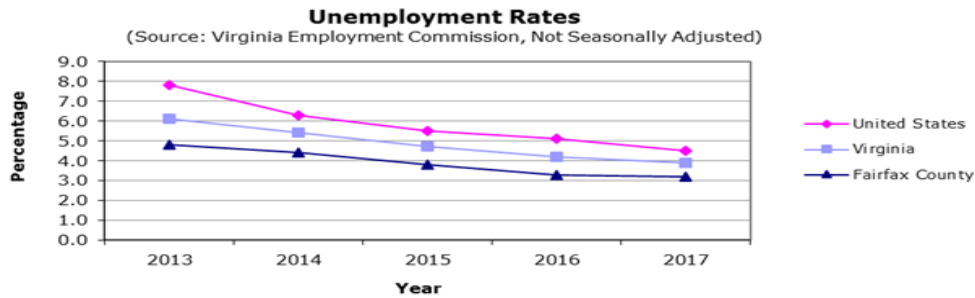
Federal procurement spending in the County increased 4.8 percent in FY 2016, after decreasing 2.6 percent the previous year. This type of spending has a substantial impact on the local economy, so its increase is a positive sign.

Total procurement contract awards were 9.0 percent below the FY 2012 peak level, yet 2016 did report an increase to close the gap relative to the peak level.

Business, Professional, and Occupational License (BPOL) and Sales Taxes are two revenue sources that are good indicators of economic activity in the County. BPOL receipts increased a modest 1.2 percent over the FY 2016 level. Sales Tax receipts were down 1.2 percent for the year primarily as a result of a \$2.5 million refund. After adjusting for the refund, FY 2017 collections would have increased 1.5 percent. Additionally, the Transient Occupancy Tax receipts were up a strong 10.1 percent over the FY 2016 level.

For the commercial real estate market, office vacancy rates dropped to their lowest levels since 2014. According to the Fairfax County Economic Development Authority, the direct office vacancy rate in the County decreased from 16.2 percent in 2015 to 15.8 percent as of year-end 2016.

The number of home sales in Fairfax County increased by 6.1 percent in June of 2017, as compared to June of 2016, as stated in the July 2017 Economic Indicators.



The chart above reflects the unemployment rates as of June 2017. The Fairfax County unemployment rate was 3.2%. The unemployment rates for the state of Virginia and the United States were 3.9% and 4.5% respectively.

Economic Development

The County's strategy for economic development is to promote a vibrant, diversified business community, while enhancing the commercial tax base, to overcome the County's economic impact resulting from constrained economic federal spending. The business community in Fairfax County is very diverse with 41 percent of companies owned by minorities, 36 percent by women, and 11 percent by veterans, accounting for approximately 80,000, 49,000 and 34,000 employees, respectively and a total of \$29.5 billion in total sales and receipts.

Economic development activities of the County are carried out through the Fairfax County Economic Development Authority (FCEDA), which promotes Fairfax County as a preferred location for business start-up, expansion, relocation and capital investment. The FCEDA operates under the direction of seven commissioners appointed by the Board of Supervisors. On November 9, 2016, the FCEDA adopted as its mission statement: "Promote the competitive advantages of Fairfax County and influence the growth of a diverse and innovative ecosystem that enhances the tax base, creates demand for commercial space, and supports an extraordinary and equitable quality of life across Fairfax County."

The FCEDA provides a wide array of free, confidential services and information to assist new, expanding and relocating American and international businesses. It maintains offices in six important global technology business centers: Bangalore, India; London, England; Los Angeles; Berlin, Germany; Seoul, South Korea; and Tel Aviv, Israel.

In 2016, FCEDA assisted 34 foreign-owned businesses with their decision to expand operations in Fairfax County. Fairfax County is home to more than 400 foreign-owned firms from 44 countries, more such firms than any other jurisdiction in the Washington, D.C. area.

Online Resource: <http://www.fairfaxcountyedda.org/publications/annual-report-2016>

Jobs

During calendar year 2016, the FCEDA worked with 194 companies adding nearly 7,500 jobs to Fairfax County's economy. Companies in a wide range of professional services and information technology sectors dominated the year's announcements. Not only are these companies creating jobs, they are building the commercial tax base that the Board uses to fund high-quality public services essential for the quality of life that more than 1.1 million county residents enjoy.

Of the 194 businesses making job announcements, 160 are U.S.-based. Among the U.S. firms, 15 are minority-owned, woman-owned or veteran-owned companies. Of international businesses, 34 companies

with headquarters or parent companies overseas, announced expansions in Fairfax County in 2016, including: recruiting and staffing firm Randstad (Netherlands) announced it was adding 300 jobs here; IT consultancy FDM Group (United Kingdom) announced it was adding 250 jobs; and Manufacturer Moonica Group (Pakistan) announced it was adding 50 jobs.

Online Resource: <http://www.fairfaxcountyeda.org/publications/annual-report-2016>

Office Space

The total office space inventory in the County was 116.7 million square feet as of year-end 2016, making Fairfax County the second-largest suburban office market in the nation. It is also the largest office market in the Commonwealth of Virginia. Industrial/flex inventory in the County is estimated at 38.8 million square feet. As of year-end 2016, the direct vacancy rates for the office market and industrial/flex markets were 15.8 percent and 9.5 percent, respectively, and represented decreases from the 16.2 percent and 11.1 percent rates in 2015.

Online Resource: <https://www.fairfaxcountyeda.org/sites/default/files/publications/ye16rer.pdf>

MAJOR INITIATIVES AND ACCOMPLISHMENTS

Fairfax County's 275th Anniversary Celebration

Fairfax County celebrated its 275th Anniversary over the weekend, June 15-18, 2017. Nicholas Fairfax, 14th Lord Fairfax of Cameron, and his wife, Annabel, attended the celebration. Nicholas Fairfax is a direct descendant of the County's name-bearer.

The history of Fairfax dates back to 1649 when Charles II granted the Northern Neck of Virginia to some of his loyal supporters. The Northern Neck encompassed all the lands bounded by the Rappahannock and Potomac Rivers. Thomas, sixth Lord Fairfax, became the sole inheritor in 1722. On June 19, 1742, the General Assembly of Virginia officially authorized the formation of the County of Fairfax. Through its 275 year evolution, it has transformed from an agricultural community to a diverse urban-suburban community.

Online Resource: <http://www.fxva.com/275/>.

Diversion First

Diversion First offers alternatives to incarceration for people with mental illness or developmental disabilities who come into contact with the criminal justice system for low-level offenses. The goal is to intercede whenever possible to provide assessment, treatment or needed support. People needing diversion may also have a substance use disorder, which often co-occurs with mental illness. The program is designed to stop repeat encounters with the criminal justice system, improve public safety, promote a healthier community, and be a more cost-effective and efficient use of public funding.



A police officer and/or deputy sheriff are on duty at the Merrifield Crisis Response Center (MCRC) 21.5 hours a day, seven days a week, to accept custody of a person experiencing a crisis, so the patrol officer can get back on the street quickly.

As part of Diversion First, Fairfax County police officers and deputy sheriffs are receiving 40 hours of state-certified Crisis Intervention Team (CIT) training to learn about the challenges of living with a mental illness and how to de-escalate crisis situations, both in the community and in the jail. CIT training is also aimed at changing the way law enforcement and the judicial system interact with people who have intellectual or

developmental disabilities. As of August 2016, 194 law enforcement officers have graduated from the intensive week-long CIT training.

The CSB now offers a version of its Mental Health First Aid (MHFA) training specifically tailored for Fire and Rescue personnel and other first responders. In addition, all of the County magistrates have completed MHFA training. The investment the County has made in Diversion First is already having an impact.

Online Resource: <http://www.fairfaxcounty.gov/diversionfirst/>

Community Health Dashboard

A web-based data resource center was offered to the Fairfax County community. It is known as the Community Health Dashboard. The goals of the Community Health Dashboard are to make local community data more accessible to the community, and to provide state-of-the-art, web-based assessment and improvement tools to encourage data-informed decisions that influence health and well-being in our community.

Online Resource: <http://www.livehealthyfairfax.org>

Social Media and Public Safety

The Fairfax County Police Department (FCPD) Media Relations Bureau has seen a significant increase in community engagement across all three of FCPD's social media platforms. These social media platforms are being used for multiple purposes as a means to communicate with the community. The platforms spread the word quickly throughout the community in such instances as having a critical/endangered missing child or adult. FCPD also uses social media platforms to educate the public on law enforcement and public safety-related topics.



Facebook: 52,523 followers and growing



Twitter: 216,300 followers and growing



Instagram: 2,337 followers and growing

On April 18, 2017, reporters and journalists from Washington, D.C., Maryland, and Virginia attended a media breakfast to meet with FCPD Chief, public information office staff, and supervisors and commanders. This open dialogue gave members of the media and police department a chance to ask questions and explain what their respective roles are in the event of a critical incident and how information is relayed to the public.

Online Resource: <https://fcpdnews.wordpress.com/2017>

Virginia Task Force 1


Virginia Task Force 1 (VA-TF1) is a premier disaster response and humanitarian resource maintained by the Fairfax County Fire and Rescue Department through partnerships with the United States Agency for International Development (USAID), and the Department of Homeland Security (DHS) through the Federal Emergency Management Agency (FEMA). VA-TF1 deploys nationally and internationally to natural and man-made disasters on short notice. The federal government pays the costs for training, equipment, supplies, and personnel. Additionally, Task Force members participated in capability building and training of other rescue resources around the world.

Online Resource: <http://www.fairfaxcounty.gov/emergency/vataskforce1/>

Technology Initiatives

The Board of Supervisors and County Executive are committed to providing the resources necessary to keep pace with emerging trends in information technology; providing citizens, the business community, and employees' timely and convenient access to information and services through the use of technology; and using current technologies to create new business processes and improve government efficiency.

Technology Strategy

The County's technology strategy is strategic and agile, enabling response to new challenges and economic conditions, continuing to build upon investments that provide government efficiencies, and meeting growth and associated service demands. The strategy includes leveraging common systems for enterprise-wide use and shared systems among county agencies, workforce mobility which enhances productivity, business intelligence harnessing the massive amount of data and information in the portfolio of county business applications 'big data', financial transparency, energy-efficient data centers and enhanced infrastructure resiliency/IT systems recovery, and information/cyber security. A major accomplishment in leveraging opportunities for use of shared systems to provide overall operational efficiencies, is the joint  Fairfax County government and schools enterprise system that supports finance, procurement, human resources, and related administrative applications under a single, integrated platform. Known as the Fairfax County Unified System (FOCUS), this shared modern platform includes management and employee self-service portals which has resulted in higher levels of productivity and more efficient technology operations costs, and a responsive Financial Transparency application online. In FY 2017 and FY 2018, the County and Schools team continues to leverage the system with procure-to-pay enhancements, travel administration, and development of data repositories with analytics that enhance budget projections and planning.

In FY 2017, the County and Schools jointly contracted for wireless services that improved the overall cost and agile transformation keeping with new opportunities to leverage new wireless market capabilities, and together moved from the legacy radio network to carrier based push-to-talk app functionality. In FY 2017 and FY 2018, County and Schools are working on a joint effort for a shared Library Management system which is targeted to net IT operations cost savings. Also, in FY 2017 and FY 2018, over nine (9) County agencies are working together to replace the set of aging legacy systems supporting the permitting and inspections processes with a unified core platform, which is designed to enable process efficiencies and support economic development goals, and update and capture data repositories.

Other FY 2017 and FY 2018 projects include digitization and big data initiatives, for example the continuation of the electronic plans project allows for submission and review to enable architects, engineers and construction professionals to submit changes online by marking up or editing drawings 24 hours a day, 7 days a week, from anywhere in the world, and enables constant communication where clients are able to collaborate for real time editing and track progress and organize plans in an inexpensive manner. The Human Services Integrative Strategy is designed to harness 'big data' and facilitates efficiency in social and health services client support delivery and reporting across many programs; the tax systems modernization includes modernization of the IT platforms and enhances online, self-service capabilities. Next Generation 9-1-1 initiatives modernize the communications platforms facilitating integration of other capabilities and improved service and operational cost.

e-Government

The County's Digital/e-Government program is the centerpiece of its nationally recognized technology services portfolio enabling 24/7 online citizen information and services, supporting the County's goal of a "government without walls, doors, or clocks." The comprehensive strategy is the foundation for the County's Open Government, Transparency, Customer Service, and Public Engagement strategies, as well as enabling County agencies' operational effectiveness goals, such as a mobile workforce and Continuity of Operations.

The web strategy remains consistently ranked in the top five nationally, recognizing its technology governance and investments model, and its advances in digital solutions communication with residents, government communities and business, e-services, and incorporation of social media capabilities in County agencies business tool-kit. It is a multi-channel platform that includes the County's website, Interactive Voice

Response, mobile applications, emergency alerts, social media utilizing podcasts, RSS newsfeeds, moderated discussion sessions, Newswire, and Fairfax County presence on YouTube, Facebook, Twitter, and others, as well as specialized blogs as key public engagement tools to reach extended audiences in many County agencies augmenting their programs. Crowdsourcing and Alert notification allow for enhanced reporting of emergency information to and from the public. Integrated with Customer Relationship Management (CRM) technology, it is a cornerstone of the County's Customer Services goals for agencies' information, services and engagement. A multi-disciplinary team is completing work on the redesign of the County's website which is done periodically to keep up with industry best practices and align with County strategies. The goals of the effort refine content organization, redesign the navigation with elements that will be accessible on all desktop and mobile device types, enhance search capabilities, and replace the core web content management system. The redesign will provide the public with significantly increased one-stop options for Fairfax County-related information and will prominently focus on popular tasks, online services and search results.



Some of the highlighted achievements in on-going technology initiatives include rapid expansion of the '*Government in the Palm of Your Hand*' program with mobile applications in areas such as tax transactions and reporting, land-use information, permits and inspections, social services resources, and customer services in public works for improved county efficiency, collections, and response. These mobility initiatives have transformed 'office' work to 'anywhere' work and the resulting gains have made government more accessible to citizens. Information about the county's Mobile Apps can be accessed on the County's website.

Online Resource: <http://www.fairfaxcounty.gov/news/mobile/>

Cloud Services and Cyber Security



Fairfax County has also been a leader in developing an enterprise-wide approach for the underlying technology infrastructure, using a centralized open systems architecture and standards that support the needs of all agencies, and has realized optimal cost for these commodities and supportability, with fewer resources than published industry benchmarks. The architecture includes cloud hosting, co-location services with commercial high availability providers. The County's network strategy has also enabled furtherance of Wi-Fi services for County sites. The County's shared services 'cloud' includes an Apps Store available for use by all employees saving unnecessary spending, and in FY 2017 moved to Office 365 adding significant capacity for email use leveraging existing budgets. To further environmental responsibility while also reducing energy consumption, the County has implemented server consolidation and virtualization, and implementation of automated power down for desk-top computers saving over 250,000 kilowatts per year. Finally, Fairfax continues to provide secure remote access capacity for County workers implementing a top tier mobile device management technology - in addition to providing flexibility and improving worker productivity, also supporting County Continuity of Operations (COOP) needs. Fairfax County also continues updating its PCI (Payment Card Industry) Compliance program for e-commerce transactions.

The County's IT security infrastructure uses a 'defense in depth cyber security approach', Next Generation Firewalls, and Federated Identity Management, Access controls, real-time monitoring and reporting tools, and policy enforcement with investment strategy that is proactive and allows for new tools and processes, timely when needed. The County was an early adopter in introducing artificial intelligence (AI) for cyber detection.

Online Resource: www.fairfaxcounty.gov/DIT/ITplan

Development Initiatives

Tysons

On June 22, 2010, the Fairfax County Board of Supervisors (Board) adopted a new Comprehensive Plan (Plan) for the Tysons Urban Center (Tysons). The Plan for Tysons is an essential element in the County's

strategic efforts to effectively and efficiently manage future growth. The Plan created a vision for the County's largest downtown that was designed to take advantage of the new stations planned as a part of the Silver Line extension of the Metrorail transit system. It is anticipated that by 2050 Tysons will be transformed into a walkable, vibrant urban center, with over 100,000 residents and 200,000 jobs. Tysons is transforming into a 24-hour place where people live, work and play.



Monitoring the progress of the Plan is critical to ensuring that the vision for Tysons is achieved. Many of the strategies and systems being developed for Tysons will mature over a long period of time; therefore, it is crucial to ensure that their progress is monitored and adjusted as necessary so that intended outcomes will occur. The Plan calls for monitoring performance related to land use and demographics, transportation, environmental stewardship and sustainability, public facilities, and implementation. As part of the monitoring process, the Board charged County staff with preparing a periodic report on Tysons. The 2016-2017 Progress Report provides monitoring data and updates on the progress of implementing the vision for Tysons contained in the Plan.

Highlights of major accomplishments during the past year include:

- Delivery of one new building;
- Approval of three major rezoning applications;
- Review and analysis of the Silver Line Metro Rail ridership and other modes of transportation;
- Implementation progress on the Grid of Streets;
- Board endorsement of the Tysons Urban Design Guidelines; and
- Updates on Tysons Workforce Dwelling Unit (WDU) Policy Guidelines.



A culture of public outreach with a collaborative approach involving stakeholders has been critical in reaching the milestones achieved to date. This approach remains critical to meet all the goals set forth in the Plan for Tysons. The Tysons website serves as primary point of information about Tysons. It contains information on the Plan and pending amendments, upcoming public meetings, general news of interest in Tysons, planning efforts, and development applications submitted and approved within Tysons. The newest residential building in Tysons is called the Highgate at The Mile. It was one of last year's accomplishments.

Online Resources: https://www.fairfaxcounty.gov/tysons/implementation/annual_report.htm
<https://www.fairfaxcounty.gov/tysons/>

Reston Town Center North

Located midway between Tysons and Dulles International Airport, future Reston Town Center North is part of a quickly urbanizing area in northwestern Fairfax County. The Board envisions redeveloping the property from a collection of irregularly-shaped parcels, which currently are incompatible with Reston Town Center and surrounding development, into a vibrant urban, mixed-use environment that complements Reston Town Center and surrounding development. To initiate the redevelopment of the area, the County issued a request for proposals (RFP) in July 2017 to establish a public private partnership for phase one of the site. Proposals from pre-qualified development teams were due in October 2017. Reston Town Center North will be accessible from the Dulles Toll Road, Fairfax County Parkway, and Reston Parkway, and nearby public transportation includes the Wiehle-Reston East Metrorail station (two miles) and the future Reston Town Center Metrorail station (one mile).

Consistent with Fairfax County's commitment to economic growth and revitalization, the County is leveraging its assets to help create a transit-oriented, pedestrian-friendly, mixed-use development that embraces Reston's motto of "Live, Work, Play", while also upgrading public facilities and services.

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

Inova Center for Personalized Health

Northern Virginia's largest hospital system and one of the largest employers in Fairfax County, Inova Health System, acquired Exxon Mobil's 117-acre campus in Merrifield adjacent to its already-thriving medical cluster. Inova is creating a true community campus to attract the best and brightest doctors, researchers, and specialists to work at a center designed to place a full-service, personalized healthcare center at the County's fingertips.

The Inova Center for Personalized Health will be a hub for translational cancer research, genomic science, and personalized medicine, with a medical campus that excels from the area's technology base and highly educated workforce. The project will convert approximately 1.3 million square feet of office space into the Inova 360 Clinic for Integrated Medicine, headquarters for the Inova Schar Cancer Institute, a life science research center designed to attract industry and academic partners that will pilot new treatment concepts and techniques, as well as a conference and wellness center. Inova expects to have about 3,000 employees at the center in several years when all five existing buildings have been retrofitted and renovated by early 2019.

Online Resource: <https://www.fairfaxcountyeda.org/ebird/inova-center-personalized-health-2>

Public Safety Headquarters

In August 2014, construction began on a new Public Safety Headquarters building located along Government Center Parkway, adjacent to the Herrity Building. This building is to replace the Massey building in the City of Fairfax. The building will be the administrative home to the Police and the Fire and Rescue departments and occupancy is projected for fall of 2017.

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

Innovation Center Station Garage

Construction has begun on the Innovation Center Station parking garage located near the Dulles Toll Road in Herndon at 2345 Innovation Center Drive. The seven-story, 2,040-space parking structure will serve bus and rail commuters at the future Metro station and the adjacent mixed-use development. Fairfax County's Department of Public Works and Environmental Services (DPWES) is managing design and construction of the \$43.5 million project. The garage will be owned and managed by the County when it is completed in 2019.

The new parking garage is the third to be built by the County to support the Metropolitan Washington Airports Authority's Silver Line, a regional project to extend Metrorail service to Dulles Airport and Loudoun County. A plaza will provide direct access from the garage to transit services at the future Innovation Center Station, a multimodal transit hub for residents who live nearby and for people coming to work, eat, and shop at the adjacent development.

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

Springfield Community Business Center Commuter Parking Garage

The proposed Springfield Community Business Center (CBC) commuter parking garage project includes a six-story, approximately 1,100-space parking garage and transit center on approximately 2.71-acre site that

is owned by the County and currently used as a paved commuter and ride share parking lot. The proposed



transit center will include seven bus bays and 12 “slug line” spaces (informal ride share). A pedestrian bridge connecting Springfield Plaza to the parking garage is also proposed. Other features include bicycle storage, passenger waiting areas, and community areas on the ground floor and on the rooftop. Construction on this \$63.8 million project is scheduled to begin in the fall of 2019 with a completion by early 2022.

Online Resource:

<http://www.fairfaxcounty.gov/dpwes/news/springfield-garage-public-meeting-april-20.htm>

Capital Project Summary Reports (interactive map):

There is an interactive map available to provide information on the Summary Reports for the Capital Projects.

Online Resource: http://www.fairfaxcounty.gov/dpwes/construction/cap_quarter.htm

Transportation Improvements

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

In July 2016, the Northern Virginia Transportation Authority (NVTA) approved \$320 million in funding for four Fairfax County projects that are key transportation priorities in Fairfax County, and throughout Northern Virginia. They will improve congestion and travel options on major corridors. The FY 2017 funding for the following projects requested by the County are I-66/Route 28 Interchange Improvements for \$300 million; Route 7 Widening from Colvin Forest Drive to Jarrett Valley Drive for \$10 million; Route 28 Widening from Prince William County Line to Route 29 for \$5 million; and Fairfax County Parkway Widening from Route 123 to Route 29 for \$5 million.

I-66 Express Lanes

Fairfax County is working closely with Virginia Department of Transportation (VDOT) to implement express toll lanes and other multimodal improvements on I-66 inside and outside I-495 (Capital Beltway).

- Inside the Beltway - VDOT will implement tolling inside the Beltway with HOV2+ toll free in 2017 and HOV3+ toll free when express lanes open on I-66 outside the Beltway. Toll equipment is currently being installed with tolling (peak period, peak direction) expected to begin in December 2017. Also, eastbound widening between the Dulles Connector Road and Fairfax Drive is anticipated to be opened in late 2020.
- Outside the Beltway - VDOT has selected Express Mobility Partners (EMP) to implement the express lanes and other multimodal improvements outside the Beltway to Gainesville (University Boulevard) in Prince William County. EMP will finance, design, build, operate and maintain the project. Improvements will be made to I-66/Route 28 Interchange, as a part of one of the four FY 2017 key transportation priorities*. Design work is underway and the project is expected to be completed in summer of 2022.

**NOTE: Following adoption of NVTAs FY 2017 program, the Commonwealth of Virginia announced that the Transform 66 Outside the Beltway, including the I-66/Route 28 Interchange, would not require public funding to move forward. Therefore, NVTAs expects to be able to utilize the \$300 million originally allocated for this project on other projects in the region.*

Online Resource: <http://www.transform66.org>

Route 7 Widening

Route 7 will be widened from the Reston area to the Dulles Toll Road, with VDOT administering the \$234 million fully funded project. This project will improve almost seven miles of Route 7 between Reston Avenue and Jarrett Valley Drive in Fairfax County by widening the road from four to six lanes; adding facilities for cyclists and pedestrians; and making substantial intersection and other improvements along the corridor. Initially, the widening of Route 7 will be from Colvin Forest Drive to Jarrett Valley Drive, as a part of one of the four FY 2017 key transportation priorities. VDOT is expected to solicit contractors to be pre-qualified in the fall of 2017 to submit design-build proposals in the spring of 2018.

Online Resource: <http://connectroute7.org/>

Route 28 Widening

In 2015, Fairfax, Loudoun, and Prince William Counties jointly began construction on Route 28 to relieve traffic congestion. Funding for this project comes from the state transportation tax through the NVTAs, providing \$200 million to this project over the next several years. The project is being implemented by VDOT.

In Fairfax County, Route 28 was widened on the northbound lanes of Route 28 from McLearen Road to the Dulles Toll Road; while the southbound lanes of Route 28 were widened from the Dulles Toll Road to Route 50. The project was completed in June of 2017 with its final configuration in place (fourth lane completely open on both northbound and southbound Route 28). Additional lanes will also be added in both directions from the Prince William County border to Route 29, and preliminary engineering is underway, as a part of one of the four FY 2017 key transportation priorities.

Online Resource: http://www.virginiadot.org/projects/northernvirginia/rt_28_spot_widening.asp

Fairfax County Parkway Widening

Additional lanes will be added on the Fairfax County Parkway, from Route 123 to Route 29. This is a part of one of the four FY 2017 key transportation priorities.

Online Resources: <http://www.thenovaauthority.org/planning-programming/fy2017-program/>
http://www.fairfaxcounty.gov/fcdot/6yr_priorities.htm

Richmond Highway Bus Rapid Transit (BRT)

The County is proceeding with implementation of a Bus Rapid Transit (BRT) system along the Richmond Highway corridor from the Huntington Metrorail Station to Fort Belvoir. A Project Management Consultant (PMC) with specialized expertise in BRT has been selected to assist in all aspects of the project including planning, design, environmental clearance, and Federal Transit Administration (FTA) grant applications. In accordance with the Virginia Department of Rail and Public Transportation (VDRPT) Route 1 Multimodal Transportation Alternatives Analysis, the BRT schedule includes phase 1 of the project from Huntington Metrorail Station to Hybla Valley, to be completed in 2026, and phase 2 of the project from Hybla Valley to Fort Belvoir, to be completed in 2028.

Online Resource: http://www.fairfaxcounty.gov/dpz/embarkrichmondhwy/meetings/advisorygroup/2-18-2016/embark_fact_sheet.pdf

Lorton Road Widening

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

The project, which was substantially completed on March 31, 2017, was partially funded from \$20 million that was approved by Fairfax County voters as part of the November 2007 Transportation Bond Referendum. Additional project funding is from developer contributions and the commercial and industrial tax.

Route 29 Widening, Phase 3

This project provides a continuous third travel lane and pedestrian walkway on north bound Lee Highway from Legato Road to Shirley Gate Road, in addition to other improvements to transportation and storm water elements within the Route 29 corridor. Project completion is scheduled for late 2017.

Route 1 Widening

The Federal Highway Administration (FHWA) Eastern Federal Lands Highway Division, in cooperation with Fairfax County, U.S. Army Garrison Fort Belvoir, and VDOT implemented an approximately 3.6-mile-long road improvement project on U.S. Route 1 between Jeff Todd Way and Telegraph Road. \$180 million in federal funding was used for the project which aims to relieve traffic congestion for travelers along Route 1, and to improve access to the Fort Belvoir Community Hospital.

The project includes widening the corridor from four to six lanes; signalization upgrades; new turn lanes; safe and convenient bicycle and pedestrian connections; and accommodations for a future Bus Rapid Transit (BRT) system, which will connect Fort Belvoir to the Huntington Metrorail station. The project also includes mitigation for numerous adjacent cultural and natural resources, and cross-agency collaboration enabling the preservation of the historic nature of the corridor, while allowing for future growth and development. The roadway, trail and sidewalk improvements fully opened to the public on June 15, 2017, and full project completion is scheduled for the fall of 2017.

The County is also working with VDOT to widen the section of Route 1 from Mount Vernon Highway to Napper Road from four to six lanes. This is the last remaining un-widened section of Richmond Highway north of Fort Belvoir, and construction is expected to begin in 2023.

Online Resources: http://www.fairfaxcounty.gov/fcdot/news/2017/17_003.htm
http://www.virginiadot.org/projects/northernvirginia/richmond_highway.asp

Environmental Stewardship

In Fairfax County, environmental stewardship, and prudent management of our natural environment and resources, are essential and fundamental responsibilities. Environmental impact decisions are guided by its policy framework, described in the Board's vision, entitled Fairfax County Environmental Vision. The document addresses seven core areas for protecting the environment, including: land use; transportation; water; waste management; parks and ecological resources; climate and energy; and environmental stewardship. Work towards this vision requires cooperation and coordination between County residents and businesses, government leadership, and County agencies.



Online Resource: <https://www.fairfaxcounty.gov/living/environment/environmentalvision.htm>

Promoting Sustainable County Operations

Fairfax County's Sustainability Initiatives document the County's efforts to promote sustainability, environmental stewardship, and protecting the environment. Environmental quality is essential for everyone living and working in the County. A healthy environment enhances quality of life, and preserves the vitality that makes the County a special place to live and work.



Significant efforts have been made over time to reduce the County's operational demand for water and energy through efficiency, conservation, and education. The basis for these efforts is Fairfax County's strategic direction and commitment to achieve environmental and energy goals, including those set forth in the Board's 2017 Fairfax County Environmental Vision, the 2007 Cool Counties Declaration, the 2009 Energy Policy, and the County's Comprehensive Plan.

Two collaborative inter-agency staff committees, the Environmental Coordinating Committee (ECC) and the Energy Efficiency and Conservation Coordinating Committee (EECCC), are vital to achieving these goals. These committees help ensure coordinated action across county agencies, authorities and schools.

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

Environment

Recognizing that a healthy environment is essential to a quality of life for living and working in Fairfax County, the Board adopted its Environmental Vision in 2017 and updated the "Fairfax County Sustainability Initiatives" (FCSI) document. FCSI provides an overview of the many programs and projects undertaken by the County and its partners in support of the Board's energy and environmental goals.

The County supports the Vision and Initiatives with the Environmental Improvement Program (EIP) that was first developed in 2005 by the County's ECC. The ECC is a collaborative interagency management committee established to ensure an appropriate level of coordination and review of the County's environmental policies and initiatives. The EIP provides the County Executive and Board with environmental and energy action-oriented opportunities to support goals, policies, and initiatives in support of the Board's Environmental Vision. EIP projects were first funded as part of the FY 2004 Carryover Review.

The FY 2017 EIP projects were selected based on the project selection process supported by the Environmental Quality Advisory Council (EQAC). The selection process included the application of specific project criteria, review of proposals from County agencies, and identification of projects for funding. The FY 2017 EIP projects selected were: the Invasive Plant Removal Program; the Green Purchasing Program; the Watershed Protection and Energy Conservation Matching Grant Program; the lighting retrofits and upgrades at Fairfax County Park Authority facilities; installation of Water Smart web-based irrigation controllers; the installation of Variable Frequency Drives (VFDs); the construction of a protected bike lane demonstration project in Tysons on VDOT Right-of-Way (ROW); and the continuation of partnering with two non-profit agencies to support tree planting efforts throughout the County. For a complete description of each project, please refer to the following website.

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

Affordable Housing

The County's affordable housing policy, known as the Housing Blueprint, focuses on providing housing for those with the greatest need, including homeless families and individuals, persons with disabilities, and people with extremely low incomes. The Housing Blueprint, which began in 2010, has four goals: to end homelessness in 10 years, to provide affordable housing options to those with special needs, to meet the

affordable housing needs of low-income working families, and to produce workforce housing. Current Housing Blueprint initiatives are as follows.

Bridging Affordability Program

The Bridging Affordability program is intended to provide local rental subsidies to individuals and families experiencing homelessness as well as households currently on Fairfax County's affordable housing waiting lists, including those managed by the Fairfax County Redevelopment and Housing Authority (FCRHA), the Fairfax-Falls Church Community Services Board, the Office to Prevent and End Homelessness and the homeless shelters. Through a competitive request for proposal (RFP) process, an award of \$12.8 million has been made to Northern Virginia Family Service (NVFS) to provide long-term rental subsidies to homeless individuals and families and those on the County's waiting lists over a three-year period. As of the end of June 2017, a total of 502 households have leased up through the Bridging Affordability Program. Eighty-five percent of those that have left Bridging Affordability moved to sustainable housing. In FY 2017, 120 households left Bridging Affordability, including 39 households that moved to fair market rate housing. The average income served in the program in FY 2017 was \$18,379.

Affordable Dwelling Unit Program

The Affordable Dwelling Unit (ADU) Ordinance requires developers of certain housing developments to set aside up to 12.5 percent of new units as affordable housing (6.25 percent for multifamily rentals) in return for the grant of additional density. The FCRHA has the right to acquire one-third of the ADUs offered for sale and to lease up to one-third of the rental units. The remaining units are sold or rented to moderate income households. As of September 2017, a total of 2,709 units (1,319 rentals and 1,390 for-sale units) have been produced under the ADU program.

Workforce Housing Policy

The County's Workforce Housing Policy is a proffer-based incentive system designed to encourage the voluntary development of new housing, affordable to a range of moderate-income workers in the County's high-rise/high-density areas. The Comprehensive Plan provides for a density bonus of up to one unit for every workforce unit provided by a developer, with the expectation that at least 12 percent of units in new developments be affordable or workforce housing. As of September 2017, over 5,800 Workforce Dwelling Units (WDU) have been committed by private developers in rezoning actions approved by the Board, and 834 rental WDUs have been constructed.

Online Resource: <https://www.fairfaxcounty.gov/rha/>

Residences at the Government Center

The Residences at the Government Center is a workforce housing development created by a unique public-private partnership between the County of Fairfax, FCRHA, Jefferson Apartment Group, and Stratford Capital Group. The project is the first of its kind in the state to employ a financing structure that will use a creative hybrid mixture of tax credit allocations from the Virginia Housing Development Authority, as well as tax-exempt bonds from the FCRHA and other financing sources, to create a socially responsible and economically viable housing option for the low and moderate workforce in Fairfax County.

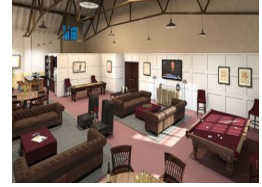
The community offers 270 affordable rental units for Fairfax County workforce. By leasing land under a ninety-nine (99) year ground lease with the County and accessing federal low-income housing tax credits; the community was developed at no cost to local tax payers. The community is currently leasing and the County celebrated the Residences at the Government Center Grand Opening on June 5, 2017.

Online Resource: <http://www.residencesgovernmentcenter.com/>

Liberty (Laurel Hill Adaptive Reuse)



The former Lorton prison has become a place to live by choice. People have already moved into 11 of the 165 apartments in the historically preserved prison dorms. On May 18, 2017, Fairfax County officials, developers, and others celebrated the ribbon cutting ceremony. Now officially called Liberty, the old prison complex is being redeveloped into a vibrant urban village with apartments, 157 townhouses, 24 single-family homes, and more than 110,000 square feet of shops, restaurants, and offices. The county entered into a public-private partnership to redevelop the old prison complex that we continue to own.



Quality Communities

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

Destinations

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

Parks

The Fairfax County Park Authority owns and cares for 426 parks totaling nearly 24,000 acres of park land, or approximately 46% of open space in Fairfax County. This parkland includes 268 athletic fields and synthetic turf fields, playgrounds, hundreds of miles of trails, 9 indoor recreation centers, 9 golf courses (two at Twin Lakes), several lakes and eight distinct historic sites, thus offering diverse recreational options. Parks are an essential element of life to residents of the County, who visit the parks each year to enjoy nature, historic sites, trails, sports, fitness, aquatics, programs, classes, events and so much more. Approximately 73% of FCPA landholdings remain in their natural state. The County's parks are ranked among the best in the nation. The "Parks Count" Needs Assessment serves as a guiding document for the Park Authority. The report includes a prioritized capital project framework for investing more than \$950 million in existing park facilities as well as new facilities over the course of 10 years. With the successful passing of the 2016 Park Bond, through major support from County voters, the Park Authority will continue to fund capital projects across the community.

One of the most significant actions of the Park Board was the adoption of the One Fairfax resolution which states the Park Authority's commitment to consider equality in the County's parks, programs, opportunities and design of the County's future system. Joining with the Board of Supervisors and the Fairfax County Public Schools, this direction to create tangible change will ensure fair treatment and opportunity for all in Fairfax County.

Library

More than 430,000 people hold Fairfax County Public Library cards to borrow and download books, conduct in-person and online research, use free library Wi-Fi and computers, and attend events. Unique events and programs in FY 2017 included a Library Comic-Con, Meet your Muslim Neighbor, Fake News and Conflict

Resolution, Girls Who Code, 1,000 Books Before Kindergarten initiative and many other technology, entertainment, literary and learning opportunities. Approximately 11.5 million items were borrowed from the library's collection of nearly 3 million traditional and digital books, CDs, DVDs, magazines and other items, including thermal imaging cameras and nature backpacks. Fairfax County Public Library was one of 49 libraries nationwide with over 1 million e-Book loans. There were 4.6 million visits to the library's 23 branches and 3.8 million visits to the library's website. With funding from the Fairfax Library Foundation, the library's early literacy program gave away 32,383 books to children, a 14 percent increase over the previous year. The renovated Pohick Regional Library reopened in January 2017 and two branches are undergoing renovation.



ABOUT FAIRFAX COUNTY

Governmental Structure

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

The County government is organized under the Urban County Executive form of government (as defined under Virginia law). The governing body of the County is the Board of Supervisors, which sets policy for the administration of the County. The Board consists of 10 members: a chairman, elected at-large for a four-year term and one member from each of nine districts, elected for a four-year term by the voters of the district in which each member resides. The Board appoints a County Executive to act as the administrative head of the County. The County Executive serves at the pleasure of the Board, carries out the policies established by the Board, directs business and administrative procedures, and recommends officers and personnel to be appointed by the Board.

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

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

Employment

More than 37,700 payroll businesses, including corporate and regional headquarters, information technology firms, sales and marketing offices, and business services are located in the County. Local businesses create employment in such diverse areas as computer software development and systems integration, telecommunications, internet related services, wholesale and retail trade, defense and homeland security, and

financial services. A high proportion of jobs in the County are in the high wage, highly skilled information technology and professional services sectors.

Recent achievements and highlights are as follows.

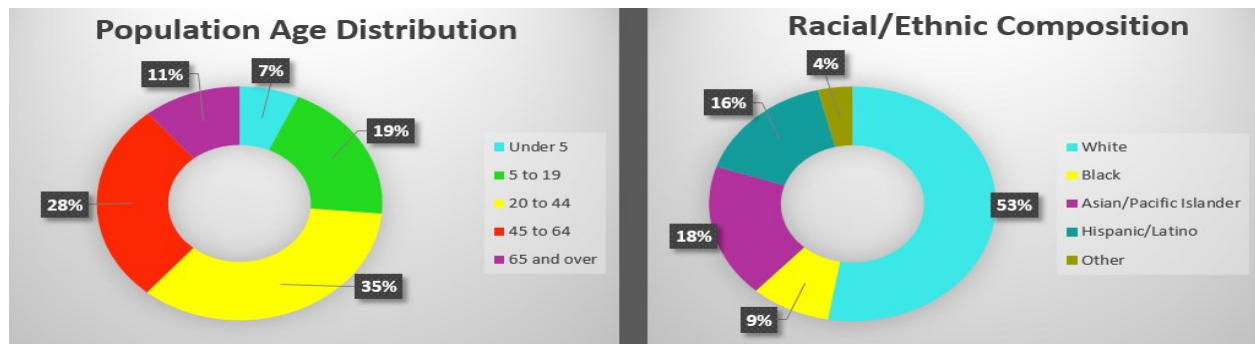
- Fairfax County companies annually appear on a number of prestigious regional and national “best of business” lists in an array of categories that reflect the diversity and strength of Fairfax County’s vibrant business community. The 2016 Inc. 5000 list of the nation’s fastest-growing firms, most of them were in technology and professional services fields, included 158 Fairfax County companies. Produced by Inc. magazine, this list highlights the fastest-growing companies in the nation.
- Eight companies made the list on the 2016 Fortune 500 list: Freddie Mac, General Dynamics, Capital One Financial, Northrop Grumman, Computer Sciences Corporation, Hilton Worldwide, Booz Allen Hamilton, and NVR.
- Nineteen Fairfax County firms made the Washington Business Journal’s 2016 list of the 50 fastest-growing companies in the Washington area.
- Five Fairfax County companies were on the 2016 Fortune list of the 100 best companies to work for in the United States.

Online Resource: <http://www.fairfaxcountyeda.org/publications/annual-report-2016>

Demographic Information

Based on the latest U.S. Census Bureau data for 2016, the County’s estimated population was 1,138,652. In 2016, Fairfax County had more than 39.2 percent of all County residents five years or older speak a language other than English at home.

As projected by Fairfax County Economic, Demographic and Statistical Research (FCEDSR), the population of Fairfax is anticipated to grow to 1.2 million by the year 2025. Also, reported by the FCEDSR for 2016, the County had approximately 38.8 percent of its population 45 years of age or older, while about 26.4 percent of the population was under 20 years old. More than 47 percent of the County’s population consisted of ethnic minorities. The following chart illustrates both the County’s population age distribution and its racial/ethnic composition.



As reported in the American Community Survey, for 2016, Fairfax County had an estimated annual median household income of \$115,717, compared with \$68,114 in the Commonwealth of Virginia and \$57,617 in the United States.

Online Resources: <https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>
<https://www.fairfaxcounty.gov/demogrph/gendemo.htm>

Public Schools

As the 10th largest school division in the U.S., Fairfax County Public Schools (FCPS) serves a diverse student population of more than 189,000 students in grades prekindergarten through 12. More than 52,000 (28 percent of the total population) of those students are eligible for free and reduced-price meals; more than 28,000 (17 percent of the total population) receive English for speakers of other languages (ESOL) services, and more than 25,000 (13 percent of the total population) receive special education services.

Demographically, 39.3 percent of FCPS students are White, 25.4 percent are Hispanic, 19.5 percent are Asian, 10.1 percent are Black, 5.3 percent are two or more races, 0.3 percent are American Indian, and 0.1 percent are Native Hawaiian (source: 2016 Fall Membership by Subgroup as reported in the Virginia Department of Education School Quality Profile).

Nearly 93 percent of FCPS students graduate on time (in four years of high school), and more than 93 percent plan to pursue post-secondary education. FCPS students can take Advanced Placement (AP) or International Baccalaureate (IB) classes in high school; the division offers the IB middle years program and the IB primary years program in select schools. Fairfax County high schools are recognized annually by the Washington Post as being among the most challenging high schools in the U.S. The class of 2017 had 213 National Merit Semifinalists. It was recently announced that the class of 2018 has 223 National Merit Semifinalists.

Online Resource: <https://www.fcps.edu/about-fcps>

Colleges and Universities

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

Among the larger institutions are George Mason University (GMU), one of the top 150 national universities in the United States for the 2018 rankings, according to U.S. News & World Report, and Northern Virginia Community College (NVCC). Combined, GMU and NVCC serve over 110,000 students and offer 200+ programs of study across nine campuses. Additionally, the County is home to satellite campuses for the University of Virginia, Virginia Tech and The Commonwealth Graduate Engineering Program.

Online Resource: www.fairfaxcounty.gov/government/about

FINANCIAL INFORMATION

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

the Fairfax County Park Authority, and the Fairfax County Economic Development Authority are reported as discretely presented component units. For additional information regarding the basic financial statements and the County's financial position, please refer to the Management's Discussion and Analysis section of this report.

INDEPENDENT AUDIT

The County's financial statements have been audited as required by the Code of Virginia and received an unmodified opinion by the accounting firm of Cherry Bekaert LLP. In addition to meeting the requirements of the state statutes, the audit was designed to meet the requirements in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The report of the independent auditors on the basic financial statements can be found in the Financial section of this annual report. The Single Audit Report, issued separately, contains the independent auditor's reports related specifically to the single audit.

Ten Principles of Sound Financial Management

The keystone of the County's maintenance of fiscal integrity and sound financial management is the approval and continuing commitment of the Board of Supervisors to the Ten Principles of Sound Financial Management. These principles, the policy context in which financial decisions are considered and taken, relate primarily to the integration of capital planning, debt planning, cash management, and productivity as a means of ensuring prudent and responsible allocation of the County's resources. In April 2015, the principles were reviewed by the Board and have been revised to place additional emphasis on building and maintaining reserves to increase flexibility to deal with both expected and unanticipated events.

The County maintains a self-managed investment program under the direction and oversight of an Investment Committee. The committee is comprised of the Chief Financial Officer, the Director of the Department of Finance, the Director of the Department of Tax Administration, and certain employees within the Department of Finance. Guided by a formal investment policy, the committee monitors daily investment activity and evaluates investment strategies monthly. The County's investment policies are subjected to annual peer review by the Association of Public Treasurers of the United States and Canada.

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

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

For the full text of the Fairfax County Ten Principles of Sound Financial Management, refer to the link below.
Online Resource: <http://www.fairfaxcounty.gov/dmb/ten-principles-of-sound-financial-management.pdf>

Budgetary and Accounting Controls

The Code of Virginia requires that the County adopt a balanced budget. The County maintains extensive budgetary controls at certain legal, managerial and administrative levels. The adopted Fiscal Planning Resolution places legal restrictions on expenditures at the agency or fund level. Managerial budgetary control is maintained and controlled at the fund, department, superior commitment item grouping or project level. Any revisions that alter the total expenditures of any agency or fund must be approved by the Board.

The County's budget is adopted by May 15 for the coming fiscal year, which commences on July 1. Two budget reviews during the year, the Carryover Review and the Third Quarter Review, serve as the primary mechanisms for revising appropriations. A synopsis of proposed changes is advertised and a public hearing is held prior to the adoption of amendments to the current year budget when adjustments exceed one percent of total expenditures.

Since 1999, the County has maintained a Revenue Stabilization Fund, included in the General Fund for reporting purposes, to provide a mechanism for maintaining a balanced budget without resorting to tax increases and expenditure reductions that aggravate the stresses imposed by the cyclical nature of the economy. The Board established the fund with the condition that it will not be used as a method of addressing the demand for new or expanded services, but will be used as a financial tool only in the event of an economic downturn, and then within strict parameters. The Revenue Stabilization Fund is separate and distinct from the County's Managed Reserve, which was established initially in fiscal year 1983. As part of the adoption of the FY 2016 Adopted Budget Plan, the Board of Supervisors updated the County's *Ten Principles of Sound Financial Management* to increase the reserve targets for both the Revenue Stabilization Reserve and the Managed Reserve. The target level of the Revenue Stabilization Reserve was increased from three percent to five percent of General Fund disbursements, and the target level of the Managed Reserve was increased from two percent to four percent of General Fund disbursements. In addition, the Board established a new economic opportunity reserve with a target balance equal to one percent of General Fund disbursements, which will be funded after the Revenue Stabilization Reserve and Managed Reserve are increased to their new target levels. This fund will act as a revolving reserve to address opportunities that are identified as priorities of the Board. The total target balance for these three reserves is ten percent of General Fund disbursements. As of June 30, 2017, the Revenue Stabilization Fund and Managed Reserve balances were \$178,694,832 and \$110,657,857 respectively.

The County's management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the U.S. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived. The evaluation of costs and benefits requires estimates and judgments by management.

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

Debt Administration

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

During FY 2017, the County received rating upgrades on three of its bonds.

- In October 2016, Moody's Investors Service upgraded the County's Affordable Housing Acquisition (Wedgewood Property) bonds from Aa2 to Aa1. This was based on Moody's criteria change for its Lease, Appropriation, Moral Obligation and Comparable Debt of U.S. State and Local Governments Methodology which views an affordable housing facility as an essential asset.
- In February 2017, Moody's upgraded its rating on the Route 28 bonds from Aa2 to Aa1. This upgrade was part of their overall review of ratings under its revised U.S. Local Government General Obligation Debt Methodology. Furthermore, in February 2017, Moody's upgraded the Silver Line Phase 1 bonds from Aa1 to Aaa. This upgrade reflected "ample available taxing headroom to generate dedicated property taxes to pay debt service."
- For prior upgrades for both Route 28 (Aa2 from Aa3 in June 2016) and the Silver Line Phase 1 bonds (Aa1 from Aa2 in February 2016), Moody's had cited the continued growth in assessed values in the respective transportation taxing districts.

Factors contributing to the County's high credit rating include recognized excellence in financial management, superior tax collection rates, low debt ratios, and high income levels. As of January 2017, only 12 of 50 states, 46 of 3,143 counties, and 33 of 19,429 cities in the U.S. had such high bond ratings from all three rating agencies. These high credit ratings enable the County to sell bonds at interest rates significantly lower than those of most municipalities, resulting in substantial savings for County taxpayers throughout the life of the bonds.

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

AWARDS

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report (CAFR) for FY 2016. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This

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

Distinguished Budget Presentation Award

The GFOA has presented the Award for Distinguished Budget Presentation to the County for its annual budget for each year since FY 1985. To receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, operations guide, financial plan, and communications device.

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

Since 2002, the County has received ICMA's highest award for performance management. In 2017, the County was one of only 34 jurisdictions nationwide to earn this level of recognition for measuring performance and using that data to improve programs and services.

Investment Policy Award

The Association of Public Treasurers of the United States and Canada has awarded the County certification for its investment policy, confirming that the County meets the high public investment standards set forth by the Association. This award has been received since 1999.

National Association of Clean Water Agencies Award

For the 19th consecutive year, the Noman M. Cole, Jr. Pollution Control Plant in Lorton has earned the Platinum Peak Performance Award from the National Association of Clean Water Agencies.

American Public Works Association (APWA) accreditation

In FY 2017, Fairfax County's Department of Public Works and Environmental Services (DPWES) is an APWA accredited agency. This prestigious program recognizes public works agencies that exceed the public works industry's established best management practices.

National Association of Counties (NACo) 2017 Achievement Awards



Fairfax County received five National Association of Counties 2017 Achievement Awards, recognizing effective and innovative programs that contribute to and enhance county government in the United States.

- **Citizen Scientist Floatable Monitoring Program** — This hands-on, year-long collaboration between the DPWES and FCPS involved scientists from DPWES and students from several schools working together to monitor levels of floatable (stream litter) that are reaching our local waterways. Students are encouraged to use collected data to create an action plan for reducing the amount of floatables reaching their stream. The program fosters a connection between the students and their environment, while providing DPWES with information about floatable loading in specific streams.
- **Democratizing Open Data*** — This program makes some of the open data provided by Fairfax County's Department of Neighborhood and Community Service universally accessible through the use of interactive visualizations that allow viewers to explore data through intuitive, but powerful interfaces. The program aims to convey complex information in a clear and visually effective manner. Fairfax County's interactive data visualizations on the County's website help to bridge the gap between data, accessibility and understanding.

- **Diversion First** — The Fairfax-Falls Church Community Services Board, Fire and Rescue Department, Office of the Sheriff, Police Department, Juvenile and Domestic Relations District Court and the Office of Public Affairs partnered to implement the Diversion First program which offers alternatives to incarceration for people with mental illness or developmental disabilities who come into contact with the criminal justice system for low-level offenses.
- **Courtroom Interpreting Control System*** — The Fairfax County Court Technology Office led a collaborative effort including judges, court staff, deputy sheriffs, interpreters and technical staff to implement a technological solution to improve the interpreting processes in the courtrooms, and during arraignment and advisement hearings with the Adult Detention Center (ADC). The new interpreting system developed a customized touch panel control device that supports both simultaneous and consecutive interpreting in the courtrooms. The updated interpretation process has improved overall courtroom audio, streamlined courtroom interpreting tools and improved processes with the ADC during remote arraignments that allow non-English speaking individuals to speak directly through an interpreter.
- **Mobile Connected Courtrooms*** — Fairfax County Courts and the Department of Information Technology researched, designed, and implemented a new digital courtroom platform which allows users to wirelessly connect their personal devices to the existing courtroom evidence presentation system, known as Courtroom Technology Management System (CTMS). CTMS 2 was designed to migrate to digital industry standards and accommodate digital technology by integrating wireless device capabilities into the courtroom evidence presentation process.



*In addition to the NACo awards, these programs also received the 2017 Commonwealth of Virginia Governor's Technology Award (COVITS).

Digital Counties Survey & Technology Awards



The County was ranked in the Top 5 for the Center for Digital Government's 2017 Digital Counties Survey, as a technological innovator, in the category of jurisdictions with populations greater than 500,000. Fairfax County has been in the top ten for the past 15 years, placing among the top five for fourteen years. Further, the County's Cyber Security program and management has been recognized by national organizations both governmental and commercial for multiple years, including ICE North America, Commonwealth of Virginia, National Association of Counties, and Public Technologies, Inc.

National Association of County Park and Recreation Officials Awards

The Fairfax County Park Authority received four honors at the National Association of County Park and Recreation Officials (NACPRO) annual awards ceremony on June 8, 2017, including: the 2017 NACPRO Award in the Environmental/Conservation category and an honor for its Great Parks, Great Communities, Long-Range Park Plan and Needs Assessment.

National Recreation and Park Association's 2016 Barb King Environmental Stewardship Award

The Fairfax County Park Authority earned the National Recreation and Park Association's (NRPA) 2016 Barb King Environmental Stewardship Award.

Governor's Award for Environmental Stewardship

In April of 2017, the Park Authority was awarded the Governor's Award for Environmental Stewardship at the Huntley Meadows Park.



Virginia Department of Social Services 2017 Local Recognition Award

The Fairfax County Department of Family Services received the Virginia Department of Social Services 2017 1³ Local Recognition Award in the category of Business Process Improvement for its extraordinary work in centralized appeals.

Virginia Law Enforcement Professional Standards Commission Accreditation

The Virginia Law Enforcement Professional Standards Commission (VLEPSC) granted accreditation to the Fairfax County Sheriff's Office for the third time and to the Fairfax County Police Department for the sixth time.

LEED Gold Certification

On May 9, 2017, the Pohick Regional Library achieved Leadership in Energy and Environmental Design (LEED) Gold certification from the U.S. Green Building Council.

2016 Leader in Sustainability Award

For the second year in a row, Fairfax County has earned a Leader in Sustainability Award as a top performer in Call2Recycle's battery and cellphone recycling program.

Automotive Seal of Excellence (ASE)

Fairfax County's Department of Vehicle Services' Alban and West Ox maintenance facilities were recognized by the ASE Blue Seal of Excellence Program for having 75% of their automotive professionals ASE-certified.

American Institute of Architects' Northern Virginia Chapter Award

Fairfax County received the American Institute of Architects Northern Virginia Chapter Award for the Exceptional Design Awards Program.

DPWES Awards

- The Award of Merit, Best Building Build-to-Suit Institutional Facility Under \$20 Million, from NAIOP Northern Virginia, for Stringfellow Road Park and Ride.
- The Water Environment Federation Honor for outstanding storm water management program and commitment to installing green infrastructure, and has been placed in the phase I category: Innovation Gold Level and Program Management Gold Level.
- The Mid-Atlantic Chapter of APWA recognized three Fairfax County projects on May 11, 2017: the McLean Police Station, which won Project of the Year (Structures, \$5M-\$25M category); and the Pohick Regional Library and the Stringfellow Park and Ride both earned honorable mentions.
- The 2017 SWANA Safety Award for Biggest Improvement in the category, Collection and Transfer.

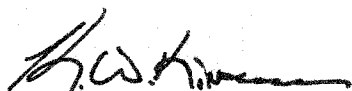
Online Resource: <http://www.fairfaxcounty.gov/dpwes/news/>

ACKNOWLEDGMENTS

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

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

Respectfully,



Kirk W. Kincannon
Acting County Executive



Joseph M. Mondoro
Chief Financial Officer



Christopher J. Pietsch
Director of Finance

**COUNTY OF FAIRFAX,
VIRGINIA**

Urban County Executive Form of Government
As of June 30, 2017

BOARD OF SUPERVISORS

Sharon S. Bulova, Chairman	At-Large
Penelope A. Gross, Vice Chairman	Mason District
Daniel G. Storck	Mount Vernon District
Linda Q. Smyth	Providence District
Catherine M. Hudgins	Hunter Mill District
Kathy L. Smith	Sully District
John C. Cook	Braddock District
Jeffrey C. McKay	Lee District
Patrick S. Herrity	Springfield District
John W. Foust	Dranesville District

CLERK TO THE BOARD

Catherine A. Chianese

COUNTY EXECUTIVE

Edward L. Long Jr.

DEPUTY COUNTY EXECUTIVES

Patricia D. Harrison
David J. Molchany
David M. Rohrer
Robert A. Stalzer

DEPARTMENT OF MANAGEMENT AND BUDGET

Joseph M. Mondoro, Chief Financial Officer

DEPARTMENT OF TAX ADMINISTRATION

Jaydeep Doshi, Director

OFFICE OF THE COUNTY ATTORNEY

Elizabeth D. Teare, County Attorney

OFFICE OF THE INTERNAL AUDITOR

Sharon A. Pribadi, Director

DEPARTMENT OF FINANCE

Christopher J. Pietsch, Director

PROCUREMENT AND MATERIAL MANAGEMENT

Cathy A. Muse, Director

OFFICE OF PUBLIC AFFAIRS

Tony Castrilli, Director

INDEPENDENT AUDITOR

Cherry Bekaert LLP



Organization of Fairfax County Government



Dotted line indicates multiple reporting relationships.

- Dep. County Exec. has liaison with:
 - Reston Comm. Center Governing Board
 - McLean Comm. Center Governing Board
 - Redevelopment and Housing Authority
 - Fairfax-Falls Church Community Services Board
- ** Dep. County Exec. has liaison with:
 - Fairfax County Library Board
 - Human Rights Commission
 - Health: For Environmental Policies and Programs
- *** Dep. County Exec. has liaison with:
 - Office of the Sheriff
 - Health: For Emergency Management
 - Courts
- **** Dep. County Exec. has liaison with:
 - Economic Development Authority
 - Water Authority
 - Park Authority
 - Housing and Community Development for Redevelopment and Housing Authority
 - McConnell Public Safety and Transportation Operations Center: For Transportation
- ***** Chief Financial Officer has liaison with:
 - Retirement Administration Agency

The Chief Financial Officer also acts as the Director of the Department of Management and Budget.

Updated June 2017

This report was prepared by:

COUNTY OF FAIRFAX, VIRGINIA
DEPARTMENT OF FINANCE

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

DIRECTOR

Christopher J. Pietsch, CPFO, CIA, CBA

DEPUTY DIRECTOR

Deirdre M. Finneran, CPFO

CAFR PROJECT TEAM

Richard M. Modie Jr., Chief, Financial Reporting Division
Javed Khan, CPA, Financial Reporting Manager
Jennifer Rosales, Financial Reporting Manager

Lillian Cheng, CPA

Lisa Halsted

Regina S. Magalong

Clyde Prentice Jr.

Xuan Wang

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

Jhany P. Cardozo

Caroline L. Purohit, CPA

Nanette A. Velasco

With the support and assistance of many others.

Special Thanks to Barbara Emerson, Office of Public Affairs
and Jason Chia, Department of Finance
for their help with the cover and other assistance they provided.

**GOVERNMENT
FINANCE
OFFICERS
ASSOCIATION
AWARD**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR for the fiscal year ended June 30, 2016. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. The County has received a Certificate of Achievement 39 times since 1977.



Government Finance Officers Association

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

Presented to

**County of Fairfax
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

Report of Independent Auditor

To the Board of Supervisors
County of Fairfax, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Fairfax, Virginia (the "County") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 to 18 and the required supplementary information and notes to the required supplementary information on pages 131 to 146 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The other supplementary information section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information section is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2017, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Cherry Bekart LLP

Tysons Corner, Virginia
November 17, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS (*UNAUDITED*)

This section of the County of Fairfax, Virginia's (the County) Comprehensive Annual Financial Report (CAFR) presents our discussion and analysis of the County's financial performance during the fiscal year that ended on June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Letter of Transmittal, located in the Introductory Section of the CAFR.

FINANCIAL HIGHLIGHTS

Highlights for Government-wide Financial Statements

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

- The County's assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$728.3 million on a government-wide basis at June 30, 2017.
- For the fiscal year, taxes and other revenues of the County's governmental activities amounted to \$4,697.7 million. Expenses amounted to \$4,615.4 million.
- For the fiscal year, revenues of the County's business-type activities were \$234.5 million, and expenses were \$177.6 million.

Highlights for Fund Financial Statements

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

- The County's governmental funds reported an increase in fund balance of \$171.1 million for fiscal year 2017, compared to an increase of \$49.8 million for fiscal year 2016.
- The County's General Fund reported a fund balance of \$421.5 million, an increase of \$80.1 million, or 23.5 percent, from June 30, 2016.

General Financial Highlights

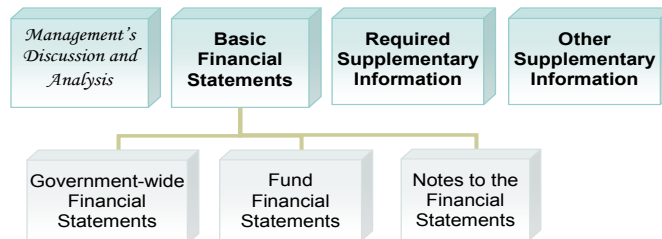
- In February 2017, the County issued \$228.4 million of Series 2017A General Obligation Public Improvement Bonds and Refunding Bonds. Bond proceeds from this issue are being used to finance school, park, public safety, and other general County improvements.
- In March 2017, the Economic Development Authority issued \$69.6 million of Metrorail Parking System Revenue Bonds (Silver Line Phase II: Herndon and Innovation Center Parking Garages) Series 2017 to finance the construction of parking facilities to be owned and operated by the County that will be located adjacent to Washington Metropolitan Area Transit Authority's ("WMATA") Herndon and Innovation Center Metrorail Stations.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Components of the Financial Section



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

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

Government-wide Financial Statements

The government-wide financial statements report information about the County as a whole using accounting methods similar to those used by private-sector businesses. In addition, they report the County's net position and how they have changed during the fiscal year.

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

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

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

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

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

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

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

Fund Financial Statements

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

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

Proprietary Funds – Proprietary funds, which consist of enterprise funds and internal service funds, are used to account for operations that are financed and operated in a manner similar to private business enterprises in which costs are recovered primarily through user charges. Proprietary fund financial statements, like the government-wide financial statements, provide both long- and short-term financial information. The County's only enterprise fund, the Sewer System, is reported as the County's business-type activity in the government-wide statements. The fund financial statements provide additional information, such as cash flows, for the Sewer System. The internal service funds are used to account for the provision of general liability, malpractice, and workers' compensation insurance, health benefits for employees and retirees, vehicle services, document services, and technology infrastructure support to County departments on a cost reimbursement basis.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs. The County's fiduciary funds consist of pension trust funds, an OPEB trust fund and agency funds. The pension trust funds are used to account for the assets held in trust by the County for the employees and beneficiaries of its defined benefit pension plans—the Employees' Retirement System, the Police Officers Retirement System, and the Uniformed Retirement System. The OPEB trust fund is used to account for the assets held in trust by the County for other post employment benefits. The agency funds are used to account for monies received, held, and disbursed on behalf of developers, welfare recipients, the Commonwealth of Virginia, the recipients of certain bond proceeds, and certain other local governments.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Statement of Net Position

The tables below and on the following page present a Summary of Net Position for the reporting entity as of June 30, 2017 and 2016:

Summary of Net Position As of June 30 (\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Assets:						
Current and other assets	\$ 5,471.4	5,225.2	\$ 280.5	175.6	\$ 5,751.9	5,400.8
Capital assets (net)	2,797.0	2,725.7	1,531.1	1,492.8	4,328.1	4,218.5
Total assets	8,268.4	7,950.9	1,811.6	1,668.4	10,080.0	9,619.3
Deferred outflow of resources:	719.0	341.3	36.3	31.4	755.3	372.7
Liabilities:						
Current liabilities	344.4	332.4	20.4	12.9	364.8	345.3
Long-term liabilities	5,597.9	5,165.3	711.6	629.1	6,309.5	5,794.4
Total liabilities	5,942.3	5,497.7	732.0	642.0	6,674.3	6,139.7
Deferred inflow of resources:	3,426.6	3,258.3	6.1	4.9	3,432.7	3,263.2
Net position:						
Net investment in capital assets	2,002.0	1,913.2	1,004.0	940.6	3,006.0	2,853.8
Restricted	388.1	355.5	14.2	74.0	402.3	429.5
Unrestricted (deficit)	(2,771.6)	(2,732.5)	91.6	38.3	(2,680.0)	(2,694.2)
Net position	\$ (381.5)	(463.8)	\$ 1,109.8	1,052.9	\$ 728.3	589.1

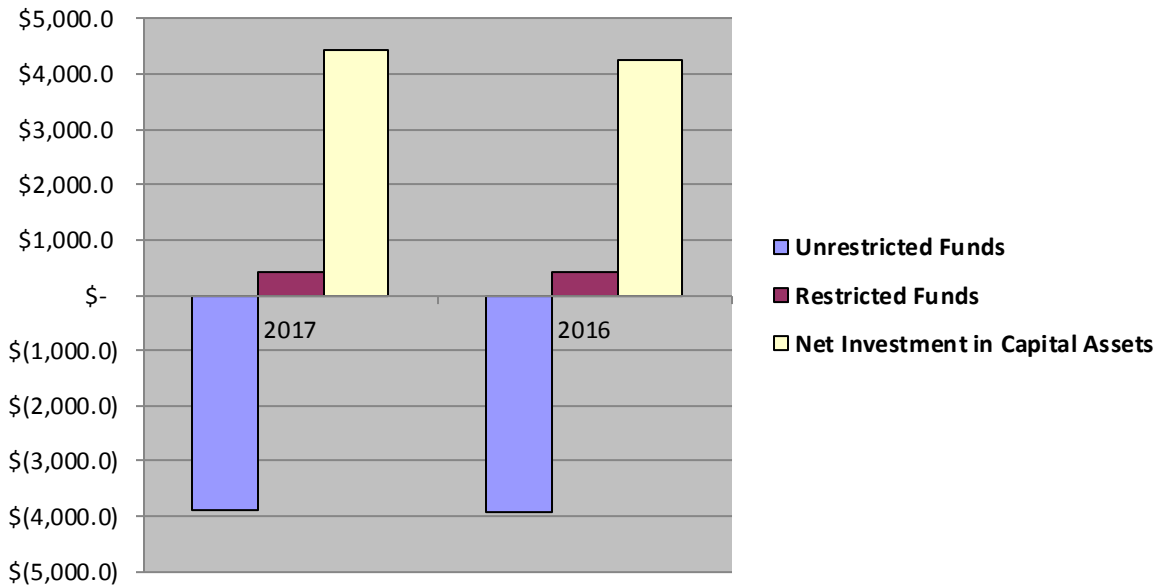
Summary of Net Position- continued								
As of June 30								
(\$ in millions)								
	Total Primary Government		Component Units		Reclassifications*		Total Reporting Entity	
	2017	2016	2017	2016	2017	2016	2017	2016
Assets:								
Current and other assets	\$ 5,751.9	5,400.8	\$ 648.4	612.1	\$ -	-	\$ 6,400.3	6,012.9
Capital assets (net)	4,328.1	4,218.5	3,228.9	3,136.5	-	-	7,557.0	7,355.0
Total assets	10,080.0	9,619.3	3,877.3	3,748.6	-	-	13,957.3	13,367.9
Deferred outflow of resources:	755.3	372.7	890.7	481.9	-	-	1,646.0	854.6
Liabilities:								
Current liabilities	364.8	345.3	156.1	144.9	-	-	520.9	490.2
Long-term liabilities	6,309.5	5,794.4	4,144.8	3,581.6	-	-	10,454.3	9,376.0
Total liabilities	6,674.3	6,139.7	4,300.9	3,726.5	-	-	10,975.2	9,866.2
Deferred inflow of resources:	3,432.7	3,263.2	247.2	333.9	-	-	3,679.9	3,597.1
Net position:								
Net investment in capital assets	3,006.0	2,853.8	3,057.4	2,967.9	(1,615.5)	(1,561.3)	4,447.9	4,260.4
Restricted	402.3	429.5	103.7	98.0	(99.6)	(113.6)	406.4	413.9
Unrestricted (deficit)	(2,680.0)	(2,694.2)	(2,941.1)	(2,895.8)	1,715.1	1,674.9	(3,906.0)	(3,915.1)
Net position	\$ 728.3	589.1	\$ 220.0	170.1	\$ -	-	\$ 948.3	759.2

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

The Commonwealth of Virginia requires that counties, as well as their financially dependent component units, be financed under a single taxing structure. This results in counties issuing general obligation debt to finance capital assets, such as public schools, for their component units. The component units are then responsible to account for and maintain the assets purchased or constructed with the debt proceeds. The Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, requires that the primary government and its component units, which make up the total financial reporting entity, be accounted for separately on the face of the basic financial statements. The result is that debt financed assets are presented on the books for the component units while the associated debt resides on the books of the primary government. The reclassification column represents the matching of the primary government's outstanding debt to the component units' related capital assets from a financial reporting entity perspective. Consequently, the net position of the total financial reporting entity best represents the financial position.

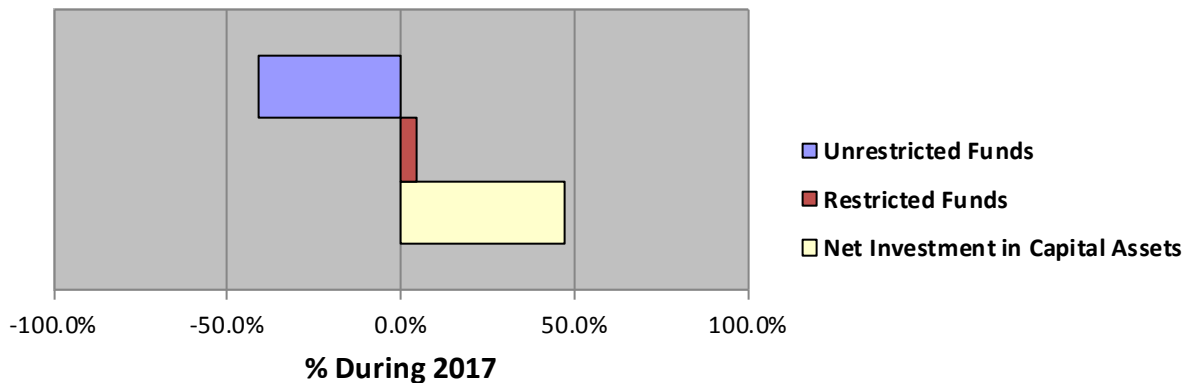
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the reporting entity, assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$984.3 million at the end of fiscal year 2017, representing an increase of \$189.1 million from the net position at June 30, 2016, as above.

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



As shown below, the largest portion of net position is the net investment in capital assets (e.g., land, buildings, infrastructure, and equipment, net of depreciation and amortization), less the outstanding debt that was used to acquire those assets. The restricted net position portion represents resources that are subject to external restrictions on how they may be used. Net position of the reporting entity is restricted for various uses, some of which include grant programs (\$73.0 million), community centers (\$16.8 million), and Food Service (\$15.7 million). The balance of net position that is neither related to capital assets nor restricted for specific uses is represented as unrestricted net position.

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



Statement of Activities

The following table summarizes the changes in Net Position for the primary government for the fiscal years ended June 30, 2017 and 2016:

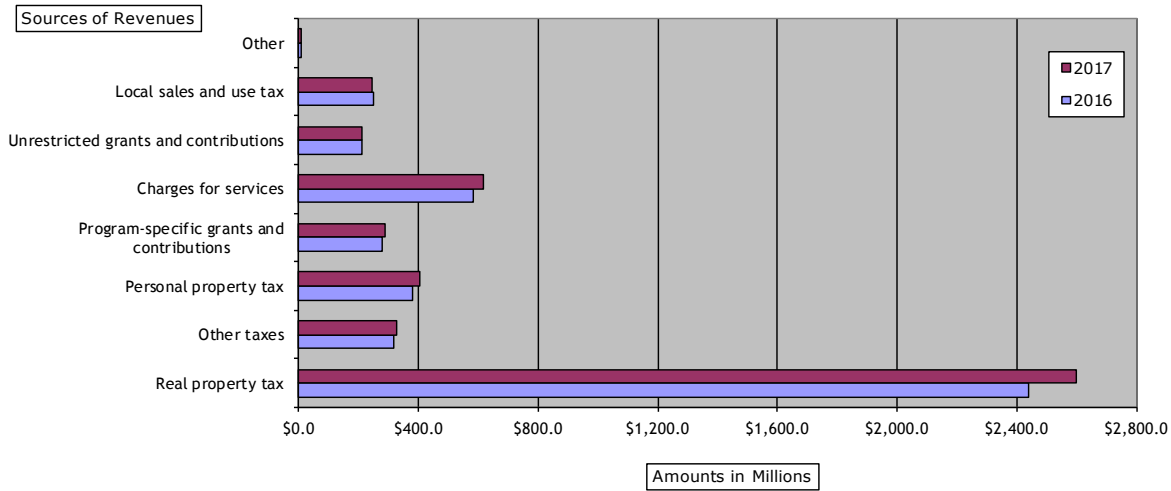
Summary of Changes in Net Position For the Fiscal Years Ended June 30 (\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 615.0	581.4	\$ 221.0	205.1	\$ 836.0	786.5
Operating grants and contributions	264.0	250.2	-	-	264.0	250.2
Capital grants and contributions	22.2	29.0	12.6	4.7	34.8	33.7
General revenues:						
Real property tax	2,601.6	2,437.6	-	-	2,601.6	2,437.6
Personal property tax	403.2	380.1	-	-	403.2	380.1
Business licenses tax	160.7	158.4	-	-	160.7	158.4
Local sales and use tax	246.9	249.3	-	-	246.9	249.3
Consumers utility tax	104.3	102.2	-	-	104.3	102.2
Other taxes	61.6	57.9	-	-	61.6	57.9
Unrestricted grants and contributions	211.5	211.4	-	-	211.5	211.4
Revenue from the use of money	6.7	9.9	0.9	1.1	7.6	11.0
Total revenues	4,697.7	4,467.4	234.5	210.9	4,932.2	4,678.3
Expenses:						
General government administration	199.2	188.8	-	-	199.2	188.8
Judicial administration	62.2	58.1	-	-	62.2	58.1
Public safety	743.9	702.1	-	-	743.9	702.1
Public works	220.0	204.9	177.6	183.1	397.6	388.0
Health and welfare	621.7	589.3	-	-	621.7	589.3
Community development	450.0	373.6	-	-	450.0	373.6
Parks, recreation, and cultural	124.4	113.0	-	-	124.4	113.0
Education	2,085.9	1,998.7	-	-	2,085.9	1,998.7
Interest on long-term debt *	108.1	94.6	-	-	108.1	94.6
Total expenses	4,615.4	4,323.1	177.6	183.1	4,793.0	4,506.2
Increase in net position	82.3	144.3	56.9	27.8	139.2	172.1
Beginning net position	(463.8)	(608.1)	1,052.9	1,025.1	589.1	417.0
Ending net position	\$ (381.5)	(463.8)	\$ 1,109.8	1,052.9	\$ 728.3	589.1

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

Governmental Activities

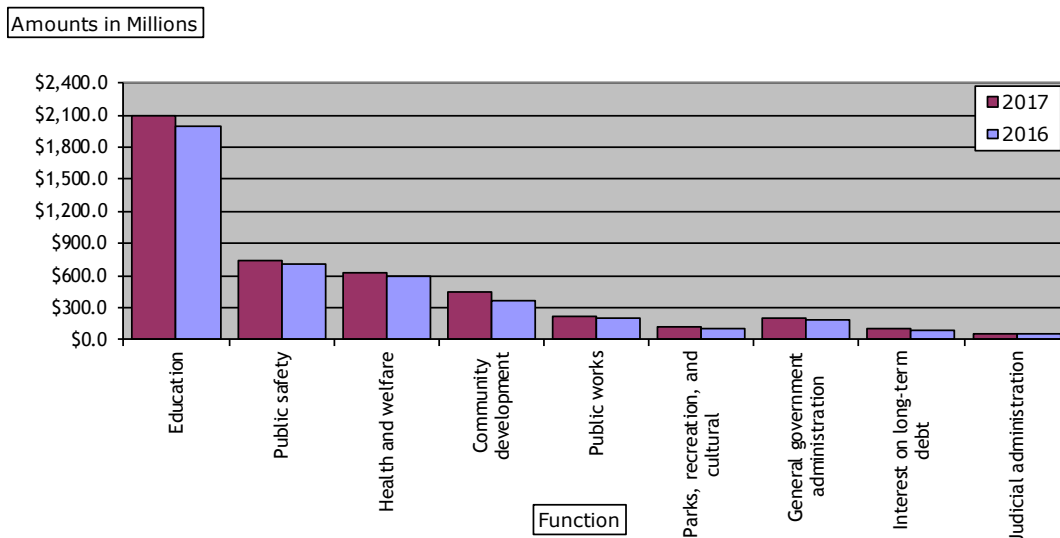
Revenue for the County's governmental activities was \$4,697.7 million for fiscal year 2017, representing an increase of \$230.3 million over fiscal year 2016. Sources of revenue for fiscal years 2017 and 2016 are shown below:

Governmental Activities - Revenues by Source
For the Fiscal Years Ended June 30, 2017 and 2016



Taxes constitute the largest source of County revenues, amounting to \$3,578.3 million for fiscal year 2017, an increase of \$192.8 million over fiscal year 2016, primarily due to real property taxes. Real property taxes (\$2,601.6 million) represent 72.7 percent of total taxes and over half of all revenues combined. While the tax rate remained the same in fiscal year 2017, residential assessments rose resulting in the increased revenue. Unrestricted grants and contributions include \$211.5 million in revenue from the Commonwealth of Virginia to reimburse Fairfax County as part of the Personal Property Tax Relief Act (see Note C to the financial statements).

Governmental Activities - Expenses by Function
For the Fiscal Years Ended June 30, 2017 and 2016



The total cost of all of the County's governmental activities for fiscal year 2017 was \$4,615.4 million, representing an increase of \$292.3 million over fiscal year 2016. As the chart below indicates, education continues to be the County's largest program. Education expense totaled more than \$2.0 billion in fiscal year 2017, supporting school operations and to service debt for bond-funded projects to build new schools and renew older facilities. Community Development increased by \$76.4 million in total cost of services compared to fiscal year 2016. A significant portion of this arises from an increase in transportation project related construction expenses.

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

Some of the cost of governmental activities was paid by those who directly benefited from the programs, these costs totaled \$576.1 million. Other governments and organizations subsidized certain programs with grants and contributions totaling \$286.2 million. Of the \$3,714.0 million net cost of services, the amount that taxpayers paid for these programs through County taxes was \$3,578.3 million.

Net Cost of County's Governmental Activities For the Fiscal Years Ended June 30 (\$ in millions)				
Functions/Programs	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
Education	\$ 2,085.9	1,998.7	\$ 2,085.8	1,998.6
Public safety	743.9	702.1	625.2	585.5
Health and welfare	621.7	589.3	382.1	366.8
Community development	450.0	373.6	172.7	104.9
Public works	220.0	204.9	77.2	47.0
General government administration	199.2	188.8	131.9	148.2
Other	294.7	265.7	239.1	211.5
Total	\$ 4,615.4	4,323.1	\$ 3,714.0	3,462.5

Business-type Activities

The Sewer System recovers its costs primarily through user service charges and availability fees. For fiscal year 2017, the Sewer System reported an increase in net position of \$56.9 million. Total revenues of the Sewer System increased \$23.6 million from fiscal year 2016. This increase was primarily the result of a increase in the sewer service base availability charges.

Total expenses of the Sewer System for fiscal year 2017 were \$177.6 million, decreasing by \$5.5 million from fiscal year 2016.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. Fund balance classifications are reported by purpose within these classifications; nonspendable, restricted, committed, assigned, and unassigned as defined by GASB 54.

As of June 30, 2017, the County's governmental funds had a combined fund balance of \$1,515.0 million, compared with \$1,343.9 million at June 30, 2016. Of the fiscal year 2017 fund balance, \$29.8 million is assigned in the General Fund, indicating that it is not available for new spending because it has already been committed for items such as existing purchase orders, construction contracts and loan repayments. Approximately 16.9 percent (\$71.1 million) of the total 2017 General Fund balance is unassigned, representing resources not associated with a specified purpose. Of the total nonmajor fund balance, 99.9 percent (\$1,093.5 million) has been restricted or committed in the special revenue, capital projects, and debt service funds to meet the program needs. Nonspendable prepaid expenditures are 0.17 percent (\$2.6 million) of the total fund balance. At June 30, 2017, \$289.4 million of the General Fund's committed fund balance of \$318.4 million is designated for the managed reserve and revenue stabilization fund based on fiscal year 2017 actuals.

For the fiscal year ended June 30, 2017, fund balances for all governmental funds increased by \$171.1 million, compared with the \$49.8 million increase for fiscal year ended June 30, 2016. Total revenues and other financing sources were \$5,743.6 million, total expenditures and other financing uses were \$5,572.5 million, resulting in the increase to the fund balances.

The General Fund is the main operating fund of the County. At the end of the current fiscal year, the unassigned fund balance was \$71.1 million, which represents approximately 2.1 percent of the General Fund's total expenditures. Revenues of \$4,064.3 million, less expenditures of \$3,457.6 million and other financing uses of \$526.6 million, resulted in a net increase in fund balance of \$80.1 million. This increase was primarily attributed to progress made in increasing reserves funding as a result of the implementation of the County's updated reserves policy approved by the Board of Supervisors on April 21, 2015.

In addition to revenue stabilization, managed reserve and other reserves specifically identified in the General Fund, the County has, as a result of policy decisions, established reserves in other funds which are available to allow the County to respond to both anticipated or unforeseen events. The practice of identifying these reserves in multiple funds has been in place for many years. These reserves are identified in the County's Internal Service Funds and certain Special Revenue Funds, such as the Fairfax-Falls Church Community Services Board that receive the majority of their funding from the General Fund. These balances total approximately 14.7 percent of total General Fund receipts (including revenues and transfers from other funds) as shown in the table on the following page.

Fund Reserves	
For the Fiscal Years Ended June 30, 2017	
(\$ in millions)	
General fund committed reserves ⁽¹⁾ :	
Revenue stabilization fund reserve	\$ 178.7
Managed reserve	110.7
Information Technology and others	29.1
Total committed	318.5
General fund assigned reserves (encumbrances)	29.8
General fund unassigned reserves	71.1
General fund supported reserves ⁽²⁾ :	
Community services board	25.4
Internal service fund reserves ⁽³⁾ :	
Vehicle related reserves	48.0
Technology related reserves	13.6
Self insurance reserves	96.2
Total reserves funded by and available to the general fund	602.6
General fund revenues and transfers in ⁽⁴⁾ :	
General fund revenues	4,064.3
Transfers in	21.6
Total general fund revenues and transfers in	\$ 4,085.9
Total available reserves as % of general fund revenues	14.7%

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

The County's enterprise fund provides the same type of information found in the government-wide financial statements, as the basis of accounting is the same. Factors relating to the financial results of the Sewer System have been addressed in the discussion of the County's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended budget appropriations, which include expenditures and transfers out, were more than the original budget amounts by \$79.9 million or 2.0 percent. This increase is due primarily to the carryover of prior-year commitments. The final amended budget revenues and transfers were more than the original budget by a net of \$11.9 million or 0.3 percent, primarily due to higher than projected Personal Property taxes, Business Licenses and Sales taxes, and Permits and Fees, partially offset by lower Recovered Costs and Intergovernmental revenue.

Actual revenues exceeded final budget amounts by \$36.1 million, while actual expenditures were \$70.0 million less than final budget amounts. Highlights of the comparison of final budget to actual figures for the fiscal year ended June 30, 2017, include the following:

- Tax revenues exceeded budgeted amounts by \$20.9 million. The increase is primarily the result of increases in Personal Property Tax receipts.
- Intergovernmental revenue was \$6.7 million more than budgeted amounts primarily associated with reimbursable expenditures for public assistance programs.
- General government administration expenditures were \$6.1 million, or 5.4 percent less, than budgeted amounts as a result of managing position vacancies and encumbrances carried forward to the next fiscal year.

- Public safety expenditures were \$13.3 million, or 2.7 percent, less than budgeted amounts mainly as a result of savings associated with managing position vacancies and encumbrances carried forward to the next fiscal year.
- Health and welfare expenditures were \$18.7 million, or 5.7 percent, less than budgeted amounts due to managing position vacancies, lower than anticipated costs in the Department of Family Services and the Health Department, and encumbrances carried forward to the next fiscal year.
- Nondepartmental expenditures were \$18.8 million, or 5.1 percent, less than budgeted amounts primarily due to savings in employer contributions to group health insurance and three County Retirement Systems.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The County's investment in capital assets as of June 30, 2017, amounted to \$4.3 billion, which represents an increase of \$109.5 million, or 2.6 percent, over last year. Capital assets as of June 30, 2017 and 2016, are summarized below:

Capital Assets As of June 30 (\$ in millions)							
	Governmental Activities		Business-type Activities		Total Primary Government		
	2017	2016	2017	2016	2017	2016	
Land and easements	\$ 422.4	420.9	\$ 18.0	17.9	\$ 440.4	438.8	
Buildings, improvements, and infrastructure	2,781.8	2,600.6	1,380.8	1,339.9	4,162.6	3,940.5	
Software	114.9	100.2	-	-	114.9	100.2	
Equipment and library collections	576.6	559.8	14.7	14.6	591.3	574.4	
Construction in progress	224.3	254.4	93.7	57.8	318.0	312.2	
Equipment under construction	21.1	22.9	-	-	21.1	22.9	
Software in development	13.1	16.6	-	-	13.1	16.6	
Purchased capacity	-	-	1,057.1	1,033.2	1,057.1	1,033.2	
Total capital assets	4,154.3	3,975.4	2,564.3	2,463.4	6,718.5	6,438.8	
Less: Accumulated depreciation and amortization	(1,357.3)	(1,249.7)	(1,033.2)	(970.6)	(2,390.5)	(2,220.3)	
Total capital assets, net	\$ 2,797.0	2,725.7	\$ 1,531.1	1,492.8	\$ 4,328.0	4,218.5	

The major capital asset activities for fiscal year 2017 included the following:

- Developers' contributions of sewer lines and manholes totaled \$3.1 million.
- The purchase of library books and audio/video materials totaled \$3.1 million, funded through general operating revenues.
- Improvements to transportation, including bus and rail service, totaled \$5.0 million.
- Expenditures related to construction of the Public Safety Headquarters were \$31.8 million in fiscal year 2017.

- The acquisition of Software increased by \$14.7 million in fiscal year 2017.
- The Sewer System’s share of the upgrade and operating costs of the Alexandria Sanitation Authority and the District of Columbia’s wastewater treatment facilities, which provide service to certain County residents, was \$11.4 million and \$15.6 million, respectively.

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

Long-term Debt

There is no legal limit on the amount of long-term indebtedness that the County can at any time incur or have outstanding. However, all general obligation bonded indebtedness must be approved by voter referendum prior to issuance. The Board of Supervisors has established the following self-imposed limits with respect to long-term debt:

- A limit of \$1.375 billion of general obligation bond sales over a five-year period, for an average of \$275 million annually, with a maximum of \$300 million in any given year, excluding refunding bonds;
- A limitation that total long-term debt (excluding capital leases for equipment and sewer revenue bonds) not exceed 3.0 percent of the total market value of taxable real and personal property in the County and that annual debt service payments not exceed 10.0 percent of annual General Fund expenditures and transfers out. For fiscal year 2017, these percentages were 1.15 percent and 7.82 percent, respectively.

In February 2017, the County issued \$228.4 million of Series 2017A General Obligation Public Improvement with a true interest cost of 2.87 percent and a premium of \$31.0 million. Proceeds of \$228.4 million are being used to fund new facilities and improvements, as follows (in millions):

County facilities:	
Transportation Improvements.....	\$ 20.0
Public safety facilities.....	18.1
Other purposes	11.4
Park facilities	17.9
Transportation facilities	24.0
Public Schools facilities.....	<u>137.0</u>
Total bonds issued for new projects.....	<u>\$228.4</u>

In March 2017, the Economic Development Authority issued \$69.6 million of Metrorail Parking System Revenue Bonds (Silver Line Phase II: Herndon and Innovation Center Parking Garages) Series 2017 to finance the construction of parking facilities to be owned and operated by the County that will be located adjacent to Washington Metropolitan Area Transit Authority’s (“WMATA”) Herndon and Innovation Center Metrorail Stations.

The following is a summary of the County's gross outstanding long-term debt as of June 30, 2017 and 2016:

Outstanding Long-term Debt As of June 30 (\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
General obligation bonds issued for:						
County facilities	\$ 832.8	806.1	\$ -	-	\$ 832.8	806.1
Public Schools facilities	1,390.6	1,367.1	-	-	1,390.6	1,367.1
Revenue bonds	838.3	800.7	-	-	838.3	800.7
Sewer revenue bonds	-	-	622.9	562.6	622.9	562.6
Capital leases and other	282.4	198.1	-	-	282.4	198.1
Total County outstanding debt	\$ 3,344.1	3,172.0	\$ 622.9	562.6	\$ 3,967.0	3,734.6

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following economic factors are reflected in the General Fund budget for fiscal year 2018:

- The assessed value of all real property increased by \$4.4 billion, or 1.89 percent, over the fiscal year 2017 value. This resulted from a moderate increase in existing residential property values and new construction in the County.
- Equalized residential property assessments increased 0.68 percent and non-residential equalization increased 1.85 percent for fiscal year 2018. Existing residential property values have remained positive in each of the last five years indicating the continued stabilization of the residential housing market.
- Personal property tax revenue is projected to increase 2.0 percent in fiscal year 2018 over the fiscal year 2017 revised budget. The total vehicle volume is forecast to increase 0.5 percent in fiscal year 2018.

The fiscal year 2018 Adopted Budget includes revenues of \$4.10 billion, or a 1.94 percent increase over the fiscal year 2017 Revised Budget Plan. Real and personal property taxes represent the majority of budgeted revenues, comprising approximately 79.5 percent of the fiscal year 2018 General Fund revenues. Revenue from real property taxes alone makes up 64.6 percent of total revenues, as compared with approximately 64.8 percent in the fiscal year 2017 Adopted Budget.

Budgeted disbursements, which include expenditures and transfers out, total \$4.11 billion, a 0.35 percent increase from the fiscal year 2017 Revised Budget Plan. County funding for Public Schools is \$2.17 billion which is approximately 52.8 percent of the County's total General Fund budget. This funding supports operating costs, school construction, and debt service. Total direct expenditure funding decreased by \$8.9 million, or 0.58 percent, over fiscal year 2017.

The following tax rates and fees were approved for fiscal year 2018:

- Real estate tax rate remains at \$1.130 per \$100 of assessed value.
- Commercial real estate tax rate for County transportation projects remains at \$0.125 per \$100 of assessed value, levied on commercial and industrial properties.
- Special tax rate for the Dulles Rail Phase I Transportation Improvement District decreases, from \$0.17 to \$0.15 per \$100 of assessed value, levied on commercial and industrial properties in the district. Dulles Rail Phase II remains at \$0.20 per \$100 of assessed value.
- Special real estate tax rate collected on all properties within Small District 1, Dranesville, for the McLean Community Center remains at \$0.023 per \$100 of assessed value, and the rate collected on all properties within Small District 5, Hunter Mill, for the Reston Community Center remains at \$0.047 per \$100 assessed value.
- The sewer service rate increases from \$6.68 to \$6.75 per 1,000 gallons of water consumption and the Sewer Availability Charge for new single family homes increases from \$7,750 to \$8,100 per unit. The Sewer Base Charge increases from \$24.68 to \$27.62 per quarter.
- Refuse collection rate for County collection sanitation districts remains at \$345 per household and the refuse disposal rate remains at \$62 per ton.
- The Stormwater Services rate increases from \$0.0275 to \$0.0300 per \$100 of assessed value.
- Special real estate tax rate collected on all properties within the Tysons Service District remains at \$0.05 per \$100 of assessed value.
- Special real estate tax rate collected on all properties within the Reston Service District is established at \$0.021 per \$100 of assessed value.

The Board has maintained the dedication of one-half penny of the real estate tax rate for the preservation of Affordable Housing. Funding adjustments and strategies have been incorporated in the fiscal year 2018 Adopted Budget Plan to continue to address the County's commitment to achieving the strategic priorities of a strong investment in education; public safety and gang prevention; affordable housing; environmental protection; transportation improvements; and revenue diversification to reduce the burden on the homeowner.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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





COUNTY OF FAIRFAX, VIRGINIA
Statement of Net Position
June 30, 2017

	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
ASSETS			
Equity in pooled cash and temporary investments	\$ 931,555,396	81,914,843	1,013,470,239
Cash in banks/with fiscal agents	-	-	-
Investments	692,539,532	-	692,539,532
Receivables (net of allowances):			
Accounts	27,619,747	2,434,809	30,054,556
Accrued interest	4,268,092	-	4,268,092
Property taxes:			
Delinquent	20,976,178	-	20,976,178
Not yet due	3,042,371,975	-	3,042,371,975
Business license taxes - delinquent	5,283,589	-	5,283,589
Loans	59,682,479	-	59,682,479
Notes	-	-	-
Due from intergovernmental units (net of allowances):			
Property tax relief:			
Property tax relief - not yet due	211,313,944	-	211,313,944
Other	98,414,562	48,485,564	146,900,126
Due from primary government	-	-	-
Loan to component unit	11,604,900	-	11,604,900
Lease to component unit	41,210,000	-	41,210,000
Inventories of supplies	2,807,471	364,880	3,172,351
Prepaid and other assets	2,624,133	4,708,489	7,332,622
Restricted assets:			
Equity in pooled cash and temporary investments	81,500,037	105,848,732	187,348,769
Cash with fiscal agents	184,063,078	14,185,711	198,248,789
Certificates of deposit - performance bonds	-	-	-
Investments	-	22,522,490	22,522,490
Net OPEB Asset	53,515,610	-	53,515,610
Land held for sale	-	-	-
Capital assets:			
Non-depreciable/non-amortizable:			
Land and easements	422,431,585	17,956,715	440,388,300
Construction in progress	224,305,104	93,677,358	317,982,462
Equipment under construction	21,111,604	-	21,111,604
Software in development	13,102,642	-	13,102,642
Depreciable/amortizable:			
Equipment	473,746,009	14,737,297	488,483,306
Software	114,883,909	-	114,883,909
Library collections	102,900,219	-	102,900,219
Purchased capacity	-	1,057,062,963	1,057,062,963
Buildings and improvements	1,893,706,881	88,417,731	1,982,124,612
Infrastructure	888,122,173	1,292,421,686	2,180,543,859
Accumulated depreciation	(1,322,146,539)	(658,549,677)	(1,980,696,216)
Accumulated amortization	(35,137,680)	(374,619,053)	(409,756,733)
Total assets	<u>8,268,376,630</u>	<u>1,811,570,538</u>	<u>10,079,947,168</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow for pension contributions subsequent to the measurement date	219,591,616	3,653,175	223,244,791
Deferred outflow for change in proportion (pensions)	12,482,974	634,343	13,117,317
Deferred outflow for differences between expected and actual experience	7,870,860	-	7,870,860
Deferred outflow for changes in assumptions	63,283,695	1,219,326	64,503,021
Deferred amounts from the refunding debt	61,691,845	24,708,605	86,400,450
Deferred outflow of recognition of pension investments	354,065,711	6,106,206	360,171,917
Total deferred outflows of resources	<u>\$ 718,986,701</u>	<u>36,321,655</u>	<u>755,308,356</u>
See accompanying notes to the financial statements.			

EXHIBIT A

Total Component Units	Reclassifications (See Note A-13)	Total Reporting Entity	
			ASSETS
359,082,837	-	1,372,553,076	Equity in pooled cash and temporary investments
25,707,146	-	25,707,146	Cash in banks/with fiscal agents
4,945,000	-	697,484,532	Investments
			Receivables (net of allowances):
11,256,142	-	41,310,698	Accounts
719,542	-	4,987,634	Accrued interest
			Property taxes:
-	-	20,976,178	Delinquent
-	-	3,042,371,975	Not yet due
-	-	5,283,589	Business license taxes - delinquent
-	-	59,682,479	Loans
22,938,159	-	22,938,159	Notes
			Due from intergovernmental units (net of allowances):
			Property tax relief:
-	-	211,313,944	Property tax relief - not yet due
51,812,615	-	198,712,741	Other
3,347,571	-	3,347,571	Due from primary government
-	-	11,604,900	Loan to component unit
-	-	41,210,000	Lease to component unit
1,190,465	-	4,362,816	Inventories of supplies
7,760,263	-	15,092,885	Prepaid and other assets
			Restricted assets:
102,624,655	-	289,973,424	Equity in pooled cash and temporary investments
18,802,865	-	217,051,654	Cash with fiscal agents
4,608,110	-	4,608,110	Certificates of deposit - performance bonds
3,082,400	-	25,604,890	Investments
29,992,922	-	83,508,532	Net OPEB Asset
559,194	-	559,194	Land held for sale
			Capital assets:
			Non-depreciable/non-amortizable:
466,804,405	-	907,192,705	Land and easements
264,898,438	-	582,880,900	Construction in progress
-	-	21,111,604	Equipment under construction
-	-	13,102,642	Software in development
			Depreciable/amortizable:
367,878,309	-	856,361,615	Equipment
13,260,834	-	128,144,743	Software
26,396,772	-	129,296,991	Library collections
-	-	1,057,062,963	Purchased capacity
4,402,962,567	-	6,385,087,179	Buildings and improvements
-	-	2,180,543,859	Infrastructure
(2,307,323,749)	-	(4,288,019,965)	Accumulated depreciation
(5,959,528)	-	(415,716,261)	Accumulated amortization
3,877,347,934	-	13,957,295,102	Total assets
			DEFERRED OUTFLOWS OF RESOURCES
344,942,952	-	568,187,743	Deferred outflow for pension contributions subsequent to the measurement date
30,453,917	-	43,571,234	Deferred outflow for change in proportion (pensions)
457,610,055	-	465,480,915	Deferred outflow for differences between expected and actual experience
57,496,647	-	121,999,668	Deferred outflow for changes in assumptions
233,952	-	86,634,402	Deferred amounts from the refunding debt
-	-	360,171,917	Deferred outflow of recognition of pension investments
890,737,523	-	1,646,045,879	Total deferred outflows of resources

COUNTY OF FAIRFAX, VIRGINIA
Statement of Net Position
June 30, 2017

	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
LIABILITIES			
Accounts payable and accrued liabilities	\$ 81,636,701	2,214,374	83,851,075
Accrued salaries and benefits	71,402,790	1,565,303	72,968,093
Contract retainages	12,773,877	11,316,510	24,090,387
Accrued interest payable	39,070,001	5,330,928	44,400,929
Due to other governments	3,962,745	-	3,962,745
Due to component units	3,347,571	-	3,347,571
Unearned revenue	28,322,944	-	28,322,944
Performance and other deposits	103,835,181	-	103,835,181
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds payable, net	226,687,117	-	226,687,117
Revenue bonds payable, net	44,964,285	27,231,792	72,196,077
Notes payable, net	20,905,000	-	20,905,000
Compensated absences payable	67,090,625	1,429,832	68,520,457
Landfill closure and postclosure obligation	1,000,000	-	1,000,000
Obligations under capital leases and installment purchases	5,249,826	-	5,249,826
Insurance and benefit claims payable	24,077,000	-	24,077,000
Loan from primary government	-	-	-
Unearned Rent	-	-	-
Other	1,543,315	-	1,543,315
Portion due or payable after one year:			
General obligation bonds payable, net	2,223,383,640	-	2,223,383,640
Revenue bonds payable, net	859,033,368	649,572,103	1,508,605,471
Notes payable, net	215,333,353	-	215,333,353
Compensated absences payable	52,074,049	759,351	52,833,400
Landfill closure and postclosure obligation	45,107,251	-	45,107,251
Obligations under capital leases and installment purchases	16,254,564	-	16,254,564
Insurance and benefit claims payable	45,289,000	-	45,289,000
Net pension liability	1,726,783,062	32,568,322	1,759,351,384
Loan from primary government	-	-	-
Unearned Rent	-	-	-
Other	23,085,286	-	23,085,286
Total liabilities	<u>5,942,212,551</u>	<u>731,988,515</u>	<u>6,674,201,066</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow related to differences between actual and expected experience (pensions)	140,977,812	1,964,204	142,942,016
Deferred revenue - other	4,203,321	-	4,203,321
Deferred gain on refunding	935,345	3,420,698	4,356,043
Deferred inflow of recognition of pension investments	-	-	-
Deferred inflow for change in proportion (pensions)	455,595	741,065	1,196,660
Deferred tax revenue	3,280,056,163	-	3,280,056,163
Reduction of capital lease	-	-	-
Total deferred inflows of resources	<u>3,426,628,236</u>	<u>6,125,967</u>	<u>3,432,754,203</u>
NET POSITION			
Net investment in capital assets	2,001,991,926	1,003,960,254	3,005,952,180
Restricted for:			
Grant programs	40,768,549	-	40,768,549
Repair and replacement	-	-	-
Community centers	16,847,162	-	16,847,162
Housing	-	-	-
Transportation	330,514,120	-	330,514,120
Capital projects	-	-	-
Debt service	-	14,185,711	14,185,711
Unrestricted (deficit)	<u>(2,771,599,213)</u>	<u>91,631,746</u>	<u>(2,679,967,467)</u>
Net position	<u>\$ (381,477,456)</u>	<u>1,109,777,711</u>	<u>728,300,255</u>

See accompanying notes to the financial statements.

EXHIBIT A
concluded

Total Component Units	Reclassifications (See Note A-13)	Total Reporting Entity	
LIABILITIES			
55,073,327	-	138,924,402	Accounts payable and accrued liabilities
46,096,333	-	119,064,426	Accrued salaries and benefits
12,645,007	-	36,735,394	Contract retainages
11,144,459	-	55,545,388	Accrued interest payable
-	-	3,962,745	Due to other governments
-	-	3,347,571	Due to component units
25,396,827	-	53,719,771	Unearned revenue
5,831,279	-	109,666,460	Performance and other deposits
Long-term liabilities:			
Portion due or payable within one year:			
-	-	226,687,117	General obligation bonds payable, net
1,362,812	-	73,558,889	Revenue bonds payable, net
1,649,071	-	22,554,071	Notes payable, net
26,017,318	-	94,537,775	Compensated absences payable
-	-	1,000,000	Landfill closure and postclosure obligation
21,498,454	-	26,748,280	Obligations under capital leases and installment purchases
27,799,853	-	51,876,853	Insurance and benefit claims payable
422,300	-	422,300	Loan from primary government
399,164	-	399,164	Unearned Rent
-	-	1,543,315	Other
Portion due or payable after one year:			
-	-	2,223,383,640	General obligation bonds payable, net
24,416,954	-	1,533,022,425	Revenue bonds payable, net
53,720,198	-	269,053,551	Notes payable, net
12,921,391	-	65,754,791	Compensated absences payable
-	-	45,107,251	Landfill closure and postclosure obligation
78,153,738	-	94,408,302	Obligations under capital leases and installment purchases
37,493,162	-	82,782,162	Insurance and benefit claims payable
3,843,824,752	-	5,603,176,136	Net pension liability
11,182,600	-	11,182,600	Loan from primary government
3,916,476	-	3,916,476	Unearned Rent
-	-	23,085,286	Other
4,300,965,475	-	10,975,166,541	Total liabilities
DEFERRED INFLOWS OF RESOURCES			
142,988,616	-	285,930,632	Deferred inflow related to differences between actual and expected experience (pensions)
-	-	4,203,321	Deferred revenue - other
-	-	4,356,043	Deferred gain on refunding
64,054,978	-	64,054,978	Deferred inflow of recognition of pension investments
36,124,030	-	37,320,690	Deferred inflow for change in proportion (pensions)
-	-	3,280,056,163	Deferred tax revenue
3,999,246	-	3,999,246	Reduction of capital lease
247,166,870	-	3,679,921,073	Total deferred inflow of resources
NET POSITION			
3,055,772,537	(1,615,485,629)	4,446,239,088	Net investment in capital assets
Restricted for:			
33,704,270	-	74,472,819	Grant programs
700,000	-	700,000	Repair and replacement
-	-	16,847,162	Community centers
23,501,373	-	23,501,373	Housing
-	-	330,514,120	Transportation
47,340,343	(99,583,550)	(52,243,207)	Capital projects
-	-	14,185,711	Debt service
(2,941,065,411)	1,715,069,179	(3,905,963,699)	Unrestricted (deficit)
219,953,112	-	948,253,367	Net position

COUNTY OF FAIRFAX, VIRGINIA
 Statement of Activities
 For the fiscal year ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government administration	\$ 199,163,586	45,670,404	8,987,275	12,631,378
Judicial administration	62,157,826	13,514,782	24,209,655	3,162
Public safety	743,811,404	70,562,165	47,831,991	222,200
Public works	220,029,595	129,171,598	5,201,180	8,450,972
Health and welfare	621,738,349	80,070,825	159,623,304	5,291
Community development	449,963,548	259,105,255	17,279,476	896,402
Parks, recreation, and cultural	124,438,465	16,952,092	886,981	-
Education - for Public Schools	2,085,926,217	-	-	-
Interest on long-term debt	108,077,416	-	-	-
Total governmental activities	4,615,306,406	615,047,121	264,019,862	22,209,405
Business-type activities:				
Public works - Sewer	177,630,559	220,959,308	-	12,513,674
Total business-type activities	177,630,559	220,959,308	-	12,513,674
Total primary government	4,792,936,965	836,006,429	264,019,862	34,723,079
Component units:				
Public Schools	2,937,396,055	107,830,731	287,732,850	181,916,406
Redevelopment and Housing Authority	107,804,770	41,880,929	68,389,940	1,453,063
Park Authority	104,838,186	47,140,231	-	19,228,339
Economic Development Authority	9,228,414	-	-	-
Total component units	\$ 3,159,267,425	196,851,891	356,122,790	202,597,808

General revenues:

Taxes:
Real property
Personal property
Business licenses
Local sales and use
Consumers utility
Recordation
Occupancy, tobacco, and other
Grants and contributions not restricted to specific programs
Revenue from the use of money
Revenue from primary government
Other
Total general revenues
Change in net position
Net position, July 1, 2016
Net position, June 30, 2017

See accompanying notes to the financial statements.

EXHIBIT A-1

Net (Expense) Revenue and Changes in Net Position

Primary Government		Total Primary Government	Total Component Units	Functions/Programs
Governmental Activities	Business-type Activities			
(131,874,529)	-	(131,874,529)	-	Primary government:
(24,430,227)	-	(24,430,227)	-	Governmental activities:
(625,195,048)	-	(625,195,048)	-	General government administration
(77,205,845)	-	(77,205,845)	-	Judicial administration
(382,038,929)	-	(382,038,929)	-	Public safety
(172,682,415)	-	(172,682,415)	-	Public works
(106,599,392)	-	(106,599,392)	-	Health and welfare
(2,085,926,217)	-	(2,085,926,217)	-	Community development
(108,077,416)	-	(108,077,416)	-	Parks, recreation, and cultural
(3,714,030,018)	-	(3,714,030,018)	-	Education - for Public Schools
				Interest on long-term debt
				Total governmental activities
-	55,842,423	55,842,423	-	Business-type activities:
-	55,842,423	55,842,423	-	Public works - Sewer
(3,714,030,018)	55,842,423	(3,658,187,595)	-	Total business-type activities
				Total primary government
				Component units:
			(2,359,916,068)	Public Schools
			3,919,162	Redevelopment and Housing Authority
			(38,469,616)	Park Authority
			(9,228,414)	Economic Development Authority
			(2,403,694,936)	Total component units
				General revenues:
				Taxes:
\$ 2,601,473,140	-	2,601,473,140	-	Real property
403,229,884	-	403,229,884	-	Personal property
160,711,944	-	160,711,944	-	Business licenses
246,876,636	-	246,876,636	-	Local sales and use
104,327,491	-	104,327,491	-	Consumers utility
25,401,332	-	25,401,332	-	Recordation
36,206,695	-	36,206,695	-	Occupancy, tobacco, and other
211,464,000	-	211,464,000	478,391,998	Grants and contributions not restricted to specific programs
6,653,142	1,022,586	7,675,728	658,597	Revenue from the use of money
-	-	-	1,968,661,914	Revenue from primary government
-	-	-	5,986,887	Other
3,796,344,264	1,022,586	3,797,366,850	2,453,699,396	Total general revenues
82,314,246	56,865,009	139,179,255	50,004,460	Change in net position
(463,791,958)	1,052,912,702	589,120,744	169,948,652	Net position, July 1, 2016
\$ (381,477,712)	1,109,777,711	728,299,999	219,953,112	Net position, June 30, 2017

COUNTY OF FAIRFAX, VIRGINIA
 Balance Sheet
 Governmental Funds
 June 30, 2017

EXHIBIT A-2

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Equity in pooled cash and temporary investments	\$ 282,550,659	420,637,811	703,188,470
Investments	278,271,772	414,267,760	692,539,532
Receivables (net of allowances):			
Accounts	15,082,656	12,449,812	27,532,468
Accrued interest	30,844	4,236,382	4,267,226
Property taxes:			
Delinquent	20,976,178	-	20,976,178
Not yet due	3,042,371,975	-	3,042,371,975
Business license taxes - delinquent	5,283,589	-	5,283,589
Loans	-	59,682,479	59,682,479
Due from intergovernmental units (net of allowances):			
Property tax relief - not yet due	211,313,944	-	211,313,944
Other	51,849,623	45,896,711	97,746,334
Loan to component unit	-	11,604,900	11,604,900
Lease to component unit	-	41,210,000	41,210,000
Interfund receivables	945,046	12,346	957,392
Prepaid and other assets	2,122,029	502,104	2,624,133
Restricted assets:			
Equity in pooled cash and temporary investments	-	81,500,037	81,500,037
Cash with fiscal agents	636,586	183,426,492	184,063,078
Total assets	<u>3,911,434,901</u>	<u>1,275,426,834</u>	<u>5,186,861,735</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	\$ 3,911,434,901	1,275,426,834	5,186,861,735
LIABILITIES			
Accounts payable and accrued liabilities	\$ 26,450,988	45,580,065	72,031,053
Accrued salaries and benefits	56,811,525	12,663,926	69,475,451
Contract retainages	2,348	12,771,529	12,773,877
Due to other governments	1,359	3,961,386	3,962,745
Due to component units	2,567,606	779,965	3,347,571
Interfund payables	1,532,383	957,392	2,489,775
Unearned revenue	24,779,115	68,872,380	93,651,495
Performance and other deposits	76,228,629	27,606,552	103,835,181
Total liabilities	<u>188,373,953</u>	<u>173,193,195</u>	<u>361,567,148</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred tax revenue	3,280,056,163	-	3,280,056,163
Unavailable revenue	21,549,332	8,696,662	30,245,994
Total deferred inflows of resources	<u>3,301,605,495</u>	<u>8,696,662</u>	<u>3,310,302,157</u>
Total liabilities and deferred inflows of resources	\$ 3,489,979,448	181,889,857	3,671,869,305

continued

EXHIBIT A-2

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
FUND BALANCES			
Nonspendable:			
Prepaid amounts	\$ 2,122,029	502,104	2,624,133
Total Nonspendable	2,122,029	502,104	2,624,133
Restricted for:			
Public safety, courts, and judicial	-	22,697,258	22,697,258
General public works	-	124,172,478	124,172,478
Stormwater management	-	52,852,593	52,852,593
Transportation	-	441,552,818	441,552,818
Social services, health and welfare	-	13,769,754	13,769,754
Housing and community development	-	41,225,712	41,225,712
Parks, recreation, and cultural	-	17,378,295	17,378,295
Debt service	-	6,884,040	6,884,040
Capital projects	-	145,787,089	145,787,089
Other purposes	-	9,158,236	9,158,236
Total Restricted	-	875,478,273	875,478,273
Committed to:			
Revenue stabilization	178,694,832	-	178,694,832
Managed reserves	110,657,857	-	110,657,857
Public safety, courts, and judicial	659,338	2,334,021	2,993,359
Transportation	-	11,831,168	11,831,168
Social services, health and welfare	1,746,228	28,240,206	29,986,434
Housing and community development	29,715	11,757,589	11,787,304
Parks, recreation, and cultural	1,025,514	-	1,025,514
Debt service	-	34,296,434	34,296,434
Capital projects	-	129,097,182	129,097,182
Other purposes	25,636,482	-	25,636,482
Total Committed	318,449,966	217,556,600	536,006,566
Assigned to:			
Public safety, courts, and judicial	11,456,019	-	11,456,019
General public works	2,990,896	-	2,990,896
Social services, health and welfare	6,652,875	-	6,652,875
Housing and community development	3,924,254	-	3,924,254
Parks, recreation, and cultural	1,371,289	-	1,371,289
Other purposes	3,415,356	-	3,415,356
Total Assigned	29,810,689	-	29,810,689
Unassigned:			
Total fund balances	421,455,453	1,093,536,977	1,514,992,430
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,911,434,901	1,275,426,834	5,186,861,735

See accompanying notes to the financial statements.

continued

COUNTY OF FAIRFAX, VIRGINIA
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2017

EXHIBIT A-2
concluded

Fund balances - Total governmental funds \$ 1,514,992,430

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different because:

Capital assets used in governmental fund activities are not financial resources and, therefore, are not reported in the funds:

Non-depreciable/non-amortizable assets:		
Land and Easements	\$ 420,492,897	
Construction in progress	206,179,189	
Equipment under construction	15,798,584	
Software in development	13,102,642	
Depreciable/amortizable assets:		
Equipment	316,908,028	
Software	112,683,322	
Library collections	102,900,219	
Buildings and improvements	1,871,550,132	
Infrastructure	<u>884,253,507</u>	
Total capital assets	3,943,868,520	
Less accumulated depreciation/amortization	<u>(1,236,094,030)</u>	2,707,774,490

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

Delinquent taxes (net of allowances):		
Property	\$ 18,144,420	
Business license	5,283,589	
Sales and use and other taxes	690,542	
Lease to component unit	<u>\$41,210,000</u>	65,328,551

When an asset is recorded in governmental fund financial statements, but the revenue is not available, it is reported as deferred inflow of resources in the funds:

Sales and use and other taxes	\$ 21,992,744	
EMS transport and other charges for services	<u>4,049,929</u>	26,042,673

For debt refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt should be reported as a deferred outflow of resources or a deferred inflow of resources:

Deferred loss on refunding of debt	\$ 61,691,845	
Deferred gain on refunding of debt	<u>(935,345)</u>	60,756,500

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

Deferred outflow for contributions subsequent to the measurement date	\$ 219,591,616	
Deferred outflow for change in proportion	12,482,974	
Deferred outflow for differences between expected and actual experience	7,870,860	
Deferred outflow of recognition of pension investments	354,065,711	
Deferred outflow for changes of assumptions	63,283,695	
Deferred inflow for differences between expected and actual experience	(140,977,812)	
Deferred inflow for change in proportion	<u>(455,595)</u>	515,861,449

Certain other receivables are accrued only in the government-wide statements 666,006

OPEB costs are recognized as expenditures in the fund statements, but are deferred in the government-wide statements. 53,515,610

Internal service funds are used by management to provide certain goods and services to governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

Assets:		
Current assets	\$ 232,797,147	
Capital assets	210,441,606	
Less accumulated depreciation/amortization	(121,190,189)	
Liabilities	<u>(85,360,765)</u>	236,687,799

Long-term liabilities related to governmental fund activities are not due and payable in the current period and, therefore, are not reported in the funds:

General obligation bonds payable, net	\$ (2,450,070,757)	
Revenue bonds payable, net	(903,997,653)	
Notes payable	(236,238,353)	
Compensated absences payable	(115,800,797)	
Landfill closure and postclosure obligation	(46,107,251)	
Obligations under capital leases and installment purchases	(20,407,928)	
Net pension liability	(1,726,783,062)	
Other long-term liabilities	(24,628,601)	
Accrued interest on long-term debt	<u>(39,068,562)</u>	(5,563,102,964)

Net position of governmental activities \$ (381,477,456)



COUNTY OF FAIRFAX, VIRGINIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2017

EXHIBIT A-3

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 3,516,899,229	59,243,898	3,576,143,127
Permits, privilege fees, and regulatory licenses	52,201,079	26,588,056	78,789,135
Intergovernmental	356,846,491	231,214,505	588,060,996
Charges for services	81,264,762	291,858,474	373,123,236
Fines and forfeitures	15,947,672	224,564	16,172,236
Developers' contributions	-	1,093,391	1,093,391
Revenue from the use of money and property	31,325,447	13,869,647	45,195,094
Recovered costs	8,960,041	5,891,937	14,851,978
Gifts, donations, and contributions	890,976	837,648	1,728,624
Total revenues	4,064,335,697	630,822,120	4,695,157,817
EXPENDITURES			
Current:			
General government administration	158,210,278	2,484,660	160,694,938
Judicial administration	56,018,395	1,224,464	57,242,859
Public safety	673,290,385	63,831,986	737,122,371
Public works	90,215,133	121,994,323	212,209,456
Health and welfare	391,618,833	222,894,327	614,513,160
Community development	62,174,038	181,614,291	243,788,329
Parks, recreation, and cultural	36,528,547	16,456,944	52,985,491
Intergovernmental:			
Community development	10,988,449	179,925,465	190,913,914
Parks, recreation, and cultural	33,129,930	29,947,793	63,077,723
Education - for Public Schools	1,926,706,345	159,219,872	2,085,926,217
Capital outlay:			
General government administration	11,545,792	10,306,284	21,852,076
Judicial administration	5,720	5,731	11,451
Public safety	1,851,101	49,701,105	51,552,206
Public works	247,960	42,507,066	42,755,026
Health and welfare	483,077	6,607,590	7,090,667
Community development	7,495	39,864,235	39,871,730
Parks, recreation, and cultural	3,676,970	9,359,685	13,036,655
Debt service:			
Principal retirement	857,156	224,341,464	225,198,620
Interest and other charges	68,367	134,290,944	134,359,311
Total expenditures	3,457,623,971	1,496,578,229	4,954,202,200
Excess (deficiency) of revenues over (under) expenditures	606,711,726	(865,756,109)	(259,044,383)
OTHER FINANCING SOURCES (USES)			
Transfers in	21,572,105	589,204,708	610,776,813
Transfers out	(548,220,839)	(70,043,196)	(618,264,035)
General obligation bonds issued	-	308,668,248	308,668,248
Premium on general obligation bonds issued	-	30,984,993	30,984,993
Notes issued	-	97,130,586	97,130,586
Capital leases	-	832,127	832,127
Total other financing sources (uses)	(526,648,734)	956,777,466	430,128,732
Net change in fund balances	80,062,992	91,021,357	171,084,349
Fund balances, July 1, 2016	341,392,461	1,002,515,620	1,343,908,081
Fund balances, June 30, 2017	\$ 421,455,453	1,093,536,977	1,514,992,430

See accompanying notes to the financial statements.

continued

COUNTY OF FAIRFAX, VIRGINIA
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
For the fiscal year ended June 30, 2017

EXHIBIT A-3
concluded

Net change in fund balances - Total governmental funds	\$	171,084,349
Amounts reported for governmental activities in the statement of activities (Exhibit A-1) are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.		
Capital outlays	\$ 176,169,811	
Less depreciation/amortization expense	<u>(108,499,468)</u>	67,670,343
In the statement of activities, the gain or loss on the disposition of capital assets is reported. However, in the governmental funds, only the proceeds from sales are reported, which increase fund balance. Thus, the difference is the net book value (i.e., depreciated cost) of the capital asset dispositions.		
		(12,960,435)
Certain transactions such as donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		
		18,386,859
Build America Bonds interest subsidy accrual is not recognized as revenue in the fund statements		
		(41,390)
Some of the County's receivables will not be collected soon enough to pay for the current period's expenditures and, therefore, are reported as unearned revenue in the funds:		
Delinquent property taxes	\$ 1,563,719	
Delinquent business license taxes	550,771	
Other charges for services	<u>48,790</u>	2,163,280
Some revenues will not be collected for several months after the fiscal year ends, hence, they are not considered "available" revenues and are deferred inflow of resources in the governmental funds:		
Sales and use and other taxes	\$ (30,494)	
EMS transport and other charges for services	<u>(1,414,860)</u>	(1,445,354)
The receipt of principal payments for the lease to the component unit does not result in a revenue in the statement of activities.		
		(1,415,000)
The issuance of long-term debt, including premiums, is reported as other financing sources in the governmental funds and thus, increases fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. The following were issued:		
Series 2016 and 2016 A General Obligation Bonds	\$ (339,653,241)	
TIFIA Note	(97,130,586)	
Obligations under capital leases and installment purchases	<u>(832,127)</u>	(437,615,954)
OPEB costs are recognized as expenditures in the fund statements, but are deferred and amortized in the government-wide statements, resulting in a net difference.		
		13,497,610
Certain other long-term liabilities are recognized only in the government-wide statements, resulting in a net difference.		
		848,315
The repayment of the principal amounts of long-term debt is reported as an expenditure or as an other financing use when debt is refunded in governmental funds and thus, reduces fund balance. However, the principal payments reduce the liabilities in the statement of net position and do not result in an expense in the statement of activities.		
Principal repayments of matured bonds, notes, and loans	\$ 220,971,849	
Principal payments of capital leases and installment purchases	<u>4,226,770</u>	225,198,619
Interest on long-term debt is reported as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is affected as this interest accrues and as bond-related items are amortized. This difference in interest reporting is as follows:		
Accrued interest on bonds, loans, and capital leases	\$ (6,570,292)	
Amortization of bond premiums and discounts	42,130,560	
Amortization of deferred gains on bond refundings	181,785	
Amortization of deferred losses on bond refundings	<u>(9,366,052)</u>	26,376,001
Under the modified accrual basis of accounting used in the governmental funds, expenditures for the following are not recognized until they mature. In the statement of activities, however, they are reported as expenses and liabilities as they accrue. The timing differences are as follows:		
Landfill closure and postclosure costs	\$ 24,690,461	
Compensated absences	(3,305,394)	
Net pension liability	(35,660,027)	
Other	<u>32,752,856</u>	18,477,896
Internal service funds are used by management to provide certain goods and services to governmental funds. The change in net position is reported with governmental activities.		
		<u>(7,910,893)</u>
Change in net position of governmental activities	\$	<u>82,314,246</u>

COUNTY OF FAIRFAX, VIRGINIA
 Statement of Net Position
 Proprietary Funds
 June 30, 2017

EXHIBIT A-4

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
ASSETS		
Current assets:		
Equity in pooled cash and temporary investments	\$ 81,914,843	228,366,926
Accounts receivable	352,068	87,279
Accrued interest receivable	-	866
Due from intergovernmental units (net of allowance)	48,485,564	2,222
Interfund receivables	-	1,532,383
Inventories of supplies	364,880	2,807,471
Prepaid and other assets	4,708,489	-
Total unrestricted current assets	135,825,844	232,797,147
Restricted assets:		
Equity in pooled cash and temporary investments	105,848,732	-
Cash with fiscal agents	14,185,711	-
Investments	22,522,490	-
Total restricted current assets	142,556,933	-
Total current assets	278,382,777	232,797,147
Long-term assets:		
Capital assets:		
Non-depreciable/non-amortizable:		
Land	17,455,028	1,938,688
Easements	501,687	-
Construction in progress	93,677,358	18,125,915
Equipment under construction	-	5,313,020
Depreciable/amortizable:		
Equipment	14,737,297	156,837,981
Software	-	2,200,587
Purchased capacity	1,057,062,963	-
Buildings and improvements	88,417,731	22,156,749
Infrastructure	1,292,421,686	3,868,666
Accumulated depreciation	(658,549,677)	(119,898,303)
Accumulated amortization	(374,619,053)	(1,291,886)
Total capital assets, net	1,531,105,020	89,251,417
Other long-term asset		
Accounts Receivable	2,082,741	-
Total other long-term asset	2,082,741	-
Total long-term assets	1,533,187,761	89,251,417
Total assets	1,811,570,538	322,048,564
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding of debt	24,708,605	-
Deferred outflow related to pensions	11,613,050	-
Total deferred outflows of resources	\$ 36,321,655	-

See accompanying notes to the financial statements.

continued

EXHIBIT A-4

concluded

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,214,374	9,605,648
Accrued salaries and benefits	1,565,303	1,927,339
Contract retainages	11,316,510	-
Accrued interest payable	5,330,928	1,439
Revenue bonds payable, net	27,231,792	-
Compensated absences payable	1,429,832	1,644,458
Obligations under capital leases	-	190,929
Insurance and benefit claims payable	-	24,077,000
Total current liabilities	<u>49,088,739</u>	<u>37,446,813</u>
Long-term liabilities:		
Revenue bonds payable, net	649,572,103	-
Compensated absences payable	759,351	1,719,419
Obligations under capital leases	-	905,533
Insurance and benefit claims payable	-	45,289,000
Net pension liability	32,568,322	-
Total long-term liabilities	<u>682,899,776</u>	<u>47,913,952</u>
Total liabilities	<u>731,988,515</u>	<u>85,360,765</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to Pensions	2,705,269	-
Deferred gain on refunding of debt	3,420,698	-
Total deferred inflow of resources	<u>6,125,967</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	1,003,960,254	88,154,955
Restricted for:		
Debt service	14,185,711	-
Unrestricted	91,631,746	148,532,844
Net position	<u>\$ 1,109,777,711</u>	<u>236,687,799</u>

COUNTY OF FAIRFAX, VIRGINIA
 Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Funds
 For the fiscal year ended June 30, 2017

EXHIBIT A-5

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
OPERATING REVENUES:		
Charges for services	\$ 195,753,184	337,451,285
Recovered costs	-	80,245
Total operating revenues	195,753,184	337,531,530
OPERATING EXPENSES:		
Personnel services	31,623,092	32,445,882
Materials and supplies	15,588,636	3,431,899
Equipment operation and maintenance	-	62,880,621
Risk financing and benefit payments	-	193,691,642
Depreciation and amortization	63,441,165	17,799,048
Professional consultant and contractual services	46,954,691	32,676,320
Other	-	11,488,389
Total operating expenses	157,607,584	354,413,801
Operating gain (loss)	38,145,600	(16,882,271)
NONOPERATING REVENUES (EXPENSES):		
Availability fees	25,206,124	-
Interest revenue	1,022,586	1,007,973
Interest expense	(19,502,116)	(94,106)
Bond issuance costs	(673,776)	-
Gain on disposal of capital assets	152,917	546,548
Total nonoperating revenues (expenses)	6,205,735	1,460,415
Gain (loss) before contributions, special item, and transfers	44,351,335	(15,421,856)
Capital contributions	12,513,674	23,741
Transfers in	-	7,487,222
Change in net position	56,865,009	(7,910,893)
Net position, July 1, 2016	1,052,912,702	244,598,692
Net position, June 30, 2017	\$ 1,109,777,711	236,687,799

See accompanying notes to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended June 30, 2017

EXHIBIT A-6

	Business-type Activities - <u>Enterprise Fund</u> Integrated Sewer System	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 196,021,180	-
Receipts from interfund services provided	-	337,360,643
Payments to suppliers and contractors	(67,206,561)	(74,787,307)
Payments to employees	(31,069,454)	(31,964,265)
Claims and benefits paid	-	(195,323,498)
Payments for interfund services used	-	(29,246,565)
Net cash provided by operating activities	<u>97,745,165</u>	<u>6,039,008</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	-	7,487,222
Net cash provided by noncapital financing activities	<u>-</u>	<u>7,487,222</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Availability fees received	25,206,124	-
Capital grants received	9,394,529	-
Increase in contracts payable	5,099,532	-
Principal payments on sewer revenue bonds	(23,953,495)	-
Interest payments on sewer revenue bonds	(19,178,375)	-
Revenue bonds issued, including premium	103,823,280	-
Payment of bond issuance costs	(673,776)	-
Proceeds from sale of capital assets	96,573	597,307
Purchase of capital assets, other than purchased capacity	(72,318,780)	(16,093,089)
Acquisition of purchased capacity	(25,386,741)	-
Principal payments on obligations under capital leases	-	(1,038,745)
Interest payments on obligations under capital leases	-	(92,666)
Net cash used in capital and related financing activities	<u>2,108,871</u>	<u>(16,627,193)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of restricted investments	17,319,472	-
Purchases of investments	(24,297,886)	-
Interest received	948,086	1,008,955
Net cash provided by investing activities	<u>(6,030,328)</u>	<u>1,008,955</u>
Net increase (decrease) in cash and cash equivalents	93,823,708	(2,092,008)
Cash and cash equivalents, July 1, 2016	93,939,867	230,458,937
Cash and cash equivalents, June 30, 2017	<u>\$ 187,763,575</u>	<u>228,366,929</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ 38,145,600	(16,882,271)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	63,441,165	17,799,048
Change in assets and liabilities:		
Increase in accounts receivable	-	(36,876)
Decrease in intergovernmental receivables	267,996	-
Increase in interfund receivables	-	(134,011)
Decrease in inventories of supplies	416,660	203,560
(Increase) / Decrease in other assets	(4,708,489)	946
Increase in accounts payable and accrued liabilities	182,233	4,609,426
Increase in accrued salaries and benefits	-	479,186
Total adjustments to operating	<u>59,599,565</u>	<u>22,921,279</u>
Net cash provided by operating activities	<u>\$ 97,745,165</u>	<u>6,039,008</u>
Noncash investing, capital, and financing activities:		
Capital contributions - sewer lines, manholes, and equipment	\$ 3,119,145	23,741
Initiation of an obligation under capital lease	-	3,318,540
Net decrease in long-term debt resulting from the issuance of loans/revenue bonds by UOSA	(1,533,709)	-
Amortization of bond premium	1,798,082	-
Increase in fair value of investments not classified as cash and cash equivalents	<u>80,768</u>	<u>-</u>

See accompanying notes to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA
Statement of Fiduciary Net Position
Trust and Agency Funds
June 30, 2017

EXHIBIT A-7

	Pension/OPEB Trust Funds	Agency Funds
ASSETS		
Equity in pooled cash and temporary investments	\$ 16,760,226	2,362,088
Cash collateral for securities lending	263,972,436	-
Accounts receivable	-	59,811
Contributions receivable	16,135,115	-
Accrued interest and dividends receivable	17,231,149	-
Receivable from sale of pension investments	246,745,869	-
Investments:		
U.S. Government and agency securities	206,367,148	-
Asset-backed securities	290,937,714	-
Corporate and other bonds	544,585,414	-
Common and preferred stock	1,289,360,907	-
Short-term investments	506,088,953	-
Investment in pooled funds	4,153,520,132	-
Total assets	<u>7,551,705,063</u>	<u>\$ 2,421,899</u>
DEFERRED OUTFLOWS OF RESOURCES		
Total deferred outflows of resources	-	-
LIABILITIES		
Accounts payable and accrued liabilities	15,858,533	-
Payable for purchase of pension investments	231,517,462	-
Liabilities for collateral received under securities lending agreements	263,972,436	-
Liabilities under reimbursement agreements	-	2,421,899
Compensated absences	299,910	-
Total liabilities	<u>511,648,341</u>	<u>\$ 2,421,899</u>
DEFERRED INFLOWS OF RESOURCES		
Total deferred inflows of resources	-	-
NET POSITION		
Net position restricted for pension/OPEB benefits	<u>\$ 7,040,056,722</u>	

See accompanying notes to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA
Statement of Changes in Plan Net Position
Trust Funds
For the fiscal year ended June 30, 2017

EXHIBIT A-8

	Pension/OPEB Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 305,272,847
Plan members	57,331,109
Other	822,268
Total contributions	<u>363,426,224</u>
Investment income:	
From investment activities:	
Net appreciation in fair value of investments	516,975,028
Interest	52,124,120
Dividends	40,659,302
Total income from investment activities	<u>609,758,450</u>
Less investment activities expenses:	
Management fees	57,307,348
Other	2,152,618
Total investment activities expenses	<u>59,459,966</u>
Net income from investment activities	<u>550,298,484</u>
From securities lending activities:	
Securities lending income	<u>2,826,632</u>
Less securities lending expenses:	
Management fees	<u>1,805,226</u>
Total securities lending activities expenses	<u>1,805,226</u>
Net income from securities lending activities	<u>1,021,406</u>
Net investment income	<u>551,319,890</u>
Total additions	<u>914,746,114</u>
DEDUCTIONS	
Benefits	466,915,978
Refunds of contributions	5,077,742
Administrative expenses	3,127,841
Total deductions	<u>475,121,561</u>
Net increase	439,624,553
Net position, July 1, 2016	<u>6,600,432,169</u>
Net position, June 30, 2017	<u>\$ 7,040,056,722</u>

See accompanying notes to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Net Position
Component Units
June 30, 2017

	Public Schools	Redevelopment and Housing Authority	Park Authority
ASSETS			
Equity in pooled cash and temporary investments	\$ 304,208,657	23,159,255	31,714,925
Cash in banks/with fiscal agents	90,415	25,072,440	544,291
Investments	-	4,945,000	-
Receivables (net of allowances):			
Accounts	8,339,047	2,764,486	152,609
Accrued interest	122,794	544,351	52,397
Notes	-	22,938,159	-
Due from intergovernmental units	50,975,927	-	836,688
Due from primary government	332,074	-	2,660,618
Inventories of supplies	1,190,465	-	-
Prepaid and other assets	429,036	6,956,765	374,462
Restricted assets:			
Equity in pooled cash and temporary investments	95,323,916	-	7,300,739
Cash with fiscal agents	-	18,802,865	-
Certificates of deposit - performance bonds	-	4,608,110	-
Investments	-	3,082,400	-
Net OPEB Asset	29,992,922	-	-
Property held for sale	-	559,194	-
Capital assets:			
Non-depreciable/non-amortizable:			
Land and easements	46,837,095	42,466,895	377,500,415
Construction in progress	256,169,715	520,835	8,207,888
Depreciable/amortizable:			
Equipment	352,286,228	2,265,156	13,291,721
Software	13,260,834	-	-
Library collections	26,396,772	-	-
Buildings and improvements	3,716,622,658	230,421,734	455,150,214
Accumulated depreciation	(1,933,230,568)	(144,066,062)	(229,405,712)
Accumulated amortization	(5,959,528)	-	-
Total assets	<u>2,963,388,459</u>	<u>245,041,583</u>	<u>668,381,255</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow for pension contributions subsequent to the measurement date	335,504,625	2,781,412	5,862,091
Deferred outflow for change in proportion (pensions)	30,099,353	-	170,621
Deferred outflow for recognition of investments	441,913,087	4,620,527	9,764,695
Deferred outflow for changes of assumptions	54,362,177	922,656	1,949,876
Deferred amounts from the refunding debt	-	-	233,952
Total deferred outflows of resources	<u>\$ 861,879,242</u>	<u>8,324,595</u>	<u>17,981,235</u>

See accompanying notes to the financial statements.

EXHIBIT A-9

Economic Development Authority	Total Component Units	
ASSETS		
-	359,082,837	Equity in pooled cash and temporary investments
-	25,707,146	Cash in banks/with fiscal agents
-	4,945,000	Investments
		Receivables (net of allowances):
-	11,256,142	Accounts
-	719,542	Accrued interest
-	22,938,159	Notes
-	51,812,615	Due from intergovernmental units
354,879	3,347,571	Due from primary government
-	1,190,465	Inventories of supplies
-	7,760,263	Prepaid and other assets
		Restricted assets:
-	102,624,655	Equity in pooled cash and temporary investments
-	18,802,865	Cash with fiscal agents
-	4,608,110	Certificates of deposit - performance bonds
-	3,082,400	Investments
-	29,992,922	Net OPEB Asset
-	559,194	Land held for sale
		Capital assets:
		Non-depreciable/non-amortizable:
-	466,804,405	Land and easements
-	264,898,438	Construction in progress
		Depreciable/amortizable:
35,204	367,878,309	Equipment
-	13,260,834	Software
-	26,396,772	Library collections
767,961	4,402,962,567	Buildings and improvements
(621,407)	(2,307,323,749)	Accumulated depreciation
-	(5,959,528)	Accumulated amortization
<u>536,637</u>	<u>3,877,347,934</u>	Total assets
DEFERRED OUTFLOWS OF RESOURCES		
794,824	344,942,952	Deferred outflow for pension contributions subsequent to the measurement date
183,943	30,453,917	Deferred outflow for change in proportion (pensions)
1,311,746	457,610,055	Deferred outflow for recognition of investment
261,938	57,496,647	Deferred outflow for changes of assumptions
-	233,952	Deferred amounts from the refunding debt
<u>2,552,451</u>	<u>890,737,523</u>	Total deferred outflows of resources

continued

COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Net Position
Component Units
June 30, 2017

	Public Schools	Redevelopment and Housing Authority	Park Authority
LIABILITIES			
Accounts payable and accrued liabilities	\$ 47,447,217	4,292,036	3,242,962
Accrued salaries and benefits	41,244,916	973,649	3,614,001
Contract retainages	12,381,384	-	263,623
Accrued interest payable	804,718	10,306,008	33,733
Unearned revenue	17,095,900	2,283,685	6,017,242
Performance and other deposits	2,704,809	2,273,356	853,114
Long-term liabilities:			
Portion due or payable within one year:			
Revenue bonds payable, net	-	596,598	766,214
Notes payable	-	1,649,071	-
Compensated absences payable	22,844,092	566,596	2,364,360
Obligations under capital leases and installment purchases	21,498,454	-	-
Insurance and benefit claims payable	27,799,853	-	-
Loan from primary government	-	-	422,300
Unearned rent	216,055	-	-
Portion due or payable after one year:			
Revenue bonds payable, net	-	22,079,970	2,336,984
Notes payable	-	53,720,198	-
Compensated absences payable	9,790,325	653,095	2,330,314
Obligations under capital leases and installment purchases	78,153,738	-	-
Insurance and benefit claims payable	37,493,162	-	-
Loan from primary government	-	-	11,182,600
Unearned rent	3,635,643	-	-
Net pension liability	3,760,102,728	24,644,244	52,081,396
Total liabilities	4,083,212,994	124,038,506	85,508,843
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow related to differences between actual and expected	137,939,319	1,486,301	3,141,042
Deferred recognition of pension investments	64,000,434	-	-
Deferred inflow for change in proportion (pensions)	32,753,718	866,013	2,517,935
Reduction of capital lease	3,999,246	-	-
Total deferred inflow of resources	238,692,717	2,352,314	5,658,977
NET POSITION			
Net investment in capital assets	2,372,731,014	72,589,385	610,270,380
Restricted for:			
Grant and education programs	32,196,344	-	-
Repair and replacement	-	-	700,000
Housing	-	23,501,373	-
Capital projects	31,946,572	-	15,393,771
E.C. Lawrence Trust - Nonexpendable reserve	-	-	1,507,926
Unrestricted (deficit)	(2,933,511,940)	30,884,600	(32,677,407)
Net position	\$ (496,638,010)	126,975,358	595,194,670

See accompanying notes to the financial statements.

EXHIBIT A-9
concluded

Economic Development Authority	Total Component Units	
LIABILITIES		
91,112	55,073,327	Accounts payable and accrued liabilities
263,767	46,096,333	Accrued salaries and benefits
-	12,645,007	Contract retainages
-	11,144,459	Accrued interest payable
-	25,396,827	Unearned revenue
-	5,831,279	Performance and other deposits
Long-term liabilities:		
Portion due or payable within one year:		
-	1,362,812	Revenue bonds payable, net
-	1,649,071	Notes payable
242,270	26,017,318	Compensated absences payable
-	21,498,454	Obligations under capital leases and installment purchases
-	27,799,853	Insurance and benefit claims payable
-	422,300	Loan from primary government
183,109	399,164	Unearned rent
Portion due or payable after one year:		
-	24,416,954	Revenue bonds payable, net
-	53,720,198	Notes payable
147,657	12,921,391	Compensated absences payable
-	78,153,738	Obligations under capital leases and installment purchases
-	37,493,162	Insurance and benefit claims payable
-	11,182,600	Loan from primary government
280,833	3,916,476	Unearned rent
6,996,384	3,843,824,752	Net pension liability
8,205,132	4,300,965,475	Total liabilities
DEFERRED INFLOWS OF RESOURCES		
421,954	142,988,616	Deferred inflow related to differences between actual and expected experience (pensions)
54,544	64,054,978	Deferred recognition of pension investments
(13,636)	36,124,030	Deferred inflow for change in proportion (pensions)
-	3,999,246	Reduction of capital lease
462,862	247,166,870	Total deferred inflow of resources
NET POSITION		
181,758	3,055,772,537	Net investment in capital assets
Restricted for:		
-	32,196,344	Grant and education programs
-	700,000	Repair and replacement
-	23,501,373	Housing
-	47,340,343	Capital projects
-	1,507,926	E.C. Lawrence Trust
(5,760,664)	(2,941,065,411)	Unrestricted (deficit)
(5,578,906)	219,953,112	Net position

COUNTY OF FAIRFAX, VIRGINIA
 Combining Statement of Activities
 Component Units
 For the fiscal year ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Public Schools:				
Education	\$ 2,937,396,055	107,830,731	287,732,850	181,916,406
Redevelopment and Housing Authority:				
Community development	107,804,770	41,880,929	68,389,940	1,453,063
Park Authority:				
Parks, recreation, and cultural	104,838,186	47,140,231	-	19,228,339
Economic Development Authority:				
Community development	9,228,414	-	-	-
Total component units	\$ 3,159,267,425	196,851,891	356,122,790	202,597,808

General revenues:

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

Total general revenues

Change in net position

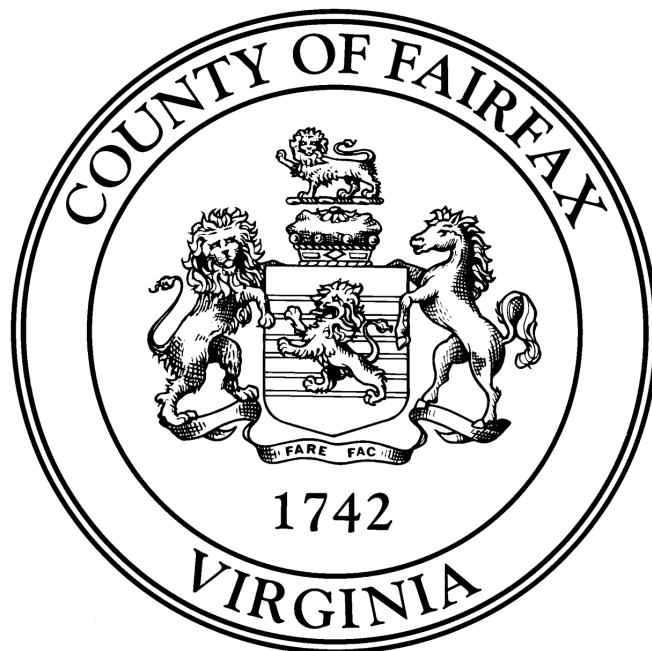
Net position, July 1, 2016

Net position, June 30, 2017

See accompanying notes to the financial statements.

EXHIBIT A-10

Net (Expense) Revenue and Changes in Net Position				
Public Schools	Redevelopment and Housing Authority	Park Authority	Economic Development Authority	Total Component Units
(2,359,916,068)	-	-	-	(2,359,916,068)
-	3,919,162	-	-	3,919,162
-	-	(38,469,616)	-	(38,469,616)
-	-	-	(9,228,414)	(9,228,414)
<u>(2,359,916,068)</u>	<u>3,919,162</u>	<u>(38,469,616)</u>	<u>(9,228,414)</u>	<u>(2,403,694,936)</u>
\$ 471,179,558	-	7,212,440	-	478,391,998
117,666	443,703	97,228	-	658,597
1,913,518,902	-	46,077,722	9,065,290	1,968,661,914
5,986,887	-	-	-	5,986,887
<u>2,390,803,013</u>	<u>443,703</u>	<u>53,387,390</u>	<u>9,065,290</u>	<u>2,453,699,396</u>
30,886,945	4,362,865	14,917,774	(163,124)	50,004,460
<u>(527,524,955)</u>	<u>122,612,493</u>	<u>580,276,896</u>	<u>(5,415,782)</u>	<u>169,948,652</u>
<u>\$ (496,638,010)</u>	<u>126,975,358</u>	<u>595,194,670</u>	<u>(5,578,906)</u>	<u>219,953,112</u>



COUNTY OF FAIRFAX, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Reporting Entity

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

Blended Component Units

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

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

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

McLean Community Center Fund, it is governed by the Board, and the County maintains operational and management responsibility for the district. Separate financial statements are not prepared for Small District One.

Small District Five - The Board of Supervisors created Small District Five, which was located within the Sully, Dranesville and Hunter Mill Magisterial Districts, in 1975 to provide for the construction of a community center and the operation of its social, cultural, educational, and recreational facilities. In March 2006, the Board of Supervisors voted to change the boundaries, placing all boarders within the Hunter Mill Magisterial District. This change became effective January 1, 2007. This small district is reported as a separate special revenue fund of the County, the Reston Community Center Fund, it is governed by the Board, and the County maintains operational and management responsibility for the district. Separate financial statements are not prepared for Small District Five.

Dulles Rail Phase I Transportation Improvement District - The Board of Supervisors created the Dulles Rail Phase I Transportation Improvement District in 2004 to provide funds for the construction of certain transportation improvements in the district. This district is reported as a separate special revenue fund of the County. The District is governed by the members of the Board of Supervisors representing the property owners within the district, and the County management oversees its operation. Separate financial statements are not prepared for the Dulles Rail Phase I Transportation Improvement District.

Dulles Rail Phase II Transportation Improvement District - The Board of Supervisors created the Dulles Rail Phase II Transportation Improvement District in 2009 to provide funds for the construction of certain transportation improvements in the district. This district is reported as a separate special revenue fund of the County. The District is governed by the members of the Board of Supervisors representing the property owners within the district, and the County management oversees its operation. Separate financial statements are not prepared for the Dulles Rail Phase II Transportation Improvement District.

Mosaic District Community Development Authority (CDA) - The CDA is an independent authority legally authorized by an act of the Virginia General Assembly and was formally created by the Board of Supervisors in April 2009. The CDA's purpose is to assist in the development of infrastructure improvements within the district. This authority presentation consists of a special revenue, a debt service fund, and a capital projects fund. This authority provides services that exclusively benefit the County and was established with a tax increment financing agreement. Separate financial statements are not prepared for the CDA.

Discretely Presented Component Units

The columns for the component units in the financial statements include the financial data of the County's other component units. They are presented in separate columns to emphasize that they are legally separate from the County. Separate financial statements of the component units can be obtained by writing to the Financial Reporting Division, Department of Finance, 12000 Government Center Parkway, Suite 214, Fairfax, Virginia 22035. All of the component units have a fiscal year end of June 30. The discretely presented component units are:

Fairfax County Public Schools (Public Schools) - Public Schools is responsible for elementary and secondary education within the County. The School Board is elected by County voters. Public School systems do not have taxing authority under Virginia Code; Public Schools is fiscally dependent on the County. Public Schools operations are funded primarily by the County's General Fund, and the County issues general obligation debt for Public Schools' capital projects.

Fairfax County Redevelopment and Housing Authority (FCRHA) - FCRHA plans, coordinates, and directs the low income housing programs within the County under the Virginia Housing Authorities Law. FCRHA was approved by a voter referendum in November 1965 and was activated by the Board of Supervisors in February 1966. FCRHA is a political subdivision of and reports to the Commonwealth of Virginia. The Board appoints FCRHA's Board of Commissioners, and the County provides certain managerial and related financial assistance to FCRHA.

Fairfax County Park Authority (Park Authority) - The Park Authority was created by the Board of Supervisors of the County on December 6, 1950, to maintain and operate the public parks and recreational facilities located in the County. The Board appoints the Park Authority's governing board, and the County provides funding for the Park Authority's General Fund and one of its capital projects funds. A memorandum of understanding currently in effect between the County and the Park Authority defines the roles of the County and the Park Authority.

Fairfax County Economic Development Authority (EDA) - The EDA is an independent authority legally authorized by an act of the Virginia General Assembly and was formally created by resolutions of the Board of Supervisors. The EDA's mission is to create demand for the new commercial construction that expands the tax base and contributes to the quality of life and overall prosperity of the County. The Board appoints the seven members of the EDA's commission which appoints the EDA's President. The Board appropriates funds annually to the EDA for operating expenditures incurred in carrying out its mission.

Related Organizations

The Board of Supervisors is also responsible for appointing the members of the boards of Fairfax Water, and the Industrial Development Authority of Fairfax County (IDAFIC). The IDAFIC does not have a significant operational or financial relationship with the County. Fairfax Water bills and collects for the sales of sewer services on behalf of the County's sewer system. During fiscal year 2017, Fairfax Water collected approximately \$180.3 million on behalf of the County, and as of June 30, 2017, the County has receivables of approximately \$41.5 million due from Fairfax Water.

Joint Ventures

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

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

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

Jointly Governed Organization

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

2. Basis of Presentation

Government-wide Statements

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

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

Fund Financial Statements

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

The County reports the following major fund types:

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

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

The County reports the following nonmajor governmental fund types:

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

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

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

The County reports the following additional fund types:

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

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

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

3. Measurement Focus and Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Statements

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

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

and expenses. Also, unbilled Sewer System receivables, net of an allowance for uncollectible accounts, are recorded at year end to the extent they can be estimated.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government’s Sewer System and various other functions of the government; elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenue from the use of money and property and from intergovernmental reimbursement grants is recorded as earned. Other revenues are considered available to be used to pay liabilities of the current period if they are collectible within the current period or within 45 days thereafter. The primary revenues susceptible to accrual include property, business license, and other local taxes and intergovernmental revenues. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. Expenditures are recorded when the related fund liability is incurred, except that principal and interest on general long-term debt and certain other general long-term obligations, such as compensated absences and landfill closure and postclosure care costs, are recognized only to the extent they have matured. General capital asset acquisitions are reported as capital outlays in governmental funds. The issuance of general long-term debt and acquisitions under capital leases are reported as other financing sources. The effect of interfund activity has not been eliminated from the governmental fund financial statements.

4. Pooled Cash and Temporary Investments

The County maintains cash and temporary investments for all funds and component units in a single pooled account, except for certain cash and investments required to be maintained with fiscal agents or in separate pools or accounts in order to comply with the provisions of bond indentures. As of June 30, 2017, the pooled cash and temporary investments have been allocated between the County and the respective component units based upon their respective ownership percentages. Temporary investments consist of money market investments that have a remaining maturity at the time of purchase of one year or less and are reported at amortized cost, which approximates fair value. Interest earned, less an administrative charge, is allocated generally to the respective funds and component units based on each fund’s or unit’s equity in the pooled account. In accordance with the County’s legally adopted operating budget, interest earned by certain funds is assigned directly to the General Fund. For the year ended June 30, 2017, interest earned by these funds and assigned directly to the County’s General Fund is as shown on the right.

<u>Primary Government</u>	
Nonmajor Governmental Funds	\$ 3,727,152
Internal Service Funds	323,387
Agency Funds	1,471
Total primary government	4,052,010
<u>Component Units</u>	
Public Schools	3,340,018
FCRHA	47,787
Park Authority	26,117
Total component units	3,413,922
Total reporting entity	\$ 7,465,932

5. Cash and Cash Equivalents

For purposes of the statements of cash flows, the amounts reported as cash and cash equivalents for the proprietary fund types represent amounts maintained in the reporting entity’s investment pool, as they are considered to be demand deposits for the purpose of complying with GASB Statement No.

9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting."

6. Investments

Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost, which approximates fair value. Other investments are reported at fair value or net asset value as required by GAAP. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Asset-backed securities are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar investments. Investment ownership is recorded as of the trade date. Transactions are finalized and money movement occurs on the settlement date. Investments are held as pooled assets and not individually attributed to funds. For presentation purposes, these have been allocated proportionally between the County General Fund and Nonmajor Governmental Funds. For the retirement system, cash received as collateral on securities lending transactions and investments made with such cash are reported as assets and as related liabilities for collateral received.

7. Investments in Derivatives

The County Retirement Systems (the Systems), which include the Employees' (ERS), Police Officers (PORS), and Uniformed (URS) Retirement Systems, as well as the Educational Retirement System (ERFC) of the Public Schools component unit, invest in derivatives as permitted by the Code of Virginia and in accordance with policies set by their respective Board of Trustees. Derivative instruments are financial contracts with valuations dependent on the values of one or more underlying assets, reference rates or financial indices. Detailed information on derivative investments is found in Note B.

8. Inventories and Prepaid Items

The consumption method of accounting for inventories is used. Under this method, inventories are expensed as they are consumed as operating supplies and spare parts in the period to which they apply. Prepaid items represent non-inventory transactions that do not qualify for expense or expenditure recognition, but the cash flow occurred as of the end of the fiscal year but prior to meeting the requirements for liability recognition.

9. Restricted Assets

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

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

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

additional capacity at certain wastewater treatment facilities for the benefit of the County. As of June 30, 2017, the Sewer System has cash and investments that are restricted for the following uses:

Restricted Assets of the Sewer System	
Unspent bond proceeds	99,873,840
Long-term debt service requirements	28,497,382
Current debt service requirements	14,185,711
Total restricted assets	\$ 142,556,933

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

The Park Authority and Public School System have restricted assets representing the amount of the debt service reserve requirement pertaining to unspent amounts from general obligation bonds issued by the County.

10. Capital Assets

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

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

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

No depreciation is taken in the year of acquisition for library collections; depreciation/amortization on other capital assets commences when the assets are purchased or are substantially complete and ready for use. For constructed assets, all associated costs necessary to bring such assets to the condition and location necessary for their intended use, including interest on related debt with respect to the Sewer System, are initially capitalized as construction in progress and are transferred to buildings, improvements, and equipment when the assets are substantially complete and ready for use.

Capital Assets	Useful Lives
Infrastructure	5 - 99 years
Sewer lines	50 years
Buildings	15 - 50 years
Purchased capacity	30 - 99 years
Improvements	5 - 70 years
Vehicles	5 - 20 years
Equipment	5 - 20 years
Library collections	5 years
Software	5 - 15 years

11. Compensated Absences

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

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

12. Pensions

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

13. Net Position

Net position is comprised of three categories: Net investment in capital assets; Restricted net position; and Unrestricted net position. The first category of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that is attributable to these capital assets. Restricted net position is restricted assets reduced by liabilities and deferred inflows of resources related to those assets. As of June 30, 2017, the primary government had \$402.3 million restricted net position, of which \$347.4 million was restricted by enabling legislation. Net position which is neither restricted nor related to net investment in capital assets, is reported as unrestricted net position.

The County issues debt to finance the construction of school facilities for the Public Schools and park facilities for the Park Authority component units because Public Schools does not have borrowing or taxing authority and the Park Authority does not have taxing authority. The County reports this debt, whereas the Public Schools and Park Authority report the related capital assets and unspent bond proceeds. As a result, in the Statement of Net Position (Exhibit A), the debt reduces unrestricted net position for the primary government, while the capital assets are reported in net investment in capital assets and the unspent bond proceeds are reported in restricted net position for Public Schools and the Park Authority.

Because this debt is related to capital assets and restricted assets of the reporting entity as a whole, the debt amount of \$1,615.5 million should be reclassified as shown below to present the total reporting entity column of Exhibit A. Reclassification as presented on Exhibit A consumes restricted in the amount of \$99.6 million for capital projects with the balance of \$1,715.1 million to unrestricted.

Net Position (summarized)	Primary Government	Component Units	Reclassification of Debt Issued for:			Total Reporting Entity
			Public Schools Facilities	Park Authority Facilities	Total Reclassification of Debt Issued	
Investment in capital assets, net of related debt	\$ 3,005,952,180	3,055,772,537	(1,435,413,416)	(180,072,213)	(1,615,485,629)	4,446,239,088
Restricted	402,315,542	105,245,986	(95,323,916)	(4,259,634)	(99,583,550)	407,977,978
Unrestricted	(2,679,967,467)	(2,941,065,411)	1,530,737,332	184,331,847	1,715,069,179	(3,905,963,699)
Net position	\$ 728,300,255	219,953,112	-	-	-	948,253,367

14. Fund Balance Classification

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

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

15. Encumbrances

The County uses encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve that portion of the applicable appropriation. Encumbrances represent the estimated amount of expenditures ultimately to result if unperformed contracts and open purchase orders are completed. Encumbrances for the capital projects funds do not lapse until the completion of the projects and are included within the highest level of fund balance constraint in accordance with the order of expenditure as noted in note A-13. Encumbrances in the general fund are generally reported as assigned fund balance, but balances included in other funds within the general fund group are committed. Funding for all other encumbrances lapses at year end and requires reappropriation by the Board. Funds with significant encumbrance balances are as follows:

	Encumbrance Balance
Primary Government	
General Fund	
Public safety, courts, and judicial	\$ 11,456,019
General public works	2,990,896
Social services, health and welfare	6,652,875
Housing and community development	3,924,254
Parks, recreation, and cultural	1,371,289
Other purposes	8,372,154
Total General Fund	34,767,487
Capital Projects Funds	
Capital Project	\$ 86,337,110

16. Stabilization and Managed Reserve

In 1983, through resolution the Board of Supervisors established a policy to maintain a managed reserve in the general fund at a level sufficient for temporary financing of unforeseen emergency needs or to permit orderly adjustment to changes resulting from the termination of revenue sources through actions of other governmental bodies. The reserve is maintained at a level of not less than 2.0 percent of total general fund disbursements. The balance is adjusted as a part of the quarterly budget review process. The Board increased the target to 4.0 percent in April of 2015.

In 1999, the Board of Supervisors passed a resolution establishing the revenue stabilization fund. The revenue stabilization fund is included in the general fund for reporting purposes. The purpose of the revenue stabilization fund is to provide a mechanism for maintaining a balanced budget without resorting to tax increases and expenditure reductions that aggravate the stresses imposed by the cyclical nature of the economy. Three specific criteria must be met to draw from this fund. Projected revenues must reflect a decrease greater than 1.5 percent from the current year estimate, withdrawals must not exceed one-half of the fund balance in any fiscal year, and withdrawals must be used in conjunction with spending cuts or other measures.

17. Recovered Costs

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

18. Intermunicipal Agreements

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

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

The County and the cities of Fairfax and Falls Church comprise the Fairfax-Falls Church Community Services Board (CSB), established under State mandate in 1969, to provide community-based supports for individuals and families of the three jurisdictions that are affected by developmental delay, developmental disabilities, serious emotional disturbance, mental illness and/or substance use disorders. The CSB uses the County as its fiscal agent. The operations of the CSB, including payments received from these cities for services performed by the County, are reported in a special revenue fund.

19. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The differences are reflected in the period known unless deemed significant by management.

B. DEPOSITS AND INVESTMENTS

1. Deposit and Investment Policies

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

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

The primary government is a participant in the Virginia Investment Pool Trust Fund (VIP Trust). VIP Trust is a Section 115 governmental trust fund created under the Joint Exercise of Powers statute of the Commonwealth of Virginia to provide political subdivisions with an investment vehicle to pool surplus funds and to invest such funds into one or more investment portfolios under the direction and daily supervision of a professional fund manager. The VIP Trust is governed by a Board of Trustees. The VIP Trust seeks to maintain a bond fund rating on the Portfolio of AA/S1 or better from S&P.

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

The primary government's pension trust funds have adopted investment policies to provide a well-managed investment program to meet the long-term goals of the pension trust funds, provide a high degree of diversification, maintain appropriate asset coverage of fund liabilities, and also optimize investment return without introducing higher volatility to contribution levels. Investment decisions for the funds' assets are made by the Boards of Trustees or investment managers selected by the Boards of Trustees. The Boards of Trustees believe that risks can be managed, but not eliminated, by establishing constraints on the investment portfolio and by properly monitoring the investment markets, the pension trust funds' asset allocation, and investment managers. Furthermore, investment portfolios have specific benchmarks and investment guidelines.

The component unit's pension trust fund's investment decisions are made by its Board of Trustees or the investment advisors selected by the Board of Trustees. The Board of Trustees manages the fund's investments under the umbrella of an approved set of investment objectives, guidelines, and performance standards. The objectives are formulated in response to the fund's anticipated financial needs, risk tolerance, and the need to document and communicate objectives, guidelines, and standards to the fund's investment managers. The Board of Trustees may grant exceptions to the

investment guidelines based on written requests and appropriate justification. All exceptions that are approved are included in an appendix to the written guidelines.

The primary government's OPEB trust fund and its component unit's OPEB trust fund are participants in the Virginia Pooled OPEB Trust. Funds of participating jurisdictions are pooled and are invested in the name of the Virginia Pooled OPEB Trust sponsored by the Virginia Municipal League and the Virginia Association of Counties (VML/VACo). The primary government's and component unit's respective shares in this pool are reported on the face of the corresponding OPEB trust fund statements as found in the other supplementary information section of the CAFR. The Board of Trustees of the Virginia Pooled OPEB Trust has adopted an investment policy to achieve a compound annualized total rate of return over a market cycle, including current income and capital appreciation, in excess of 5.0 percent after inflation, in a manner consistent with prudent risk-taking. Investment decisions for the funds' assets are made by the Board of Trustees. The Board of Trustees establishes investment objectives, risk tolerance and asset allocation policies in light of the investment policy, market and economic conditions, and generally prevailing prudent investment practices. The Board of Trustees also monitors the investments to ensure adherence to the adopted policies and guidelines. In addition, the Trustees review, monitor, and evaluate the performance of the investments and its investment advisors in light of available investment opportunities, market conditions, and publicly available indices for the generally accepted evaluation and measurement of such performance. Specific investment information for the Virginia Pooled OPEB Trust can be obtained by writing to VML/VACo Finance Program, 919 East Main Street, Suite 1100, Richmond, Virginia 23219.

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

- Commercial paper
- U.S. Treasury and agency securities
- U.S. Treasury strips
- Certificates of deposits and bank notes
- Insured Deposits
- Demand Deposit Accounts
- Money market funds
- Bankers acceptances
- Repurchase agreements
- Medium term corporate notes
- Local government investment pool
- Asset-backed securities
- Hedged debt obligations of sovereign governments
- Securities lending programs
- Obligations of the Asian Development Bank
- Obligations of the African Development Bank
- Obligations of the International Bank for Reconstruction and Development
- Obligations of the Commonwealth of Virginia and its instrumentalities

- Obligations of counties, cities, towns, and other public bodies located within the Commonwealth of Virginia
- Obligations of state and local government units located within other states
- Savings accounts or time deposits in any bank or savings institution within the Commonwealth that complies with the Code

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

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

2. Fair Value Measurement

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

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

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

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

Level 3 Includes unobservable information to arrive at the valuation.

The Primary Government has the following investments measured at fair value as of June 30, 2017:

Pooled investments		Quoted Prices in Active markets for Identical Assets Level 1	Observable Inputs other than Quoted Prices		Significant Unobservable Inputs Level 3
			Level 2	Level 3	
Investments by Fair Value Level	6/30/2017		Primary Government	Component Unit	
Cash & Cash Equivalents:					
Negotiable Certificates of Deposit	\$ 896,287,850	-	725,636,446	170,651,404	-
Commercial Paper	562,237,882	-	455,188,920	107,048,962	-
Fixed Income Securities:					
Negotiable Certificates of Deposit	27,978,160	-	22,651,175	5,326,985	-
Corporate Notes	151,950,258	-	123,019,234	28,931,024	-
US Agencies	53,198,474	-	43,069,592	10,128,882	-
Total investment by Fair Value Level	\$ 1,691,652,624	-	1,369,565,367	322,087,257	-

The Primary Government and Component unit's pooled investments reporting at Net Asset Value:

Investment measured at the (NAV)	Fair Value	Primary Government	Component Unit	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Virginia Investment Pool (VIP) Bond Fund	\$ 50,580,688	40,950,227	9,630,461	-	2 weeks	5 days/ 60 if > \$5 million

Virginia Investment Pool is invested in high-quality corporate and government securities with average duration of between 1 to 3 years. The net asset value of the Portfolio is determined by calculating the fair market value of all securities and assets held by the Portfolio, including accrued interest and amounts owed to the Portfolio for securities sold or principal and income not collected as of the Portfolio Valuation date, less any liabilities of the Portfolio. The value of each Participant's account is determined by dividing the net asset value of the Portfolio by the total number of shares of beneficial interest, multiplied by the number of shares owned by the Participant. Prices for securities held in the Portfolio shall be valued at the most recent bid price or yield equivalent as obtained from one or more market makers for such securities, except that any securities designated as money market securities may be valued using the amortized cost method based upon the Portfolio's acquisition of the security.

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

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

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

Primary Government - Pension Trust Funds:		Fair Value Measurements Using			
		Quoted Prices in Active markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	
Investments by Fair Value Level	6/30/2017	Level 1	Level 2	Level 3	
Asset-backed securities	\$ 290,937,714	-	290,937,714	-	
Convertible or exchangeable securities	5,483,799	-	5,483,799	-	
Convertible securities	267,144	267,144	-	-	
Corporate and other bonds	427,878,056	5,886,277	419,905,598	2,086,181	
Equity	1,274,833,062	1,274,833,046	-	16	
Fixed income securities	168,285,793	66,024,999	102,235,565	25,229	
Natural resources	10,181,202	-	-	10,181,202	
Preferred securities	4,346,643	2,757,180	1,588,381	1,082	
Real estate	8,695,621	8,695,621	-	-	
Short-term investments	497,409,269	-	91,173,266	406,236,003	
US government obligations	206,367,148	-	206,367,148	-	
Total investment by Fair Value Level	\$ 2,894,685,451	1,358,464,267	1,117,691,471	418,529,713	
Investment measured at the net asset value (NAV)		Unfunded Commitments	Redemption Frequency	Redemption Notice Period	
Absolute return	\$ 707,607,643	-	Monthly, Quarterly	5-90 days	
Alternative Investments	458,965,747	25,912,012	Monthly, Quarterly	5 - 90 days	
Balanced portfolios	207,714,023	-	Monthly	5 - 15 days	
Diversified multi-asset	372,498,064	-	Monthly, Quarterly	3-30 days	
Fixed income	240,690,793	67,932,456	Semi- Annual, None	10 to 90 days, 45-65 days, N/A	
Global equity	368,734,570	37,313,298	Monthly	5 days	
Global fixed income	386,377,691	91,118,556	None, Semi-Annually	N/A, 90 days	
Inflation hedges	59,144,772	-	Monthly	30 days	
International equities	219,715,254	-	Daily, Monthly	1 to 30 days	
Private equities	35,891,025	50,010,751	None	None	
Real assets	67,456,000	-	Daily	20 days	
Real estate and commodity	187,839,481	10,623,086	None, Quarterly	60 days, N/A	
Risk parity	363,296,758	-	Monthly	3 to 15 days	
U.S. equities	131,521,953	-	Monthly, Quarterly	15 to 90 days	
Total investments measured at the NAV	3,807,453,774	282,910,159			
Total investments	\$ 6,702,139,225				

Absolute Return: This type includes hedge funds which implement long and short relative value strategies to capture structural returns across multiple asset classes including equity sectors, equity indices, fixed income, currency and commodities. This type also includes macro event fund focused on identifying specific currency dislocations and their macro implications.

Balanced Portfolios and Diversified Multi-Asset: These types include funds that invest across asset classes using a risk balanced approach in their asset allocation with the intent to balance risk across all combinations of Rising and Falling Growth and Inflation. This is achieved through the use of derivatives and liquid long positions across multiple asset classes.

Fixed Income: This type includes hedge funds and private debt funds. The hedge funds are long/short credit focused strategies which focus on the high yield segment of the debt market, and fund that invests in Mortgage Backed, Asset Backed and other distressed securities believed to be priced below the fundamental credit risk. The private debt funds are middle market direct lending funds that negotiate senior secured loans to borrowers that are too small to attract the attention of conventional banks and lenders. Loan payments are distributed on a quarterly basis. The loans are held at book value unless a payment default has occurred.

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

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

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

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

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

Real Assets: This type of fund focuses on publicly traded REITs, listed infrastructures, commodities, MLPs, natural resource equities, precious metals, TIPS, and floating rate/bank loans. The strategy will set long term strategic allocations to those asset classes with broad ranges. The portfolio will be tactically reviewed on a quarterly basis.

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

Risk Parity: This type includes funds that invests across asset classes using a risk balanced approach in their asset allocation. The main goal is to construct a portfolio that achieves the best risk adjusted return at a 10% expected volatility by overweighting the lower risk asset classes and balance expected returns in inflationary, deflation, high growth and low growth periods. This is achieved through the use of derivatives and liquid long positions across multiple asset classes.

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

The funds classified as alternative investments include the following:

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

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

Multi-strategy -This type includes an event-driven multi-strategy fund that invests in distressed debt, risk arbitrage, event equities, convertible arbitrage, and volatility trades. This type includes hedge funds that use quantitative and qualitative tools to optimize return per unit of volatility. Another fund focuses on acquiring minority stakes in institutionalized hedge fund firms with assets under management in excess of \$1.0 billion.

Event Driven -This type includes investment in a hedge fund that focuses on global long/short credit and event driven positions. The fund has quarterly liquidity and sixty-five day notice period for redemptions.

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

Component Unit - Pension Trust Funds:		Fair Value Measurements Using			
		Quoted Prices in Active markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	
Investments by Fair Value Level	6/30/2017	Level 1	Level 2	Level 3	
Short-term securities	\$ 33,852,955	6,984,683	26,868,272	-	-
Asset and mortgage backed securities	1,990,909	-	1,990,909	-	-
Corporate bonds	63,390,793	-	63,390,793	-	-
Convertible and preferred debt securities	8,218,114	357,591	7,860,523	-	-
International bonds	28,471,264	-	28,471,264	-	-
US government obligations	18,415,390	18,415,390	-	-	-
Basic industries	119,548,890	119,548,467	-	-	423
Consumer services	234,336,533	234,336,533	-	-	-
Financial industries	127,097,342	127,097,342	-	-	-
Preferred securities	5,232,652	5,105,352	127,300	-	-
REITS	16,792,787	16,792,787	-	-	-
Technology	159,178,849	159,178,849	-	-	-
Utilities	24,166,195	24,166,195	-	-	-
Total investment by Fair Value Level	\$ 840,692,673	711,983,189	128,709,061		423
Investment measured at the net asset value (NAV)		Unfunded Commitments	Redemption Frequency	Redemption Notice Period	
Commingled large cap equity funds	\$ 188,864,262	-	Daily	None	
Commingled emerging markets equity funds	91,905,819	-	Daily	3 days	
Commingled domestic fixed income funds	293,686,326	-	Daily	None	
Commingled emerging markets debt funds	66,707,120	-	Monthly	30 days	
Commingled unconstrained fixed income funds	133,498,877	-	Daily, Semi-monthly	1 to 30 days	
Private equity partnerships	68,818,151	76,764,219	Not eligible	N/A	
Commingled global asset allocation funds	236,687,821	-	Daily, Monthly	1 to 30 days	
Commingled better beta fund	112,371,447	-	Monthly	5 days	
Commingled real estate equity funds	180,237,145	-	Daily, quarterly	1 to 90 days	
Commingled absolute return funds	90,512,487	-	Monthly	11 to 30 days	
Total investments measured at the NAV	1,463,289,455	76,764,219			
Total investments measured at Fair Value	\$ 2,303,982,128				

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

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

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

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

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

Private Equity Partnerships: This type includes investments in limited partnerships, which generally include the following strategies: buyouts, venture capital, mezzanine, distressed debt, growth equity and special situations. These investments have an approximate life of 10 years and are considered illiquid. Redemptions are restricted over the life of the partnership. During the life of the partnerships, distributions are received as underlying partnership investments are realized. As of June 30, 2017, it is probable that all of the investments in this type will be sold at an amount different from the NAV per share of the plan's ownership interest in partners' capital.

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

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

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

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

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

3. Interest Rate Risk

The reporting entity's policy is to minimize the risk that the fair value of securities in its portfolio will fall due to changes in market interest rates. To achieve this minimization of risk, the reporting entity structures the pooled investment portfolio so that sufficient securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Pooled investments that are purchased to meet liquidity needs shall have a target weighted average maturity of ninety days or less. All other pooled funds are invested primarily in shorter-term securities, with a maximum maturity of two years. The reporting entity's pooled investments as of June 30, 2017, are summarized as follows:

Investment Type	Valuation	Weighted Average Maturity (Days)
Primary Government - Pooled Investments:		
Pooled Investments:		
U.S. Treasury Securities and Agencies	\$ 43,069,592	288
Commercial Paper	455,188,920	122
Corporate Notes	123,019,234	403
Money Market Funds	30,372,690	1
Negotiable Certificates of Deposit	748,287,621	132
VA Investment Pool Bond Fund	40,950,227	14
VA Investment Pool LGIP	78,856,268	1
Total	\$ 1,519,744,552	
Portfolio weighted average maturity		143
Component Units - Pooled Investments:		
U.S. Treasury Securities and Agencies	\$ 10,128,882	288
Commercial Paper	107,048,962	122
Corporate Notes	28,931,024	403
Money Market Funds	7,142,891	1
Negotiable Certificates of Deposit	175,978,389	132
VA Investment Pool Bond Fund	9,630,461	14
VA Investment Pool LGIP	18,545,007	1
Total	\$ 357,405,616	
Portfolio weighted average maturity		143

The primary government's pension trust funds manage interest rate risk for fixed income accounts by limiting the credit quality of the securities held as well as the duration of the portfolio against the duration of the benchmark. The component unit's pension trust fund's fixed income managers utilize the modified duration method to manage interest rate risk. In addition, the fund's investment policy states that the average effective duration of each manager's portfolio should be within 30 percent of the portfolio's benchmark duration.

The investments in debt securities of the pension trust funds of the reporting entity as of June 30, 2017, are summarized as follows:

Investment Type	Valuation	Duration (Years)
Primary Government - Pension Trust Funds:		
U.S. Government securities		
Employees' Retirement System	\$ 128,353,539	16.2
Police Officers Retirement System	53,688,136	6.6
Uniformed Retirement System	24,325,473	17.1
Corporate and other bonds		
Employees' Retirement System	371,663,379	4.2
Police Officers Retirement System	70,481,535	5.6
Uniformed Retirement System	102,440,500	4.2
Asset-backed securities		
Employees' Retirement System	136,013,943	3.7
Police Officers Retirement System	77,199,380	4.2
Uniformed Retirement System	77,724,391	3.6
Short-term investments		
Employees' Retirement System	263,674,511	0.1
Police Officers Retirement System	117,164,564	0.1
Uniformed Retirement System	125,249,878	0.0
Total	<u>\$ 1,547,979,229</u>	
Component Unit - Pension Trust Fund:		
Asset and mortgage backed	\$ 1,990,909	3.1
Cash and cash equivalents	63,103	-
Convertible and preferred	8,218,114	1.9
Corporate bonds	63,390,793	6.3
International bonds	28,471,264	5.9
Short-term investment funds	19,793,282	0.0
US government obligations	18,415,390	4.9
US treasury bills	13,996,570	0.1
Total	<u>\$ 154,339,425</u>	

4. Credit Risk

The reporting entity's policy is to minimize the risk of loss due to the failure of an issuer or other counterparty to an investment to fulfill its obligations. The reporting entity pre-qualifies financial institutions, broker-dealers, intermediaries, and advisers with which the County does business. In addition, the reporting entity limits its pooled investments to the safest types of securities and diversifies its pooled investment portfolio so that potential losses on individual securities will be minimized. Also, new investments shall not be made in securities that are listed on Moody's Investors Service, Inc. (Moody's) Watchlist or Standard & Poor's, Inc. (S&P) Credit Watch with a negative short term rating. The policy specifies the following acceptable credit ratings for specific

types of investments in the pooled portfolio:

- U.S. government sponsored enterprise instruments shall be rated by both Moody’s and S&P with a minimum rating of Prime 1 and A-1, respectively.
- Prime quality commercial paper shall be rated by at least two of the following: Moody’s, with a rating of P-1; S&P, A-1; Fitch Investor’s Services, Inc. (Fitch), F-1; or by Duff and Phelps, Inc., D-1.
- Mutual funds must have a rating of AAA or better by S&P, Moody’s, or another nationally recognized rating agency.
- Bank deposit notes must have a rating of at least A-1 by S&P and P-1 by Moody’s.
- Banker’s acceptances shall be rated by at least two of the following: Moody’s, with a rating of P-1; S&P, A-1; Fitch, F-1; or by Duff and Phelps, Inc., D-1.
- Corporate notes must have a rating of at least Aa by Moody’s and a rating of at least AA by S&P.
- The VIP Trust Fund’s policy is to maintain a bond fund rating on the Portfolio of AA/S1 or better from S&P.

While the overall investment guidelines for the primary government’s pension trust funds do not specifically address credit risk, investment managers have specific quality limits appropriate for the type of mandate they are managing and that fit within the total risk tolerance of the fund. The component unit’s pension trust fund’s investment policy states that the average credit quality of a fixed income portfolio must be at least A. The policy also permits up to 20 percent of the portfolio to be invested in Moody’s or S&P’s quality rating below Baa or BBB, respectively. If a security is downgraded below the minimum rating, the investment manager must notify the Board of Trustees and an exception to the guidelines must be granted in order for the security to remain in the portfolio.

As of June 30, 2017, investments held by the county pool were rated as follows:

Credit Quality Rating *									
AA		A-1		AAA-m		Aaf/S1		Unrated	
U.S. Treasury and Agencies**	2.2%	Commercial paper	23.2%	Money Market Funds	1.5%	Virginia Investment Pool	2.1%	Demand Deposit Accounts	7.1%
Corporate Notes	6.2%	Negotiable CD	37.7%	LGIP	4.0%	-	-	Insured CD	0.0%
-	-	-	-	-	-	-	-	Collateralized CDs	16.0%
8.4%		60.9%		5.5%		2.1%		23.1%	

* Credit quality ratings are determined using S&P's short term and long-term ratings, which approximates the greatest degree of risk as of June 30, 2017.

** U.S.Treasury and Agencies AA+

The primary government and component units' pension trust funds' credit quality ratings at June 30, 2017, were as follows:

Investment Type	Credit Quality Rating *							
	AAA	AA	A	BBB	BB	B	Below B	Unrated
Primary Government								
Pension Trust Funds:								
U.S. Government obligations	- %	13.3 %	- %	- %	- %	- %	- %	- %
Corporate and other bonds	0.8	3.6	4.3	3.9	7.9	8.1	2.3	4.3
Asset-backed securities	0.2	5.5	0.1	0.6	0.3	0.6	4.1	7.4
Short-term investments	-	2.2	-	-	-	-	-	30.5
Component Units								
Pension Trust Fund:								
U.S. Government obligations	11.9 %	- %	- %	- %	- %	- %	- %	- %
Asset and mortgage-backed securities	0.1	-	1.2	-	-	-	-	-
Corporate bonds	-	0.4	4.5	17.3	12.3	5.0	1.6	-
Convertible securities	-	-	0.1	2.5	1.5	0.8	0.4	-
International bonds	4.9	1.2	3.6	4.3	3.5	0.9	-	-
Cash and cash equivalents	-	-	-	-	-	-	-	0.1
Short-term investment funds	-	-	-	-	-	-	-	12.8
US treasury bills	9.1	-	-	-	-	-	-	-

* Credit quality ratings are determined using S&P's long-term rating schema, which approximates the greatest degree of risk as of June 30, 2017.

5. Concentration of Credit Risk

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

Investment Type	Maximum Diversification
U.S. Treasury securities and agencies	100% maximum
Banker's acceptances	40% maximum
Negotiable certificates of deposit and bank deposit notes	40% maximum
Non-negotiable certificates of deposit	40% maximum
Insured certificates of deposit	40% maximum
Commercial paper	35% maximum
Repurchase agreements	30% maximum
Mutual funds	30% maximum
Collateralized deposit account	30% maximum
Insured deposit account	30% maximum
Corporate notes	25% maximum
Virginia investment pool	10% maximum

In addition, not more than 5 percent of the total pooled funds available for investment at the time of purchase may be invested in any one issuing or guaranteeing corporation for commercial paper, corporate notes, and negotiable certificates of deposits. The County shall seek to maintain 5 percent of the investment portfolio in a combination of mutual funds, demand deposit accounts or open repurchase agreements to meet liquidity requirements.

While the overall investment guidelines for the primary government's pension trust funds do not specifically address concentration of credit risk, investment managers have specific concentration limits appropriate for the type of mandate they are managing and that fit within the total risk tolerance of the fund. The pension trust funds do not have investments (other than U.S. Government and U.S. Government-guaranteed obligations) in any one organization that represents 5 percent or more of net position available for benefits.

The component unit's pension trust fund's policy limits the securities of any one issue to 10 percent at cost and 15 percent at market of each fixed income portfolio. The policy allows an exception for government securities and its agencies. As of June 30, 2017, ERFC had four active fixed income managers and one passive fixed income manager. The active manager portfolios had values of \$90.6 million, \$216.3 million, \$183.1 million and \$66.7 million. The indexed portfolio had a value of \$77.4 million. The fair value of the largest issue other than the U.S. Government in the portfolios of the active managers, excluding pooled funds, was only 2.92 percent of that portfolio.

6. Custodial Credit Risk

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

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

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

the amounts the pension trust funds owed the borrower exceeded the amounts the borrowers owed the pension trust funds. Information pertaining to the securities lending transactions as of June 30, 2017, is presented as follows:

Securities Lent	Underlying Securities	Cash Collateral Investment Value	Securities Collateral Investment Value
Primary Government - Pension Trust Funds:			
Lent for cash collateral:			
U.S. Government securities	\$ 44,165,263	45,091,024	-
Corporate and other bonds	79,734,839	81,713,297	-
Common and preferred stock	133,681,151	137,168,116	-
Lent for securities collateral:			
U.S. Government securities	38,103,252	-	40,684,397
Corporate and other bonds	4,028,114	-	4,122,857
Common and preferred stock	135,226,371	-	135,744,304
Sovereign debt	-	-	11,157,260
Total securities lent	<u>\$ 434,938,990</u>	<u>263,972,437</u>	<u>191,708,818</u>
Component Unit - Pension Trust Fund:			
Lent for cash collateral:			
Domestic corporate bonds	\$ 27,786,741	28,454,057	-
Domestic stock	133,170,035	136,278,512	-
International stock	2,358,963	2,539,085	-
U.S. Government securities	3,372,583	3,442,151	-
Total securities lent	<u>\$ 166,688,322</u>	<u>170,713,805</u>	<u>-</u>

7. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of the investment. Per the reporting entity's policy, pooled investments are limited to U.S. dollar denominated instruments. The pension trust funds are allowed to invest in foreign currency denominated instruments. The component unit's pension trust fund's currency risk exposures primarily exist in the international equity and active fixed income holdings. At the present time, there are no specific foreign currency guidelines for equities or active fixed income investments, however, equity and fixed income managers are all measured against specific performance standard and risk guidelines identified in the component unit's pension trust fund's investment policy. The fair value in U.S. dollars of the pension trust funds' foreign currency investments as of June 30, 2017 is presented on the following pages:

Foreign Currency Risk

International Securities	Cash & Cash Equivalents	Equity	Convertible and Fixed Income	Total U.S. Dollars
Primary Government - Pension Trust Funds:				
Argentina Peso	\$ -	-	545,394	545,394
Australian Dollar	606,966	28,366,891	10,117,327	39,091,184
Brazil Real	9	8,721,855	9,105,036	17,826,900
Canadian Dollar	605,007	11,035,634	(877,513)	10,763,128
Columbian Peso	-	-	678,429	678,429
Danish Krone	9,866	22,426,922	292,210	22,728,998
Euro Currency Unit	24,795	148,415,412	10,676,873	159,117,080
Hong Kong Dollar	763	40,259,579	-	40,260,342
Hungarian Forint	1,162	-	-	1,162
Indian Rupee	-	-	698,349	698,349
Indonesian Rupiah	-	1,278,998	9,063,552	10,342,550
Israeli Shekel	-	271,316	-	271,316
Japanese Yen	1,299,513	143,869,316	-	145,168,829
Malaysian Ringgit	-	47,552	10,608,690	10,656,242
Mexican New Peso	18,236	4,460,103	30,530,911	35,009,250
New Taiwan Dollar	18,757	1,474,872	-	1,493,629
New Zealand Dollar	601	125,117	779,358	905,076
Norwegian Krone	-	6,057,530	-	6,057,530
Philippine Peso	-	149,700	-	149,700
Polish Zloty	2	1,662,052	12,606,032	14,268,086
Pound Sterling	1,788,695	101,858,020	3,687,639	107,334,354
Singapore Dollar	2,838	3,598,113	1,303,190	4,904,141
South African Rand	31	108,248	9,449,262	9,557,541
South Korean Won	-	14,921,462	-	14,921,462
Swedish Krona	(20,958)	16,621,572	-	16,600,614
Swiss Franc	(2)	26,109,350	-	26,109,348
Thailand Baht	-	5,459,886	-	5,459,886
Turkish Lira	2	408,071	1,281,147	1,689,220
Total fair value	\$ 4,356,283	587,707,571	110,545,886	702,609,740

Foreign Currency Risk

International Securities	Cash & Cash Equivalents	Equity	Convertible and Fixed Income	Total U.S. Dollars
Component Unit - Pension Trust Fund: *				
Australian Dollar	\$ 113,791	7,083,702	2,936,643	10,134,136
Brazil Real	463	26,693	-	27,156
Canadian Dollar	56,124	22,904,569	771,185	23,731,878
Chilean Peso	6,329	334,486	-	340,815
Danish Krone	7,030	4,084,872	-	4,091,902
Euro Currency Unit	411,102	77,873,756	4,933,921	83,218,779
Hong Kong Dollar	207,175	10,094,181	-	10,301,356
Indonesian Rupiah	3,236	149,462	-	152,698
Israeli Shekel	239	362,987	-	363,226
Japanese Yen	182,318	51,315,937	-	51,498,255
Malaysian Ringgit	33,074	2,300,043	-	2,333,117
Mexican Peso	15,941	468,887	3,963,874	4,448,702
New Taiwan Dollar	7,104	5,519,331	-	5,526,435
New Zealand Dollar	(1,164,728)	749,472	5,425,234	5,009,978
Norwegian Krone	57,621	3,024,515	270,843	3,352,979
Philippine Peso	1,480	144,427	-	145,907
Polish Zloty	4,280	1,293,087	-	1,297,367
Pound Sterling	180,891	46,170,813	-	46,351,704
Qatari Riyal	-	125,708	-	125,708
South African Rand	51,658	2,421,411	-	2,473,069
Singapore Dollar	11,752	2,110,192	-	2,121,944
South Korean Won	16,216	13,741,559	44,920	13,802,695
Swedish Krona	6,431	5,409,046	-	5,415,477
Swiss Franc	222,012	19,232,589	-	19,454,601
Thailand Baht	-	4,134,932	-	4,134,932
Turkish Lira	23,235	4,370,573	-	4,393,808
Total fair value	<u>\$ 454,774</u>	<u>285,447,230</u>	<u>18,346,620</u>	<u>304,248,624</u>

8. Derivatives

In order to enhance investment returns and manage risk exposure, the Primary government's pension trust funds (Pension trust funds) regularly invest in derivative financial instruments with off-balance-sheet risk. The Pension trust funds also entered into derivative transactions to gain exposure to currencies and markets where derivatives are the most cost-effective instrument. During fiscal year 2017, the Pension trust funds invested directly in various derivatives including asset-backed securities, collateralized mortgage obligations, exchange-traded futures contracts, forward currency contracts, options, swaps, and floating rate securities. Some traditional on-balance-sheet securities, such as structured notes, can have derivative-like characteristics where the return may be linked to one or more indices. Asset-backed securities, such as collateralized mortgage obligations (CMOs), are sensitive to changes in interest rates and pre-payments. Futures, forwards, options, and swaps generally are not recorded on the financial statements, whereas floating rate securities, structured notes, and asset-backed securities are recorded. The Pension trust funds also have exposure to derivatives indirectly through its ownership interests in certain hedge funds, mutual funds and commingled funds which may use, hold or write derivative financial instruments.

Derivative investments may involve credit and market risk in excess of amounts recognized on the financial statements. The Pension trust funds could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. Holders of futures contracts look to the exchange for performance under the contract and not to the other party holding the offsetting futures position; therefore, the amount at risk due to nonperformance of counterparties to futures contracts is minimal. For counterparties involving over the counter derivatives, the Boards of Trustees of the Pension trust funds seek to control such risk through counterparty credit evaluations, counterparty credit limits, and exposure monitoring procedures conducted by investment managers and staff. To address counterparty risk, the Pension trust funds instruct the investment managers who use swaps, forwards, and options to only enter into contracts with counterparties rated at investment grade of BBB or better by at least one nationally recognized rating agency.

The Pension trust funds held four types of derivative financial instruments with notional values carried off-balance-sheet: futures, swaps, currency forwards, and options. Those financial instruments provide the Pension trust funds with the opportunity to build passive benchmark positions, manage portfolio duration in relation to various benchmarks, adjust portfolio yield curve exposure, enhance returns, and gain market exposure to various indices in a more efficient way and at lower transaction costs. Risk is inherent to most investments.

Futures contracts are contracts to deliver or receive securities at a specified future date and at a specified price or yield. Futures contracts are traded on organized exchanges (exchange-traded) and typically require an initial margin (collateral) in the form of cash or marketable securities. The net change in the futures contract value is settled daily with the exchanges in cash and the net gains or losses are included in the Pension trust funds' financial statements. Holders of futures contracts look to the exchange for performance under the contract and not to the entity holding the offsetting futures position. Accordingly, the amount at risk posed by nonperformance of counterparties to futures contracts is minimal. The notional value of the Pension trust funds' investment in futures contracts at June 30, 2017 is shown in the table on the following page:

Future Contract Types	Base Exposure	Notional Cost
Primary Government - Pension Trust Funds:		
Cash & Cash Equivalent Futures:		
Long	\$ -	-
Short	(379,051,648)	(378,360,680)
Equity Futures:		
Long	582,377,025	584,858,314
Short	(63,396,080)	(63,254,625)
Fixed Income Futures:		
Long	570,630,211	570,813,341
Short	(87,886,947)	(88,797,631)
Commodity Futures:		
Long	132,023,020	133,006,775
Short	(39,842,744)	(40,771,388)
Other:		
Long	619,500	618,450
Short	-	-
Total	\$ 715,472,337	718,112,556

The Pension trust funds enter into several types of swap contracts in which two counterparties agree to exchange one stream of payments for another over some agreed to period of time. Swaps are used to manage risk and enhance returns. All counterparties are rated A or better. The Pension trust funds' swap contracts outstanding at June 30, 2017 is summarized as follows:

Swap Types	Base Exposure	Fair Value
Primary Government - Pension Trust Funds:		
Equity Swaps:		
Total Return Swaps	\$ 1,252,768	-
Fixed Income Swaps:		
Cleared Return Swaps	3,547,999	1,709,097
Cleared Credit Default Swaps	2,505,179	2,456,013
Cleared Inflation Swaps	91,475	60,451
Credit Default Swaps	(258)	(258)
Inflation Swaps	(2,421)	(2,421)
Interest Rate Swaps	192,283	18,160
Total Return Swaps	221,470	-
Total	\$ 7,808,495	4,241,042

Option contracts may be exchanged, traded, or negotiated directly in over the counter transactions between two counterparties. Options holders have the right, but not the obligation, to purchase or sell a financial instrument at a future price and date. The Pension trust funds can both purchase and write options. Exchange traded options rely on the exchange for performance and the risk to non-performance of counterparties is minimal. All counterparties for over the counter options are rated A or better. The Pension trust funds option contracts at June 30, 2017 are presented on the following page.

		Cost	Fair Value	Unrealized Gain/(loss)
Primary Government - Pension Trust Funds:				
Commodity Options:				
Purchased	Call	\$ 153,275	118,104	(35,171)
Purchased	Put	17,190	20,979	3,789
Written	Call	(192,909)	(172,492)	20,417
Written	Put	(90,804)	(110,392)	(19,588)
Equity Options:				
Written	Call	(40,775)	(8,984)	31,791
Written	Put	(1,290)	(5)	1,285
Fixed Income Options:				
Purchased	Call	40,070	46,151	6,081
Purchased	Put	40,070	40,070	-
Written	Call	(13,684)	(2,728)	10,956
Written	Put	(10,865)	(2,294)	8,571
Other				
Purchased	Call	5,050	260	(4,790)
Written	Call	(10,020)	(10,020)	-
Written	Put	(12,180)	(12,180)	-
Total		\$ (116,872)	(93,531)	23,341

Currency forwards represent foreign exchange contracts and are used to effect settlements and to protect the base currency value of portfolio assets denominated in foreign currencies against fluctuations in the exchange rates of those currencies or to gain exposure to the change in market value of a specific currency. A forward foreign currency exchange contract is a commitment to purchase or sell a foreign currency at a future date and at a negotiated price. The credit risk of currency contracts that are exchange-traded lies with the clearinghouse of the exchange where the contracts are traded. The credit risk of currency contracts traded over-the-counter lies with the counterparty, and exposure usually is equal to the unrealized profit on in-the-money contracts. All counterparties are rated A or better. The market risk in foreign currency contracts is related to adverse movements in currency exchange rates. The net unrealized loss on foreign currency spot and forward contract at June 30, 2017 was \$238,976, and the Pension trust funds' currency forwards contracts are summarized as follows:

Foreign Currency Contracts Purchased	Notional (Local Currency)	Fair Value of Foreign Currency Contract Payable in U.S. Dollars	Unrealized Gain(Loss)
Primary Government - Pension Trust Funds:			
Danish Krone	(1,938,000)	\$ (298,005)	(1,826)
Euro Currency Unit	(47,913,067)	(54,771,415)	(1,747,402)
Japanese Yen	(2,586,233,000)	(23,049,233)	267,983
Mexican New Peso	(6,260,000)	(337,671)	(33,255)
New Zealand Dollar	(92,000)	(67,361)	(2,319)
Pound Sterling	(527,000)	(684,935)	(7,422)
South Korean Won	(8,810,000,000)	(7,702,847)	157,610
New Taiwan Dollar	(292,200,000)	(18,316,635)	156,329
Total Foreign Currency Contracts Purchased		<u>\$ (105,228,102)</u>	<u>(1,210,302)</u>
Foreign Currency Contracts Sold			
Primary Government - Pension Trust Funds:			
Australian Dollar	6,490,000	\$ 4,975,408	183,999
Canadian Dollar	8,110,000	6,248,555	111,404
Euro Currency Unit	475,000	541,789	1,477
Indian Rupee	599,000,000	9,186,835	8,728
Japanese Yen	69,008,754	614,202	(1,272)
Mexican Peso	6,971,755	378,175	21,497
Norwegian Krone	115,400,000	13,784,165	348,207
Pound Sterling	21,602,000	28,122,230	182,066
Swedish Krona	110,300,000	13,104,569	593,172
Total Foreign Currency Contracts Sold		<u>\$ 76,955,928</u>	<u>1,449,278</u>

As permitted by the Board's policies, the Pension trust funds hold off-balance-sheet derivatives in a small number of separately managed accounts. Investment managers are prohibited from purchasing securities on margin or using leverage unless specifically permitted within the investment manager's guidelines. Derivative instruments covered under the scope of GASB 53 are reported at fair value. The changes in fair value of derivative instruments that are used for investment purposes are reported within the investment revenue classification. Gains and losses on derivative securities are determined based upon fair market values as determined by our custodian and recorded in the Statement of Changes in Plan Net Position of the pension trust funds.

As permitted by the Code, the component unit's pension trust fund (ERFC) invests in derivative instruments on a limited basis in accordance with the Board of Trustees' investment policy. Derivatives provide a means for ERFC to increase earnings and/or hedge against potential losses. During the fiscal year, ERFC invested in CMO derivatives. These derivatives are securities created using the underlying cash flows from mortgage backed securities as collateral. As of June 30, 2017, the fair value of the CMOs was \$94,043. In addition, ERFC had indirect investments in derivatives through its ownership interest in the Better Beta fund, one Private Equity manager, two of the Real Estate managers, three of the fixed income managers, and one of the Global Asset Allocation managers. These portfolios are commingled funds in which ERFC has a percentage ownership. Derivatives in these portfolios consisted of interest rate swaps and caps, which reduce the effect of interest rate fluctuations by converting floating rate financing into fixed rate loans for real estate investments. Futures, because they are more liquid than over the counter derivatives, have among the lowest transaction costs available, carry minimal counterparty risk and are de facto currency hedged. Non Deliverable Forward's (NDF's) obtain exposure to a currency and its interest rate where the actual purchase of onshore debt is difficult. The interest rate exposure comes through the difference between the spot foreign exchange (F/X) rate and the forward F/X rate, and through investing the US dollar (USD) cash used as collateral in short dated US bonds. Forward commodity contracts hedge changes in cash flows due to market price fluctuations related to the expected purchase of a commodity. Currency forwards are used for hedging non-USD denominated physical instruments back to the base currency. Options are contracts that give the buyer the right, but not the obligation, to buy or sell an underlying asset at a specific price on or before a certain date. Swap options are contracts that give the buyer the right, but not obligation, to enter into an underlying swap. Credit Default Swaps (CDS) are contracts that offer guarantees against the non-payment of loans. At June 30, 2017, exposure to interest rate swaps was \$(20,403,548), exposure to interest rate caps was \$1,651,106, exposure to futures contracts was \$14,574,221, exposure to NDFs was \$(34,717), exposure to forward commodity contracts was \$(104,579) exposure to currency forward contracts was \$4,607,179, exposure to options was \$3,016,753, and exposure to CDSs was \$805,658.

C. Property Taxes

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

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

Real estate and personal property taxes not paid by the due dates are assessed a ten percent late payment penalty on the tax amount. Furthermore, interest accrues from the first day following the due date at an annual rate of ten percent for the first year and thereafter at the rate set by the Internal Revenue Service. The

net delinquent taxes receivable, including interest and penalties, as of June 30, 2017, after allowances for uncollectible amounts, is \$20,976,178 of which \$2,831,758 has been included in tax revenue for fiscal year 2017 because it was collected within 45 days after June 30.

As required by GAAP, the County reports real estate and personal property taxes (net of allowances) assessed for calendar year 2017 as receivables (net of payments totaling \$26,370,244 received in advance of the due date) and deferred tax revenue because the County has an enforceable legal claim to these resources at June 30, 2017; however, these resources, which amount to \$3,280,056,163, will not be available to the County until fiscal year 2018.

The 1998 Virginia General Assembly enacted the Personal Property Tax Relief Act to provide property tax relief on the first \$20,000 of value of motor vehicles not used for business purposes. Due to budget constraints, the 2003 Virginia General Assembly froze the tax reduction at 70 percent. The 2005 Virginia General Assembly revised this measure further to limit its tax relief payments to all localities to a total of \$950 million per tax year beginning with 2006 (fiscal year 2007). The County's fixed share of the \$950 million is \$211,313,944, as determined by its share of the total payments made to all localities by the Commonwealth during calendar years 2004 and 2005 for tax year 2004 (fiscal year 2005). The County's fixed share from the Commonwealth is reported as intergovernmental revenue in the General Fund.

D. Receivables

Receivables and allowances for uncollectible receivables of the primary government, excluding fiduciary funds, at June 30, 2017, consist of the following:

	General Fund	Nonmajor Governmental Funds	Enterprise Fund	Internal Service Funds	Total Primary Government (Exhibit A)
Receivables:					
Accounts	\$ 20,337,114	12,449,812	2,434,809	87,279	35,309,014
Accrued interest	30,844	4,465,442	-	866	4,497,152
Property taxes:					
Delinquent	35,834,427	-	-	-	35,834,427
Not yet due	3,049,570,294	-	-	-	3,049,570,294
Business license taxes - delinquent	13,289,111	-	-	-	13,289,111
Loans	-	59,682,479	-	-	59,682,479
Total receivables	3,119,061,790	76,597,733	2,434,809	88,145	3,198,182,477
Allowances for uncollectibles:					
Accounts receivable	(5,254,458)	-	-	-	(5,254,458)
Accrued interest	-	(229,060)	-	-	(229,060)
Property taxes:					
Delinquent	(14,858,249)	-	-	-	(14,858,249)
Not yet due	(7,198,319)	-	-	-	(7,198,319)
Business license taxes - delinquent	(8,005,522)	-	-	-	(8,005,522)
Total allowances for uncollectibles	(35,316,548)	(229,060)	-	-	(35,545,608)
Total net receivables	\$ 3,083,745,242	76,368,673	2,434,809	88,145	3,162,636,869

Receivables of the component units, excluding fiduciary funds, at June 30, 2017, consist of the following:

	Public Schools	FCRHA	Park Authority	EDA	Total Component Units
Receivables:					
Accounts	\$ 8,339,047	3,050,714	152,609	-	11,542,370
Accrued interest	122,794	544,351	52,397	-	719,542
Notes	-	22,938,159	-	-	22,938,159
Total receivables	8,461,841	26,533,224	205,006	-	35,200,071
Allowances for uncollectible	-	(286,228)	-	-	(286,228)
Total net receivables	\$ 8,461,841	26,246,996	205,006	-	34,913,843

Delinquent property taxes receivable from taxpayers in the General Fund as of June 30, 2017, are as follows:

Year of Levy	Real Estate	Personal Property	Total
2016	\$ 7,295,912	7,335,169	14,631,081
2015	1,984,563	3,043,527	5,028,090
2014	914,868	2,924,001	3,838,869
Prior years	1,827,655	4,233,336	6,060,991
Total delinquent taxes	\$ 12,022,998	17,536,033	29,559,031
Penalty and interest			6,275,396
Total delinquent taxes, penalty and interest			35,834,427
Allowances for uncollectibles			(14,858,249)
Net delinquent tax receivables			\$ 20,976,178

Amounts due to the primary government and component units from other governmental units at June 30, 2017, include the following:

	Primary Government					Component Unit	
	General Fund	Nonmajor Governmental Funds	Enterprise Fund	Internal Service Funds	Total (Exhibit A)	Public Schools	Park Authority
Federal government	\$ 102,274	11,188,683	163,600	-	11,454,557	27,721,796	836,688
State government:							
Property tax relief - not yet due	211,313,944	-	-	-	211,313,944	-	-
Other	51,125,272	27,725,656	-	-	78,850,928	23,075,504	-
Local governments	622,077	6,982,372	48,321,964	2,222	55,928,635	178,627	-
Total intergovernmental units	\$ 263,163,567	45,896,711	48,485,564	2,222	357,548,064	\$ 50,975,927	\$ 836,688.00
Federal-Build America Bond subsidy					666,006		
Total (Exhibit A)					\$ 358,214,070		

E. INTERFUND BALANCES AND TRANSFERS

Interfund receivables and payables are recorded when funds overdraw their share of pooled cash. All amounts are expected to be paid within one year. Interfund balances as of June 30, 2017 is as follows:

	Interfund Receivables	Interfund Payables
Primary Government		
General Fund	\$ 945,046	1,532,383
Nonmajor Governmental Funds	12,346	957,392
Internal Service Funds	1,532,383	-
Total primary government	\$ 2,489,775	2,489,775
Component Unit		
Public Schools:		
General Fund	\$ 33,724,200	-
Nonmajor Governmental Funds	-	4,241,000
Fiduciary Funds	-	37,200
Capital Projects Fund	-	29,446,000
Total component units	\$ 33,724,200	33,724,200

Due to/from primary government and component units represent amounts paid by one entity on behalf of the other entity. Due to/from primary government and component units as of June 30, 2017, are as follows:

Receivable Entity	Payable Entity	Amount
Component Units		
Public Schools	Primary Government General Fund	\$ 332,074
Park Authority	General Fund	1,880,653
Park Authority	Nonmajor Governmental Fund	779,965
EDA	General Fund	354,879
Total		\$ 3,347,571

The primary purpose of interfund transfers is to provide funding for operations, including those of the Fairfax-Falls Church Community Services Board, debt service, and capital projects. Interfund transfers for the year ended June 30, 2017, are as follows:

	Transfers In	Transfers Out
Primary Government		
General Fund	\$ 21,572,105	548,220,839
Nonmajor Governmental Funds	589,204,708	70,043,196
Internal Service Funds	7,487,222	-
Total primary government	\$ 618,264,035	618,264,035
Component Unit		
Public Schools:		
General Fund	\$ -	29,378,227
Capital Projects Fund	10,905,774	-
Nonmajor Governmental Funds	18,472,453	-
Total component units	\$ 29,378,227	29,378,227

F. CAPITAL ASSETS

Capital assets activity for the primary government and component units for the year ended June 30, 2017, is as follow:

	Balances July 1, 2016	Increases	Decreases	Balances June 30, 2017
Primary Government				
Governmental activities:				
Non-depreciable/non-amortizable:				
Land and easements	\$ 420,875,607	1,595,454	(39,476)	422,431,585
Construction in progress	254,390,866	94,429,875	(124,515,637)	224,305,104
Equipment under construction	22,935,753	8,569,719	(10,393,868)	21,111,604
Software in development	16,572,163	6,309,669	(9,779,190)	13,102,642
Total non-depreciable/non-amortizable	714,774,389	110,904,717	(144,728,171)	680,950,935
Depreciable/amortizable:				
Equipment	460,023,310	37,213,338	(23,490,639)	473,746,009
Software	100,187,001	14,696,908	-	114,883,909
Library collections	99,792,560	3,745,624	(637,965)	102,900,219
Buildings	1,533,263,455	124,244,406	(352,591)	1,657,155,270
Improvements	217,588,614	19,950,537	(987,540)	236,551,611
Infrastructure	849,767,764	40,470,079	(2,115,670)	888,122,173
Total depreciable/amortizable	3,260,622,704	240,320,892	(27,584,405)	3,473,359,191
Less accumulated depreciation/amortization for:				
Equipment	(270,900,822)	(42,261,629)	18,744,256	(294,418,195)
Software	(27,430,893)	(7,706,787)	-	(35,137,680)
Library collections	(87,621,716)	(3,762,917)	112,804	(91,271,829)
Buildings	(509,747,541)	(43,816,881)	12,918	(553,551,504)
Improvements	(76,014,855)	(8,955,491)	(117,695)	(85,088,041)
Infrastructure	(278,019,153)	(19,794,810)	(3,007)	(297,816,970)
Total accumulated depreciation/amortization	(1,249,734,980)	(126,298,515)	18,749,276	(1,357,284,219)
Total capital assets, being depreciated/amortized, net	2,010,887,724	114,022,377	(8,835,129)	2,116,074,972
Total capital assets, net - Governmental activities	2,725,662,113	224,927,094	(153,563,300)	2,797,025,907
Business-type activities:				
Non-depreciable/non-amortizable:				
Land and easements	17,909,010	47,705	-	17,956,715
Construction in progress	57,741,805	57,768,016	(21,832,463)	93,677,358
Total non-depreciable/non-amortizable	75,650,815	57,815,721	(21,832,463)	111,634,073
Depreciable/amortizable:				
Equipment	14,607,274	888,304	(758,281)	14,737,297
Purchased capacity	1,033,209,931	25,386,741	(1,533,709)	1,057,062,963
Buildings and Improvements	88,413,982	18,898	(15,149)	88,417,731
Infrastructure	1,251,453,402	40,968,284	-	1,292,421,686
Total depreciable/amortizable	2,387,684,589	67,262,227	(2,307,139)	2,452,639,677
Less accumulated depreciation/amortization for:				
Equipment	(9,576,946)	(1,339,947)	752,681	(10,164,212)
Purchased capacity	(344,541,492)	(30,139,506)	61,945	(374,619,053)
Buildings and Improvements	(45,613,395)	(2,123,838)	15,149	(47,722,084)
Infrastructure	(570,825,507)	(29,837,874)	-	(600,663,381)
Total accumulated depreciation/amortization	(970,557,340)	(63,441,165)	829,775	(1,033,168,730)
Total capital assets, being depreciated/amortized, net	1,417,127,249	3,821,062	(1,477,364)	1,419,470,947
Total capital assets, net - Business-type activities	1,492,778,064	61,636,783	(23,309,827)	1,531,105,020
Total capital assets, net - Primary government	\$ 4,218,440,177	286,563,877	(176,873,127)	4,328,130,927

	Balances June 30, 2016	Increases	Decreases	Balances June 30, 2017
Component Units				
Public Schools				
Non-depreciable/non-amortizable:				
Land	\$ 46,837,095	-	-	46,837,095
Construction in progress	312,650,566	144,329,487	(200,810,338)	256,169,715
Software in development	476,789	-	(476,789)	-
Total non-depreciable/non-amortizable	359,964,450	144,329,487	(201,287,127)	303,006,810
Depreciable/amortizable:				
Equipment	332,125,146	38,888,182	(18,727,100)	352,286,228
Software	12,668,600	592,234	-	13,260,834
Library collections	28,610,508	2,153,171	(4,366,907)	26,396,772
Buildings	1,242,537,770	29,726,955	-	1,272,264,725
Improvements	2,233,628,572	211,127,672	(398,311)	2,444,357,933
Total depreciable/amortizable	3,849,570,596	282,488,214	(23,492,318)	4,108,566,492
Less accumulated depreciation/amortization for:				
Equipment	(224,014,482)	(26,130,469)	18,103,003	(232,041,948)
Software	(5,192,242)	(767,286)	-	(5,959,528)
Library collections	(21,391,242)	(2,667,989)	4,366,907	(19,692,324)
Buildings	(583,228,446)	(24,454,156)	-	(607,682,602)
Improvements	(987,583,970)	(86,272,125)	42,401	(1,073,813,694)
Total accumulated depreciation/amortization	(1,821,410,382)	(140,292,025)	22,512,311	(1,939,190,096)
Total capital assets, being depreciated/amortized, net	2,028,160,214	142,196,189	(980,007)	2,169,376,396
Total capital assets, net - Public Schools	2,388,124,664	286,525,676	(202,267,134)	2,472,383,206
FCRHA				
Non-depreciable/non-amortizable:				
Land	42,466,895	-	-	42,466,895
Construction in progress	378,559	1,459,293	(1,317,017)	520,835
Total non-depreciable/non-amortizable	42,845,454	1,459,293	(1,317,017)	42,987,730
Depreciable/amortizable:				
Equipment	2,241,980	23,176	-	2,265,156
Buildings and improvements	228,693,738	1,727,996	-	230,421,734
Total depreciable/amortizable	230,935,718	1,751,172	-	232,686,890
Less accumulated depreciation/amortization for:				
Equipment	(2,239,014)	(10,738)	-	(2,249,752)
Buildings and improvements	(135,699,554)	(6,116,756)	-	(141,816,310)
Total accumulated depreciation/amortization	(137,938,568)	(6,127,494)	-	(144,066,062)
Total capital assets, being depreciated/amortized, net	92,997,150	(4,376,322)	-	88,620,828
Total capital assets, net - FCRHA	135,842,604	(2,917,029)	(1,317,017)	131,608,558
Park Authority				
Non-depreciable/non-amortizable:				
Land and easements	374,785,701	3,715,450	(1,000,736)	377,500,415
Construction in progress	8,140,477	22,636,811	(22,569,400)	8,207,888
Total non-depreciable/non-amortizable	382,926,178	26,352,261	(23,570,136)	385,708,303
Depreciable/amortizable:				
Equipment	13,810,802	825,956	(1,345,037)	13,291,721
Buildings and improvements	432,571,005	22,604,145	(24,936)	455,150,214
Total depreciable/amortizable	446,381,807	23,430,101	(1,369,973)	468,441,935
Less accumulated depreciation/amortization for:				
Equipment and Vehicles	(12,256,093)	(333,431)	1,317,498	(11,272,026)
Infrastructure	(8,580,871)	(859,198)	-	(9,440,069)
Buildings and improvements	(196,175,427)	(12,520,025)	1,835	(208,693,617)
Total accumulated depreciation/amortization	(217,012,391)	(13,712,654)	1,319,333	(229,405,712)
Total capital assets, being depreciated/amortized, net	229,369,416	9,717,447	(50,640)	239,036,223
Total capital assets, net - Park Authority	612,295,594	36,069,708	(23,620,776)	624,744,526
EDA				
Depreciable/amortizable:				
Equipment	34,922	5,370	(5,088)	35,204
Buildings	767,961	-	-	767,961
Total depreciable/amortizable	802,883	5,370	(5,088)	803,165
Less accumulated depreciation/amortization for:				
Equipment	(29,770)	(2,173)	5,088	(26,855)
Buildings	(520,233)	(74,319)	-	(594,552)
Total accumulated depreciation/amortization	(550,003)	(76,492)	5,088	(621,407)
Total capital assets, net - EDA	252,880	(71,122)	-	181,758
Total capital assets, net - Component units	\$ 3,136,515,742	319,607,233	(227,204,927)	3,228,918,048

Depreciation and amortization expense for the year ended June 30, 2017, charged to the functions of the primary government and component units is as follows:

	Governmental Activities	Business-type Activities	Component Units
Primary Government			
General government administration	\$ 25,078,132	-	-
Judicial administration	4,644,741	-	-
Public safety	8,985,302	-	-
Public works	43,690,522	63,441,165	-
Health and welfare	3,264,840	-	-
Community development	15,540,900	-	-
Parks, recreation, and cultural	7,295,030	-	-
In addition, depreciation on capital assets held by the County's internal service funds is charged to the various functions based on asset usage.	17,799,048	-	-
Component Units			
Public Schools	-	-	140,292,025
FCRHA	-	-	6,127,494
Park Authority	-	-	13,712,654
EDA	-	-	76,492
Total depreciation and amortization expense	\$ 126,298,515	63,441,165	160,208,665

G. RETIREMENT PLANS

The reporting entity administers the following four separate public employee retirement systems that provide pension benefits for various classes of employees. In addition, professional employees of Public Schools participate in a plan sponsored and administered by the Virginia Retirement System (VRS).

1. County Administered Plan Descriptions

Fairfax County Employees' Retirement System

The Fairfax County Employees' Retirement System (ERS) is a legally separate single-employer defined benefit pension plan established under the Code of Virginia which covers only employees of the reporting entity. The plan covers full-time and certain part-time employees of the reporting entity who are not covered by other plans of the reporting entity or the VRS. This is the only plan that provides pension benefits to both the primary government and component units. The balances have been allocated in the financial statements as follows: County 67.3 percent including business type activities, FCPS 27.2 percent, EDA 0.5 percent, FCRHA 1.6 percent, FCPA 3.4 percent of all totals. More information is shown in section 6 of this note.

The ERS issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Employees' Retirement System, 12015 Lee Jackson Memorial Highway, Suite 350, Fairfax, VA 22033, or by calling (703) 279-8200. It may be accessed online for additional information including details of the plan fiduciary net position, the information presented in this report follows the same accounting basis as the plan. http://www.fairfaxcounty.gov/retirement/retired_employees/publications.htm.

Fairfax County Police Officers Retirement System

The Fairfax County Police Officers Retirement System (PORS) is a legally separate single-employer defined benefit pension plan established under the Code of Virginia. The plan covers County police officers who are not covered by other plans of the reporting entity or the VRS and former Park Police officers who elected to transfer to the PORS from the Uniformed Retirement System effective January 22, 1983.

The PORS issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Police Officers Retirement System, 12015 Lee Jackson Memorial Highway, Suite 350, Fairfax, VA 22033, or by calling (703) 279-8200. It may be accessed online for additional information including details of the plan fiduciary net position, the information presented in this report follows the same accounting basis as the plan. http://www.fairfaxcounty.gov/retirement/retired_employees/publications.htm.

Fairfax County Uniformed Retirement System

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

The URS issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Uniformed Retirement System, 12015 Lee Jackson Memorial Highway, Suite 350, Fairfax, VA 22033, or by calling (703) 279-8200. It may be accessed online for additional information including details of the plan fiduciary net position, the information presented in this report follows the same accounting basis as the plan. http://www.fairfaxcounty.gov/retirement/retired_employees/publications.htm.

The Educational Employees' Supplementary Retirement System

The Educational Employees' Supplementary Retirement System of Fairfax County (ERFC) is a legally separate single-employer retirement system established under the Code of Virginia. The ERFC covers all full-time educational and civil service employees who are employed by the Public Schools and who are not covered by other plans of the reporting entity.

The ERFC issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Educational Employees' Supplementary Retirement System, 8001 Forbes Place, Springfield, VA 22151. It may be accessed online for additional information including details of the plan fiduciary net position, the information presented in this report follows the same accounting basis as the plan. www.fcps.edu/erfc/publications.shtml.

2. Benefit Provisions and RequirementsFairfax County Employees' Retirement System

Benefit provisions are established and may be amended by County ordinances. All benefits vest at five years of creditable service. Members who were hired before January 1, 2013 had the option to elect to join Plan A or Plan B, and members who were hired on or after January 1, 2013 may elect to join Plan C or Plan D. To be eligible for normal retirement, an individual must meet the following criteria: (a) attain the age of 65 with five years of service, (b) for Plans A and B, attain the age of 50 with age plus years of service being greater than or equal to 80, or (c) for Plans C and D, attain the

age of 55 with age plus years of service being greater than or equal to 85. The normal retirement benefit is calculated using average final compensation (i.e., the highest 78 consecutive two week pay periods or the highest 36 consecutive monthly pay periods) and years (or partial years) of creditable service at date of termination. In addition, if normal retirement occurs before Social Security benefits are scheduled to begin, an additional monthly benefit is paid to retirees. The plan provides that unused sick leave credit may be used in the calculation of average final compensation by projecting the final salary during the unused sick leave period. Those who commenced employment on or after January 1, 2013, may not use more than 2,080 hours of accrued sick leave toward service credit for retirement or entry into the Deferred Retirement Option Program (DROP). The benefit for early retirement is actuarially reduced and payable at early termination.

Effective July 1, 2005, a DROP was established for eligible members of the ERS. Members who are eligible for normal service retirement are eligible to participate in this program. DROP provides the ability for an employee to retire for purposes of the pension plan, while continuing to work and receive a salary for a period of three years. During the DROP period, the pension plan accumulates the accrued monthly benefit into an account balance identified as belonging to the member. The account balance is credited with interest in the amount of 5.0 percent per annum, compounded monthly. The monthly benefit is calculated using service and final compensation as of the date of entry in DROP, with increases equal to the annual COLA adjustment provided for retirees.

Fairfax County Police Officers Retirement System

Benefit provisions are established and may be amended by County ordinances. All benefits vest at five years of creditable service. To be eligible for normal retirement, an individual must meet the following criteria: (a) if employed before July 1, 1981; attain the age of 55 or have completed 20 years of creditable service, or (b) if employed on or after July 1, 1981; attain the age of 55 or have completed 25 years of creditable service. The normal retirement benefit is calculated using average final compensation and years (or partial years) of creditable service at date of termination. The plan provides that unused sick leave credit may be used in the calculation of average final compensation by projecting the final salary during the unused sick leave period. Those sworn in on or after January 1, 2013, may not use more than 2,080 hours of accrued sick leave toward service credit for retirement or DROP entry. To be eligible for early retirement, the employee must have 20 years of creditable service (does not apply if hired before July 1, 1981). The benefit for early retirement is actuarially reduced and payable at early termination.

Effective October 1, 2003, a DROP was established for eligible members of the PORS. Members who are eligible for normal service retirement are eligible to participate in this program. DROP provides the ability for an employee to retire for purposes of the pension plan, while continuing to work and receive a salary for a period of three years. During the DROP period, the pension plan accumulates the accrued monthly benefit into an account balance identified as belonging to the member. The account balance is credited with interest in the amount of 5.0 percent per annum, compounded monthly. The monthly benefit is calculated using service and final compensation as of the date of entry in DROP, with increases equal to the annual COLA adjustment provided for retirees.

Fairfax County Uniformed Retirement System

Benefit provisions are established and may be amended by County ordinances. All benefits vest at five years of creditable service. To be eligible for normal retirement an individual must meet the following criteria: (a) attain the age of 55 with six years of creditable service, or (b) complete 25 years of creditable service. The normal retirement benefit is calculated using average final compensation and years (or partial years) of creditable service at date of termination. Annual cost-of-living adjustments are provided to retirees and beneficiaries equal to the lesser of 4.0 percent or the percentage increase in the Consumer Price Index for the Washington Consolidated Metropolitan Statistical Area. The plan provides that unused sick leave credit may be used in the calculation of

average final compensation by projecting the final salary during the unused sick leave period. Those who commenced employment on or after January 1, 2013, may not use more than 2,080 hours of accrued sick leave toward service credit for retirement or DROP entry. To be eligible for early retirement, employees must have 20 years of creditable service. The benefit for early retirement is actuarially reduced and payable at early termination.

Effective October 1, 2003, a DROP was established for eligible members of the URS. Members who are eligible for normal service retirement are eligible to participate in this program. DROP provides the ability for an employee to retire for purposes of the pension plan, while continuing to work and receive a salary for a period of three years. During the DROP period, the pension plan accumulates the accrued monthly benefit into an account balance identified as belonging to the member. The account balance is credited with interest in the amount of 5.0 percent per annum, compounded monthly. The monthly benefit is calculated using service and final compensation as of the date of entry in DROP, with increases equal to the annual COLA adjustment provided for retirees.

The Educational Employees' Supplementary Retirement System

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

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

ERFC and ERFC 2001 provide for a variety of benefit payment types. ERFC's payment types include Service Retirement, Reduced Service, Disability, Death-in-Service, and Deferred Retirement. ERFC 2001's payment types include Service Retirement, Death-in-Service, and Deferred Retirement. ERFC's minimum eligibility requirements for receipt of full benefits range from members attaining the age of 55 with 25 years of service to completing five years of service prior to age 65. The minimum eligibility requirements for full benefits for ERFC 2001 Tier 1 members are age 60 with five years of service or any age with 30 years of service. The minimum eligibility requirements for full benefits for ERFC Tier 2 members are full Social Security age with five years of service or age and service equal 90 (the rule of 90). Annual post-retirement cost-of-living increases are effective each March 31. Participants in their first full year of retirement from ERFC 2001 Tier 1 receive a 1.49 percent increase. Participants who retire on or after January 1 receive no cost-of-living increase that first March. Under ERFC 2001 Tier 2, the first cost-of-living will equal approximately half of the full amount. Thereafter, the full cost-of-living will equal 100 percent of the Consumer Price Index for all Urban Consumers for the Washington, D.C, metropolitan area for the period ending in November of each year, capped at 4%. Additional details regarding benefit payment types can be found in the actuarial valuation and the Plan Documents.

3. Funding Policy

Fairfax County Employees' Retirement System

All contribution requirements for ERS are established and may be amended by County ordinances, including member contribution rates. Plan A and Plan C require member contributions of 4.0 percent of compensation up to the maximum Social Security wage base and 5.33 percent of compensation in excess of the wage base. Plan B and Plan D require member contributions of 5.33 percent of compensation.

The County is required to contribute at an actuarially determined rate; the rate for the year ended June 30, 2017, was 22.9 percent. Since the ERS's adjusted funded ratio (the ratio of the sum of the actuarial value of assets and commitments already made to fund changes to the actuarial accrued liability) fell below 90 percent, the contribution rate includes a margin to amortize this shortfall back to the 90 percent level. For fiscal year 2017 the amortization target was increased to 97 percent. Per the County's pension funding policy as approved by the Board of Supervisors as part of the FY 2017 Adopted Budget Plan and incorporated in the Fairfax County Code, the County will continue increasing the amortization target so that, at or before fiscal year 2020, 100 percent of the unfunded actuarial accrued liability is amortized and included in the contribution rate. The employer contribution made during the measurement period of the liability was \$155,780,373. The 2017 employer contribution totaled \$167,311,608.

Fairfax County Police Officers Retirement System

All contribution requirements for PORS are established and may be amended by County ordinances, including member contribution rates. Member contributions were based on 8.65 percent of compensation at June 30, 2017.

The County is required to contribute at an actuarially determined rate; the rate for the year ended June 30, 2017 was 29.63 percent of annual covered payroll. The decision was made to commit additional funding and a rate of 38.98 percent was adopted for fiscal year 2017. Since the PORS's adjusted funded ratio (the ratio of the sum of the actuarial value of assets and commitments already made to fund changes to the actuarial accrued liability) fell below 90 percent, the contribution rate includes a margin to amortize this shortfall back to the 90 percent level. For fiscal year 2017, the amortization target was set to a 97 percent level. Per the County's pension funding policy as approved by the Board of Supervisors as part of the FY 2017 Adopted Budget Plan and incorporated in the Fairfax County Code, the County will continue increasing the amortization target so that, at or before fiscal year 2020, 100 percent of the unfunded actuarial accrued liability is amortized and included in the contribution rate. The employer contribution made for the measurement period of the liability was \$40,646,884. The 2017 employer contribution totaled \$43,381,151.

Fairfax County Uniformed Retirement System

All contribution requirements for URS are established and may be amended by County ordinances, including member contribution rates. Employees hired before July 1, 1981 were enrolled in Plan A. Plan A members were given the opportunity to enroll in Plan B as of July 1, 1981 and to enroll in Plan C as of April 1, 1997. From July 1, 1981 through March 31, 1997, all new hires were enrolled in Plan B. Plan B members were given the opportunity to enroll in Plan D as of April 1, 1997. From April 1, 1997 through December 31, 2012, all new hires were enrolled in Plan D. From January 1, 2013 forward all new hires are enrolled in Plan E. Plan A requires member contributions of 4.0 percent of compensation up to the Social Security wage base and 5.75 percent of compensation in excess of the wage base. Plan B requires member contributions of 7.08 percent of compensation up to the Social Security wage base and 8.83 percent of compensation in excess of the wage base. Plan C requires member contributions of 4.0 percent of compensation. Plan D and Plan E require contributions of 7.08 percent of compensation.

The County is required to contribute at an actuarially determined rate; the rate for the year ended June 30, 2017 was 31.49 percent of annual covered payroll. The decision was made to commit additional funding and a rate of 38.83 percent was adopted for fiscal year 2017. Since the URS's adjusted funded ratio (the ratio of the sum of the actuarial value of assets and commitments already made to fund changes to the actuarial accrued liability) fell below 90 percent, the contribution rate includes a margin to amortize this shortfall back to the 90 percent level. For fiscal year 2017, the amortization target was increased to a 97 percent level. Per the County's pension funding policy as approved by the Board of Supervisors as part of the FY 2017 Adopted Budget Plan and incorporated in the Fairfax

County Code, the County will continue increasing the amortization target so that, at or before fiscal year 2020, 100 percent of the unfunded actuarial accrued liability is amortized and included in the contribution rate. The employer contribution made for the measurement period of the liability was \$65,548,338. The 2017 employer contribution totaled \$67,410,252.

The Educational Employees' Supplementary Retirement System

All contribution requirements for ERFC plans are established and may be amended by the ERFC Board with the approval of the School Board. The requirements are based upon a fundamental financial objective of having rates of contribution that remain relatively level from generation to generation of employees. To determine the appropriate employer contribution rates and to assess the extent to which the fundamental financial objective is being achieved, ERFC has actuarial valuations prepared annually. Members are required to contribute 3 percent of annual salary. The employer is required to contribute at an actuarially determined rate which presently is 5.6 percent. Employer contributions to the pension plan were \$80,094,538 and \$76,599,695 for the years ended June 30, 2017 and June 30, 2016 respectively.

The actuarial valuations are used to set the employer contribution rate for the two-year period beginning 18 months after the valuation date. As such, the December 31, 2013 valuation recommended that the contribution rate for the two-year period beginning July 1, 2015 to June 30, 2017 remain at 5.6 percent.

4. Actuarial Methods and Assumptions

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

Discount rate, net of plan investment expenses	7.5%
Inflation	3.0%
Salary increases, including inflation	3.0% + merit
Investment rate of return, net of plan investment expenses	7.5%
Municipal bond rate	N/A
Mortality	Sex District RP-2000 Combined Mortality projected to 2015 using Scale AA

ERFC assumptions deviate from the chart for salary increases, using a range of 3.75% - 9.05%. Mortality rates based on 1994 Group Annuity Mortality Table set back 3 years for both males and females.

The actuarial assumptions used have been recommended by the actuary and adopted by the Board of Trustees of ERS, PORS and URS based on the most recent review of the experience associated with their respective plans, completed in 2011.

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015. ERFC valuation date December 31, 2016 based on experience study from January 1, 2010 to December 31, 2014.

Expected Returns and Changes in Discount Rate

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation for the plans as of June 30, 2017, are summarized below:

Long Term Expected Real Rate of Return/Target Allocation*			
Asset Class	ERS*	PORS*	URS*
U.S. Equities	4.65% / 20%	4.65% / 17%	4.65% / 15%
International Equities	4.50% / 10%	4.50% / 12%	4.50% / 16%
Private Equities	-	-	0% / 5%
Core Fixed Income	2.40% / 42.5%	2.40% / 30%	2.4% / 26%
High Yield	4.20% / 0%	4.20% / 0%	4.20% / 0%
Absolute Return	9.85% / 20%	9.85% / 0%	9.85% / 0%
Real Estate	4.65% / 8.5%	4.65% / 5%	4.65% / 8%
Alternatives	-	0% / 37%	0% / 22%
Risk Parity	6% / 15%	6% / 30%	6% / 12%
Commodity	4.65% / 4%	4.65% / 0%	4.65% / 0%

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

Asset Class	ERFC
Domestic Large Cap Equity	5.92%/14.5%
Domestic Small Cap Equity	6.71%/6.0%
International Equity	6.71%/17.0%
Emerging Market Equity	9.70%/0%
Real Estate	5.15%/7.5%
Core Fixed Income	1.38%/4.0%
Diversified Fixed Income	2.83%/16.0%
Absolute Return Fixed Income	1.79%/6.0%
Emerging Market Debt (Local)	4.62%/0%
Global Asset Allocation	4.91%/15.0%
Absolute Return	3.95%/8.0%
Private Equity	8.73%/3.0%
Risk Parity	4.47%/0%

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

	ERS	PORS
Total pension liability	\$ 5,116,417,171	\$ 1,560,517,712
Pension plan's fiduciary net position	<u>(3,590,082,229)</u>	<u>(1,270,389,713)</u>
Net pension liability	<u>\$ 1,526,334,942</u>	<u>\$ 290,127,999</u>
Plan fiduciary net position as a percentage of the total pension liability	70.2%	81.4%
	URS	ERFC
Total pension liability	\$ 1,940,457,230	\$ 2,937,100,755
Pension plan's fiduciary net position	<u>(1,498,702,845)</u>	<u>(2,107,587,698)</u>
Net pension liability	<u>\$ 441,754,385</u>	<u>\$ 829,513,057</u>
Plan fiduciary net position as a percentage of the total pension liability	77.2%	71.8%

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

	Increases (Decreases) in (000)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balances 6/30/2016	<u>\$ 11,163,480</u>	<u>8,679,614</u>	<u>2,483,866</u>
Changes for Year:			
Service cost	237,581	-	237,581
Interest	813,835	-	813,835
Changes in benefit terms	1,579	-	1,579
Differences between expected and actual experience	(200,147)	-	(200,147)
Changes of assumptions	144,699	-	144,699
Benefit payments, including refunds of member contributions	(606,536)	(606,536)	-
Contributions - employer	-	338,575	(338,575)
Contributions - member	-	97,355	(97,355)
Net investment income	-	(35,118)	35,118
Administrative expense	-	(7,129)	7,129
Net Changes	<u>391,011</u>	<u>(212,853)</u>	<u>603,864</u>
Balances 6/30/2017	<u>\$ 11,554,491</u>	<u>8,466,761</u>	<u>3,087,730</u>

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

	Dollar amounts in (000)				
	ERS	PORS	URS	ERFC	Total
Total Pension Liability					
Service cost	\$ 85,499	30,913	43,408	77,761	237,581
Interest	361,074	110,362	136,679	205,720	813,835
Changes in benefit terms	773	-	806	-	1,579
Differences between expected and actual experience	(104,260)	(30,821)	(54,054)	(11,012)	(200,147)
Changes of assumptions	68,573	9,895	20,479	45,752	144,699
Benefit payments, including refunds of member contributions	(274,902)	(70,750)	(90,536)	(170,348)	(606,536)
Net change in total pension liability	136,757	49,599	56,782	147,873	391,011
Total pension liability - 6/30/2016	4,979,660	1,510,917	1,883,675	2,789,228	11,163,480
Total pension liability - 6/30/2017	\$ 5,116,417	1,560,516	1,940,457	2,937,101	11,554,491
Plan Fiduciary Net Position					
Contributions - employer	\$ 155,780	40,647	65,548	76,600	338,575
Contributions - member	34,627	9,324	12,020	41,384	97,355
Net investment income	(16,668)	10,764	(13,447)	(15,767)	(35,118)
Benefit payments, including refunds of member contributions	(274,902)	(70,750)	(90,536)	(170,348)	(606,536)
Administrative expense	(2,113)	(511)	(500)	(4,005)	(7,129)
Net change in plan fiduciary net position	(103,276)	(10,526)	(26,915)	(72,136)	(212,853)
Plan fiduciary net position - 6/30/2016	3,693,358	1,280,915	1,525,617	2,179,724	8,679,614
Plan fiduciary net position - 6/30/2017	\$ 3,590,082	1,270,389	1,498,702	2,107,588	8,466,761
Net pension liability - 6/30/2017	\$ 1,526,335	290,127	441,755	829,513	3,087,730

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

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

	1% Decrease	Current Discount Rate	1% Increase
	6.25%	7.25%	8.25%
Total Pension Liability	\$ 5,778,714,860	\$ 5,116,417,171	\$ 4,630,861,529
Plan Fiduciary Net Position	(3,590,082,229)	(3,590,082,229)	(3,590,082,229)
Net Pension Liability	\$ 2,188,632,631	\$ 1,526,334,942	\$ 1,040,779,300
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.1%	70.2%	77.5%

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

	1% Decrease	Current Discount Rate	1% Increase
	6.25%	7.25%	8.25%
Total Pension Liability	\$ 1,765,542,067	\$ 1,560,517,712	\$ 1,370,230,126
Plan Fiduciary Net Position	(1,270,389,713)	(1,270,389,713)	(1,270,389,713)
Net Pension Liability	\$ 495,152,354	\$ 290,127,999	\$ 99,840,413
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.0%	81.4%	92.7%

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Total Pension Liability	\$ 2,164,860,499	\$ 1,940,457,230	\$ 1,701,352,306
Plan Fiduciary Net Position	(1,498,702,845)	(1,498,702,845)	(1,498,702,845)
Net Pension Liability	<u>\$ 666,157,654</u>	<u>\$ 441,754,385</u>	<u>\$ 202,649,461</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.2%	77.2%	88.1%

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Total Pension Liability	\$ 3,302,996,497	\$ 2,937,100,755	\$ 2,633,256,721
Plan Fiduciary Net Position	(2,107,587,698)	(2,107,587,698)	(2,107,587,698)
Net Pension Liability	<u>\$ 1,195,408,799</u>	<u>\$ 829,513,057</u>	<u>\$ 525,669,023</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.8%	71.8%	80.0%

5. Plan Membership

As of the measurement date(s), membership in the reporting entity's plans consisted of the following:

	Primary Government			Component Unit - Public Schools
	ERS	PORS	URS	ERFC
Retirees and beneficiaries receiving benefits	8,189	1,039	1,256	11,367
Terminated employees entitled to, but not yet receiving, benefits	1,858	47	61	4,446
DROP participants	691	75	123	N/A
Active plan members	14,171	1,319	1,948	21,748
Total number of plan members	<u>24,909</u>	<u>2,480</u>	<u>3,388</u>	<u>37,561</u>

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

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

BASIC FINANCIAL STATEMENTS

	ERS		PORS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	92,053,642	\$ -	34,643,457
Changes of assumptions	57,144,477	-	8,481,771	-
Net difference between projected and actual earnings on pension plan investments	286,171,185	-	58,505,386	-
Contributions subsequent to the measurement date	167,311,608	-	43,381,151	-
Total	\$ 510,627,270	92,053,642	\$ 110,368,308	34,643,457
Pension Expense Recognized 2017	\$ 203,007,795		\$ 43,486,941	
Net Pension Liability June 30, 2017	\$ 1,526,334,942		\$ 290,127,999	
	URS		ERFC	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,870,860	46,331,571	\$ -	31,385,961
Changes of assumptions	17,553,776	-	38,819,644	-
Net difference between projected and actual earnings on pension plan investments	109,027,045	-	156,387,922	-
Contributions subsequent to the measurement date	67,410,252	-	80,145,997	-
Total	\$ 201,861,933	46,331,571	\$ 275,353,563	31,385,961
Pension Expense Recognized 2017	\$ 76,673,702		\$ 114,086,412	
Net Pension Liability June 30, 2017	\$ 441,754,385		\$ 829,513,057	

Deferred outflows associated with contributions made subsequent to the measurement date will be recognized as a reduction to the net pension liability in 2018. The remaining deferred outflows and inflows will impact pension expense in subsequent years as follows:

Year ended June 30:

Measurement Date June 30 of prior year

	ERS	PORS	URS	ERFC
2018	\$ 52,860,683	3,132,807	17,428,592	29,349,662
2019	52,860,683	3,132,807	17,428,592	29,349,660
2020	101,165,911	22,067,560	39,788,538	61,349,880
2021	50,322,587	11,634,348	21,492,812	36,540,363
2022	(5,947,844)	(4,634,466)	(3,222,128)	4,075,276
Thereafter	-	(2,989,356)	(4,796,296)	3,156,764
Total	\$ 251,262,020	32,343,700	88,120,110	163,821,605

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

	Dollar amounts in (000)					
	Total	Primary Government	FCPS	EDA	FCRHA	FCPA
Total pension liability	\$ 5,116,417	3,444,174	1,391,598	23,453	82,610	174,582
Pension plan's fiduciary net position	(3,590,082)	(2,416,703)	(976,456)	(16,457)	(57,965)	(122,501)
Net pension liability	\$ 1,526,335	1,027,471	415,142	6,996	24,645	52,081
Deferred Outflows:						
Contributions after Measurement Date	\$ 167,312	112,453	45,420	795	2,782	5,862
Investment Return	286,171	192,638	77,835	1,312	4,621	9,765
Changes in Proportion	14,442	13,117	970	184	-	171
Changes of assumptions	57,144	38,466	15,543	262	923	1,950
Total Deferred Outflows (ERS)	\$ 525,069	356,674	139,768	2,553	8,326	17,748
Deferred Inflows:						
Experience	\$ 92,054	61,968	25,037	422	1,486	3,141
Changes in Proportion	14,442	1,196	9,821	41	866	2,518
Total Deferred Inflows (ERS)	\$ 106,496	63,164	34,858	463	2,352	5,659
Pension Expense	\$ 203,008	139,219	53,562	1,008	2,938	6,281

7. Virginia Retirement System (VRS)

Plan Description

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

Benefit Provisions and Requirements

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

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

Annual retirement benefits are payable monthly for life in an amount equal to (a) 1.7 percent of eligible members' average final compensation for each year of credited service under Plan 1, (b)

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

Funding Policy

The contribution requirement for active employees is governed by Section 51.1-145 of the Code, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.0 percent of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.0 percent member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5.0 percent member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.0 percent member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. Each school division's contractually required contribution rate for the year ended June 30, 2017 was 14.66 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarial rate for the Teacher Retirement Plan was 16.32 percent. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of Section 51.1-145 of the Code, as amended, the contributions were funded at 89.84 percent of the actuarial rate for the year ended June 30, 2017. Employer contributions to the pension plan were \$209,938,736 and \$192,421,257 for the years ended June 30, 2017 and June 30, 2016, respectively.

Actuarial Methods and Assumptions

The total pension liability for VRS was based on an actuarial valuation as of June 30, 2015, using the entry age normal actuarial cost method, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2016. The assumptions used were as follows:

Actuarial Assumptions

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

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

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are presented as follows:

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

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

At June 30, 2017, FCPS reported a liability of \$2,515,447,000 for its proportionate share of the net pension liability. The net pension liability was determined based on an actuarial valuation as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The FCPS' proportion of the net pension liability was based on FCPS' actuarially determined employer contributions to the pension plan for the year ended June 30, 2016 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2016, FCPS's proportion was 17.95 percent, as compared to 17.89 at June 30, 2015.

For the year ended June 30, 2017, FCPS recognized pension expense of \$219,147,000. At June 30, 2017, FCPS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 81,516,000
Net difference between projected and actual earnings on pension plan investments	143,690,000	-
Changes in proportion and differences between contributions and proportionate share of contributions	29,129,000	22,933,000
Contributions subsequent to the measurement date	<u>209,938,736</u>	-
Total	<u>\$ 382,757,736</u>	<u>\$ 104,449,000</u>

\$209,938,736 reported as deferred outflows of resources related to pensions resulting from FCPS contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources

and deferred inflows of resources related to pensions will be recognized in pension expense as shown to the right:

Year ended June 30:		
2018	\$	(13,984,000)
2019		(13,984,000)
2020		62,254,000
2021		38,917,000
2022		(4,833,000)
	\$	68,370,000

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

Long Term Expected Rate of Return

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50 %	6.46 %	1.26 %
Developed Non U.S. Equity	16.50	6.28	1.04
Emerging Market Equity	6.00	10.00	0.60
Fixed Income	15.00	0.09	0.01
Emerging Debt	3.00	3.51	0.11
Rate Sensitive Credit	4.50	3.51	0.16
Non Rate Sensitive Credit	4.50	5.00	0.23
Convertibles	3.00	4.81	0.14
Public Real Estate	2.25	6.12	0.14
Private Real Estate	12.75	7.10	0.91
Private Equity	12.00	10.41	1.25
Cash	1.00	(1.50)	(0.02)
Total	100.00 %		5.83 %
		Inflation	2.50
		Expected arithmetic nominal return ^(a)	8.33 %

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

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

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

Sensitivity of Net Pension Liability to Changes in Discount Rate

	1% Decrease	Current Discount Rate	1% Increase
	6.0%	7.0%	8.0%
FCPS' proportionate share of the VRS net pension liability	\$ 3,585,772,000	\$ 2,515,447,000	\$ 1,633,755,000

Plan Fiduciary Net Position

Detailed information about the VRS net position is available in the separately issued VRS 2015 Comprehensive Annual Financial Report (CAFR). A copy of the 2015 VRS CAFR may be obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500. It is also available online through the VRS website. <http://www.varetire.org>.

H. OTHER POSTEMPLOYMENT BENEFITS

The reporting entity administers two separate other Postemployment benefits (OPEB) plans and has established trust funds to account for the cost of OPEB. The financial information for the fund is as follows:

	OPEB Trust Fund
ASSETS	
Equity in pooled cash and temporary investments	\$ 5,420,236
Contributions receivable	83,749
Accrued interest and dividends receivable	26,918
Investment in pooled funds	<u>274,074,762</u>
Total assets	<u>279,605,665</u>
DEFERRED OUTFLOWS OF RESOURCES	
Total deferred outflows of resources	-
LIABILITIES	
Accounts payable and accrued liabilities	<u>41,663</u>
Total liabilities	<u>41,663</u>
DEFERRED INFLOW OF RESOURCES	
Total deferred inflows of resources	-
NET POSITION	
Held in trust for OPEB benefits	<u>\$ 279,564,002</u>

COUNTY OF FAIRFAX, VIRGINIA
OPEB Trust Fund
Statement of Changes in Net Position
For the fiscal year ended June 30, 2017

	OPEB Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 27,169,836
Plan members	-
Other	822,268
Total contributions	<u>27,992,104</u>
Investment income:	
From investment activities:	
Net (depreciation) in fair value of investments	30,863,869
Interest	68,011
Total income from investment activities	<u>30,931,880</u>
Less investment activities expenses:	
Management fees	220,731
Other	500
Total investment activities expenses	<u>221,231</u>
Net income from investment activities	<u>30,710,649</u>
Net investment income	<u>30,710,649</u>
Total additions	<u>58,702,753</u>
DEDUCTIONS	
Benefits	20,278,278
Administrative expenses	117,855
Total deductions	<u>20,396,133</u>
Net increase	38,306,620
Net position, July 1, 2016	<u>241,257,382</u>
Net position, June 30, 2017	<u>\$ 279,564,002</u>

1. Fairfax County OPEB Plan

Plan Description

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

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

cost. Benefit provisions are established and may be amended by the Board.

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. GAAP requires recognition of the current expense of OPEB based on each governing body's annual required contribution, but does not require funding of the related liability.

Fairfax County is one of the founding participants in the Virginia Pooled OPEB Trust Fund sponsored by VML/VACo. The Virginia Pooled OPEB Trust Fund is established as an investment vehicle for participating employers to accumulate assets to fund OPEB. Plan assets for purposes of GAAP are usually in the form of stocks, bonds, and other classes of investments, that have been segregated and restricted in a trust, in which (a) contributions to the plan are irrevocable, (b) assets are dedicated to providing benefits to retirees and their beneficiaries, and (c) assets are legally protected from creditors of the employer or plan administrator, for the payment of benefits in accordance with the terms of the plan. Further information, including financial statements, can be obtained by writing to VML/VACo Finance Program, 919 East Main Street, Suite 1100, Richmond, Virginia 23219.

Annual OPEB Cost

The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GAAP. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for 2017, 2016, and 2015 are as follows:

	2017	2016	2015
ARC, for the year ended June 30	\$ 14,123,000	13,338,000	31,033,000
Interest on net OPEB asset from prior year	(2,801,000)	(1,331,000)	(739,000)
Actuarial adjustment	2,350,000	1,117,000	613,000
Annual OPEB cost	13,672,000	13,124,000	30,907,000
Actual contributions	(27,170,000)	(34,121,000)	(40,076,000)
(Increase) in net OPEB (asset), for the year ended June 30	(13,498,000)	(20,997,000)	(9,169,000)
Net OPEB (asset), beginning of year	(40,017,610)	(19,020,610)	(9,851,610)
Net OPEB (asset), end of year	\$ (53,515,610)	(40,017,610)	(19,020,610)
Percentage of annual OPEB cost contributed	198.73%	259.99%	129.67%

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

For the fiscal years 2015 through 2017 the County’s OPEB funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (000) (a)	Actuarial Accrued Liability (AAL) - Entry Age (000) (b)	Unfunded AAL (UAAL) (Funding Excess) (000) (b-a)	Funded Ratio (a/b)	Covered Payroll (000) (c)	UAAL (Funding Excess) as a Percentage of Covered Payroll ((b-a)/c)
7/1/2015*	\$ 192,951	\$ 486,131	\$ 293,180	39.69 %	\$ 856,566	34.23 %
7/1/2016	222,487	317,623	95,136	70.05	881,711	10.79
7/1/2017	236,875	307,296	70,421	77.08	911,959	7.72

*unaudited

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

The ARC for fiscal year 2017 was determined as part of the July 1, 2016, actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include:

- a. A rate of return on the investment of present and future assets of 7.0 percent per year compounded annually.
- b. Projected annual salary increases of 3.0 percent.
- c. An annual healthcare cost trend rate of 7.2 percent initial Pre 65 and 9.0 percent Post 65, reduced by decrements to an ultimate rate of 4.5 percent.

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

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

Concentrations

The Fairfax County OPEB Trust Fund does not have investments (other than U.S. Government and

U.S. Government guaranteed obligations) in any one organization that represent 5.0 percent or more of net position held in trust for OPEB benefits.

2. Public Schools OPEB Plan

Plan Description

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

Funding Policy

The contributions to the Public Schools OPEB Trust Fund are established and may be amended by the School Board. The contributions are typically based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits. The costs of administering the plan are paid for by the Public Schools OPEB Trust Fund through the use of investment income and employer contributions. GAAP requires recognition of the current expense of the plan based on each annual required contribution, but it does not require funding of the related liability.

Public Schools is a participant in the Virginia Pooled OPEB Trust Fund sponsored by the Virginia Municipal League and the Virginia Association of Counties (VML/VACo). The Virginia Pooled OPEB Trust Fund is established as an investment vehicle for participating employers to accumulate assets to fund OPEB. Plan assets for purposes of GAAP are usually in the form of stocks, bonds, and other classes of investments, that have been segregated and restricted in a trust, in which (a) contributions to the plan are irrevocable, (b) assets are dedicated to providing benefits to retirees and their beneficiaries, and (c) assets are legally protected from creditors of the employer or plan administrator, for the payment of benefits in accordance with the terms of the plan. Further information, including financial statements, can be obtained by writing to VML/VACo Finance Program, 919 East Main Street, Suite 1100, Richmond, Virginia 23219.

Annual OPEB Cost

Public Schools' annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GAAP. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over an open period not to exceed thirty years.

The Public Schools' annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for 2017, 2016, and 2015 are as follows:

	2017	2016	2015
ARC, for the year ended June 30	\$ 23,088,000	23,384,000	17,384,000
Interest on net OPEB asset from prior year	(2,382,000)	(2,336,000)	(1,024,000)
Actuarial adjustment	1,766,000	1,732,000	759,001
Annual OPEB cost	22,472,000	22,780,000	17,119,001
Actual contributions	(22,404,000)	(21,689,000)	(26,097,000)
(Increase) decrease in net OPEB asset, for the year ended June 30	68,000	1,091,000	(8,977,999)
Net OPEB obligation (asset), beginning of year	(30,060,922)	(31,151,922)	(22,173,923)
Net OPEB obligation (asset), end of year	\$ (29,992,922)	(30,060,922)	(31,151,922)
Percentage of annual OPEB cost contributed	99.70%	95.21%	152.44%

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

For the fiscal years 2015 through 2017 Public Schools' OPEB funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (000) (a)	Actuarial Accrued Liability - Entry Age (000) (b)	Unfunded AAL (UAAL) (Funding Excess) (000) (b-a)	Funded Ratio (a/b)	Covered Payroll (000) (c)	UAAL (Funding Excess) as a Percentage of Covered Payroll ((b-a) / c)
7/1/2014	\$ 71,192	\$ 283,690	\$ 212,498	25.09 %	\$ 1,153,000	18.43 %
7/1/2015	95,900	377,300	281,400	25.42	1,456,900	19.31
7/1/2016	126,500	392,100	265,600	32.26	1,515,200	17.53

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

In the July, 2015, actuarial valuation, the entry age normal actuarial cost method was used to estimate the Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2017, as well as the fiscal year 2017ARC. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses) and certain annual health care cost trends. These rates incorporate a 4.0 percent payroll inflation assumption. The plan's UAAL is being amortized as a level percentage of projected pay over an open period of 30 years.

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

Concentrations

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

3. Current Plan Membership

The latest actuarial valuation for Fairfax County and Fairfax County Public Schools were July 1, 2017. At that time membership in the reporting entity’s plans is presented as follows:

	Primary Government	Component Unit - Public Schools
	OPEB	OPEB
Retirees and beneficiaries receiving benefits	5,118	9,485
Active employees	13,410	19,834
Total number of plan members	<u>18,528</u>	<u>29,319</u>

4. Valuation of Investments

For aggregation purposes, the County views the OPEB investment as single level three valuation as discussed in Note B.

The Virginia Pooled OPEB Trust Fund (the Trust) uses the following methods when valuing investments.

Common Stocks, Mutual Funds, Exchange Traded Funds are publicly traded investments, and are valued daily at the closing price reported on the active market on which the individual securities are traded.

The Trust invests in commingled accounts for which quoted prices are not available in active markets for identical instruments. The Trust utilizes the NAV per share, as determined by the respective investment manager, as the estimated fair value. Because quoted prices in active markets for identical assets are not available, these prices are determined using observable market information such as quotes from less active markets and/or quoted prices of securities with similar characteristics.

Limited Partnership – Fund of Hedge Funds - This fund invests in a number of underlying hedge funds which pursue various strategies. The strategies pursued by the underlying hedge funds include: credit, equity, macro, multi-strategy, and relative value. The Trust’s interest in the fund is valued at the NAV of units of the collective partnership. The NAV is used as a practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the Trust could not redeem its investment at the NAV per unit reported by the fund. Participant purchases may occur monthly. Redemptions are available quarterly upon 70 days’ notice.

Limited Partnership – Private Equity Fund - This fund invests in the equity of a variety of privately held companies. The Trust’s interest in the fund is valued at the Trust’s ownership interest in the collective limited partners’ capital. The Trust’s ownership interest in limited partners’ capital is used as a practical expedient to estimate fair value. This investment can never be redeemed with

the fund. Instead, the nature of investments of this type is that distributions are received through the liquidation of the underlying assets of the fund. It is expected that the underlying assets of the fund will be liquidated over a period of six to twelve years. It is probable that the Trust's investment in this fund will be sold at an amount different from Trust's ownership interest in limited partners' capital as of June 30, 2017. The effective date of this fund is December 1, 2015, and it made its inaugural investment in the same month. Barring unusual circumstances the fund values recent investments in nonmarketable securities at acquisition cost. The primary valuation methodology used to determine the fair value of the fund's investments at June 30, 2017, was recent arms-length financing rounds in which the partnership or other partnerships managed by the general partner had participated. As of June 30, 2017, all underlying investments of the fund were valued at cost.

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

I. RISK MANAGEMENT

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

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

The claims liabilities in the self-insurance funds are discounted at 1.75 percent and 1.33 percent at June 30, 2017 and 2016, respectively, to reflect anticipated investment income. Changes in the balances of claims liabilities during fiscal years 2017 and 2016 are presented as follows:

	Internal Service Funds			
	Primary Government		Component Unit - Public Schools	
	Self-Insurance	Health Benefits	Insurance	Health Benefits Trust
	Liability balances, June 30, 2015	\$ 50,614,000	10,800,000	37,530,860
Claims and changes in estimates	24,067,832	170,132,434	12,046,548	356,116,702
Claims payments	(20,341,832)	(169,454,434)	(10,086,433)	(356,410,702)
Liability balances, June 30, 2016	54,340,000	11,478,000	39,490,975	22,414,000
Claims and changes in estimates	22,625,948	172,970,202	19,182,013	360,672,996
Claims payments	(20,276,948)	(171,771,202)	(13,034,973)	(363,431,996)
Liability balances, June 30, 2017	\$ 56,689,000	12,677,000	45,638,015	19,655,000

In addition to the self-insurance program, commercial property insurance is carried for buildings and contents plus certain large and costly items, such as fire apparatus and helicopters. Excess liability and workers' compensation insurance policies are maintained for exposures above a \$1,000,000 self-insured retention (SIR) for liability and \$2,000,000 for workers' compensation. In the past three fiscal years, there was one 2016 liability claim settled which exceeded the liability SIR.

J. LONG-TERM OBLIGATIONS

Presented on the following page is a summary of changes in the government-wide long-term obligations of the primary government and component units for the year ended June 30, 2017 (in thousands):

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
Primary Government					
Governmental activities:					
General obligation bonds payable:					
Principal amount of bonds payable	\$ 2,173,150	228,375	(178,160)	2,223,365	192,090
Premium on bonds payable	231,437	30,985	(35,716)	226,706	34,597
Revenue bonds payable:					
Principal amount of bonds payable	800,666	69,645	(31,979)	838,332	38,574
Premium on bonds payable	62,120	10,648	(6,459)	66,309	6,434
Discount on bonds payable	(688)	-	45	(643)	(44)
Notes payable	145,996	100,387	(10,145)	236,238	20,905
Bond anticipation notes:					
Compensated absences payable	115,666	73,882	(70,383)	119,165	67,091
Landfill closure and postclosure obligations	70,798	-	(24,691)	46,107	1,000
Obligations under capital leases and installment purchases	25,938	832	(5,266)	21,504	5,417
Insurance and benefit claims payable	65,818	10,774	(7,226)	69,366	24,077
Net pension liability	1,415,499	530,875	(219,591)	1,726,783	-
Other:					
HUD Section 108 loans	9,471	-	(688)	8,783	695
Obligations for claims and judgments	32,753	14,700	(47,453)	-	-
Library Exchange	16,694	-	(848)	15,846	848
Total governmental activities	5,165,318	1,071,103	(638,560)	5,597,861	391,684
Business-type activities:					
Sewer revenue bonds payable:					
Principal amount of bonds payable	562,586	85,785	(25,487)	622,884	24,833
Premium on bonds payable	37,680	18,038	(1,798)	53,920	2,399
Net pension liability	26,649	5,919	-	32,568	-
Compensated absences payable	2,232	1,408	(1,451)	2,189	1,430
Total business-type activities	629,147	111,150	(28,736)	711,561	28,662
Total long-term liabilities - Primary Government	\$ 5,794,465	1,182,253	(667,296)	6,309,422	420,346
Component Units					
Public Schools					
Compensated absences payable	\$ 32,763	22,805	(22,934)	32,634	22,844
Obligations under capital leases and installment purchases	89,731	28,078	(18,157)	99,652	21,498
Insurance and benefit claims payable	61,905	8,533	(5,145)	65,293	27,800
Net pension liability	3,221,976	3,760,103	(3,221,976)	3,760,103	335,505
Unearned rent	574	3,278	-	3,852	216
Total Public Schools	3,406,949	3,822,797	(3,268,212)	3,961,534	407,863
FCRHA					
Mortgage revenue bonds payable	23,777	-	(1,100)	22,677	597
Mortgage notes payable	56,666	490	(1,787)	55,369	1,649
Net pension liability	20,857	6,302	(2,515)	24,644	-
Compensated absences payable	1,123	737	(640)	1,220	567
Total FCRHA	102,423	7,529	(6,042)	103,910	2,813
Park Authority					
Revenue bonds payable:					
Principal amount of bonds payable	3,555	-	(655)	2,900	680
Premium on bonds payable	309	-	(106)	203	86
Net pension liability	44,910	7,171	-	52,081	-
Loan from Primary Government	11,977	-	(372)	11,605	422
Compensated absences payable	4,608	2,453	(2,366)	4,695	2,364
Total Park Authority	65,359	9,624	(3,499)	71,484	3,552
EDA					
Compensated absences payable	349	295	(254)	390	242
Unearned rent	626	-	(162)	464	183
Net pension liability	5,891	1,819	(714)	6,996	-
Total EDA	6,866	2,114	(1,130)	7,850	425
Total long-term liabilities - Component units	\$ 3,581,597	3,842,064	(3,278,883)	4,144,778	414,653

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

1. General Obligation Bonds

General obligation bonds are issued to provide funding for long-term capital improvements. In addition, they are issued to refund outstanding general obligation bonds when market conditions enable the County to achieve significant reductions in its debt service payments. Such bonds are direct obligations of the County, and the full faith and credit of the County are pledged as security. The County is required to submit to public referendum for authority to issue general obligation bonds.

At June 30, 2017, the amount of general obligation bonds authorized and unissued is summarized to the right.

Bond Purpose	Amount (in Thousands)
School improvements	\$ 429,410
Transportation improvements	194,840
Parks and park facilities	137,410
Human Services	85,000
Public safety facilities	184,760
Public library facilities	16,015
Flood control	15,750
Total authorized but unissued bonds	\$ 1,063,185

The Commonwealth does not impose a legal limit on the amount of general obligation indebtedness that the County can incur or have outstanding. The Board, however, has self-imposed bond limits to provide that the County’s net debt may not exceed three percent of the total market value of taxable real and personal property in the County. In addition, the annual debt service may not exceed ten percent of the annual General Fund disbursements. As a financial guideline, the Board also follows a self-imposed limitation in total general obligation bond sales of \$1.375 billion over a five-year period or an average of \$275 million annually, with a maximum of \$300 million in any given year. All self-imposed bond limits have been complied with at June 30, 2017.

In February 2017, the County issued \$228,375,000 of Series 2017A General Obligation Public Improvement Bonds with an average interest rate of 4.43 percent. The bonds were issued to finance projects related to school improvements, public safety, park facilities, and other purposes.

Detailed information regarding the general obligation bonds outstanding as of June 30, 2017, is contained in Section 5 of this note.

2. Revenue Bonds

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

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

In January 2005, the EDA issued \$60,690,000 of facilities revenue bonds to finance the acquisition of land and an existing office building to enable the Fairfax County Public Schools to consolidate numerous Public Schools' administrative offices. In June 2014, the Authority issued \$44,000,000 to advance refund certain outstanding maturities of the Series 2005 facilities revenue bonds.

In March 2010, the EDA issued \$43,390,000 of lease revenue bonds to current refund the FCRHA \$3,365,000 of outstanding Series 1996 lease revenue bonds, \$2,960,000 of outstanding Series 1998 lease revenue bonds, \$835,000 of outstanding Series 1999 lease revenue bonds, and to advance refund the FCRHA \$7,245,000 of outstanding Series 2004 lease revenue bonds, and the County's \$25,580,000 of outstanding Series 2000 certificate of participation bonds.

In May 2011, the EDA issued \$205,705,000 of transportation district improvement revenue bonds (Silver Line Phase 1 Project) Series 2011 and in September 2012, the EDA issued \$42,390,000 of transportation district improvement revenue bonds (Silver Line Phase 1 Project) Series 2012 to finance a portion of the costs of the construction of the first phase of an extension of the Washington Metropolitan Area Transit Authority's mass transit system in the County. In March 2016, EDA issued \$173,960,000 to refund a portion of the bonds issued in 2011 and 2012.

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

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

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

In March 2017, the EDA issued \$69,645,000 of facilities revenue bonds to finance the construction of parking facilities to be owned and operated by the County, located adjacent to WMATA's Herndon and Innovation Center Metrorail Stations. As the County is responsible, under the related documents and subject to annual appropriation, to make payments to a trustee sufficient to pay principal and interest on these bonds, the related transactions, including the liability for the bonds, have been recorded in the County's financial statements and not in those of EDA.

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

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

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

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

None of these revenue bonds nor the related payment responsibilities of the County are general obligation debt of the County, and the full faith and credit of the County is not pledged to these bonds for such payment responsibility.

Detailed information regarding the revenue bonds outstanding as of June 30, 2016 is contained in Section 5 of this note.

3. Sewer Revenue Bonds

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

In June 2009, the Sewer System issued \$152,255,000 of Series 2009 Sewer Revenue Bonds, with an average interest rate of 4.72 percent, to fund the System’s portion of upgrade costs at certain wastewater treatment facilities that are owned by, or that provide service to the County, the purchase of additional capacity, and the costs for other system improvements.

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

In April 2014, the Sewer System issued \$61,755,000 of Series 2014 Sewer Revenue Refunding Bonds with an average interest rate of 4.14 percent to refund \$69,745,000 of the outstanding Series 2004 Sewer Revenue Refunding Bonds with an average interest rate of 4.61 percent. Net proceeds of the Refunding Bond were used mostly to redeem the Series 2004 Bonds on July 15, 2014. This refinancing resulted in the net deferred loss of \$4,045,945, amortized over 15 years. This refunding resulted in the aggregate decrease in the overall debt service of \$15,461,166.

On May 12, 2016, the Sewer System issued \$164,450,000 of Series 2016A Sewer Revenue Bonds with an average interest rate of 3.92 percent to refund \$123,065 of outstanding Series 2009 Revenue Bond with average interest rate of 5.00 percent and to refund \$46,720,000 of outstanding Series 2012 Bond with an average interest rate of 4.50 percent. This refinancing resulted in the net deferred loss of \$12,406,377 and a remaining outstanding amount of \$13,400,000 of unrefunded Series 2009 Bonds and \$39,545,000 of unrefunded Series 2012 Bonds. This loss will be amortized over 24 years. This refunding resulted in an aggregate decrease in the overall debt service of \$35,116,418 and obtained an

economic gain (difference between the present values of the old and new debt service payments) of \$20,440,024.

On June 28, 2017, the System issued \$85,785,000 of Sewer Revenue Bonds (the Series 2017 Bonds) with an average interest rate of 4.77% to provide funds for paying the costs of certain additions, extensions and improvements to the County's sewage collection, treatment and disposal systems, capital improvement costs allocable to the County at certain wastewater treatment facilities that provide service to the County and, if necessary, purchasing additional capacity at certain wastewater treatment facilities for the benefit of the County, and the costs of issuing the 2017 Bonds, and making a deposit to the Reserve Subfund.

As of June 30, 2017, the outstanding bonds consist of \$10,295,000 of Series 2009 Revenue Bonds, \$37,945,000 of Series 2012 Revenue Bonds, \$37,945,000 of Series 2014 Revenue Refunding Bonds, \$164,450,000 of Series 2016A Revenue Refunding Bonds, and \$85,785,000 of Series 2017 Revenue Bonds.

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

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

In December 2003, UOSA issued \$58,150,000 of Regional Sewer System Revenue Refunding Bonds to advance refund its outstanding Series 1993 bonds.

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

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

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

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

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

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

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

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

In fiscal year 2015, UOSA refinanced a portion of Bond Series 2007. Of the \$112,190,980 balance, \$93,175,291 was refunded into Bond Series 2014, resulting in a gain of \$2,029,198, which will be amortized over the next 24 years. This refunding resulted in an aggregate decrease in the overall debt service of \$6,359,189.

In fiscal year 2016, UOSA refinanced Bond series 2007B with the entire remaining principal of \$19,015,689 being refunded into Series 2016B. This resulted in a gain of \$533,782, which will be amortized over 22 years. This refunding resulted in an aggregate decrease in the overall debt service of \$4,676,694.

The Sewer System's share of UOSA's total outstanding debt at June 30, 2017 is \$242,574,706 and it is subordinate to the sewer revenue bonds issued by the Sewer System. UOSA did not issue any Sewer Revenue or Refunding bonds in FY2017.

In June 2001 and June 2002, the Sewer System issued 20-year subordinated sewer revenue bonds in the amounts of \$40,000,000 and \$50,000,000, respectively, to the Virginia Water Facilities Revolving Fund, acting by and through the Virginia Resources Authority. The proceeds have been used to finance a portion of the Sewer System's share of incurred expansion and upgrade costs of the Alexandria Sanitation Authority's wastewater treatment facilities, which provide service to certain County residents. In September 2012, the System executed a rate reduction agreement with VRA reducing the interest rates on these bonds from 4.10 percent per annum and 3.75 percent per annum, respectively, to 2.35 percent per annum and the required semi-annual debt service payments from \$1,499,642 and \$1,818,894 to \$1,395,539 and \$1,706,099, respectively. The rate reduction agreement resulted in interest savings of \$1,769,745 and \$2,143,099, respectively.

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

As of June 30, 2017, the outstanding principal for the 2001 and 2002 subordinated revenue bonds is \$10,566,026 and \$15,963,056, respectively.

Detailed information regarding the sewer revenue bonds outstanding as of June 30, 2017 is contained in Section 5 of this note.

4. Bond Anticipation Notes

In February 2008, the FCRHA issued a \$37,615,000 refunding bond anticipation notes to repay a portion of a 2007 short-term note that matured on February 12, 2008. The original short-term note was issued to partially finance the purchase of a multi-family rental housing complex as part of the County's affordable housing initiative. In May 2011, the FCRHA issued \$28,905,000 of bond anticipation notes to current refund \$30,215,000 of outstanding Series 2008A bond anticipation notes. In February 2013, the FCRHA issued \$24,650,000 of bond anticipations notes to current refund \$26,725,000 of outstanding Series 2011 bond anticipation notes. The note matured on March 1, 2015.

In February 2015, the County and FCRHA entered into a direct loan agreement with Bank of America, N.A. in a principal amount of \$18,260,000, which together with other County funds refinanced the 2013A bond anticipation notes. As the County is responsible, under the related documents and subject to appropriation, to pay timely the principal of and interest on the note, the related transactions, including the liability for the note, have been recorded in the County's financial statements and not in those of the FCRHA. The note is not a general obligation debt of the County, and the full faith and credit of the County is not pledged to the note.

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

In December 2014, EDA utilized its revenue bond structure (Silver Line Phase II) Series 2014 to enter into a loan agreement with the United States Department of Transportation for a Transportation Infrastructure Financing and Innovation Act (TIFIA) loan in the principal amount up to \$403,274,894 (plus capitalized interest). Proceeds from the TIFIA Loan will be used to finance the County's share of Phase II of the Silver Line Metrorail expansion. The County is obligated by a contract with the EDA to pay amounts equal to debt service on the TIFIA loan. The County's obligation to make such payments is subject to the annual appropriation by the Board of sufficient funds for such purpose. The terms of the TIFIA Bond provide for repayment of the loan to begin October 1, 2023 and end April 1, 2046. At June 30, 2017, the outstanding principal of the TIFIA Loan was \$201,495,853.

Detailed information regarding the bond anticipation notes and notes payable outstanding as of June 30, 2017 is contained in Section 5 of this note.

5. County Debt and Related Interest to Maturity

The County's outstanding general obligation bonds, revenue bonds, notes payable, HUD Section 108 loans, Sewer System revenue bonds, and the related interest to maturity as of June 30, 2017, are comprised of the issues presented on the following pages:

NOTES TO THE FINANCIAL STATEMENTS

Series	Interest Rate (%)	Issue Date	Final Maturity Date	Annual Principal Payments (000)	Original Issue (000)	Principal Outstanding (000)	Interest Payable to Maturity (000)	Total Principal Outstanding & Interest Payable to Maturity (000)	
Governmental activities:									
General obligation bonds:									
General County:									
Series 2008 A	5.00	01-30-08	04-01-28	4,960	\$ 99,155	4,960	248	5,208	
Series 2009 A	4.00-5.00	01-28-09	04-01-29	2,450	49,000	7,350	661	8,011	
Series 2009 C	5.00	10-28-09	10-01-19	3,019-14,578	48,527	26,423	1,404	27,827	
Series 2009 E	3.90-5.25	10-28-09	10-01-29	4,247	63,700	55,207	17,587	72,794	
Series 2011 A	4.00-5.00	02-10-11	04-01-31	2,400	47,880	9,600	1,104	10,704	
Series 2012 A	2.00-5.00	02-02-12	04-01-32	1,935-3,860	77,185	54,041	14,513	68,554	
Series 2012 B	4.00-5.00	02-02-12	04-01-24	3,969-13,142	74,759	72,425	15,532	87,957	
Series 2013 A	5.00	01-24-13	10-01-32	3,925-3,930	78,535	39,265	14,524	53,789	
Series 2013 B	3.00-4.00	01-24-13	10-01-25	1,242-9,255	54,389	42,172	7,448	49,620	
Series 2014 A	3.00-5.00	02-06-14	10-01-33	6,170-6,175	123,426	104,902	36,804	141,706	
Series 2014 A	4.00-5.00	02-06-14	10-01-23	821-833	18,569	5,773	909	6,682	
Series 2014 B	3.00-5.00	11-04-14	10-01-26	649-15,893	70,399	63,284	18,732	82,016	
Series 2015 A	3.00-5.00	03-04-15	10-01-34	4,297-4,305	86,037	77,427	28,898	106,325	
Series 2015 B	3.00-5.00	03-11-15	10-01-26	1,824-8,613	17,989	17,989	6,870	24,859	
Series 2015 C	4.00-5.00	07-07-15	10-01-25	2,662-8,657	49,077	44,584	7,370	51,954	
Series 2016 A	2.00-5.00	02-09-16	10-01-35	4,115-4,120	82,312	78,197	32,689	110,886	
Series 2016 A	2.00-5.00	02-09-16	10-01-30	2,214-13,840	37,806	37,806	15,847	53,653	
Series 2017 A	4.00-5.00	02-07-17	10-01-36	4,565-4,570	91,395	91,395	41,055	132,450	
Total general obligation bonds - General County						1,170,140	832,800	262,195	1,094,995
Schools:									
Series 2008 A	5.00	01-30-08	04-01-28	6,765	135,320	6,765	338	7,103	
Series 2009 A	4.00-5.00	01-28-09	04-01-29	7,525	150,510	22,575	2,032	24,607	
Series 2009 C	5.00	10-28-09	10-01-19	5,081-24,052	83,273	41,737	2,182	43,919	
Series 2009 E	3.90-5.25	10-28-09	10-01-29	9,233	138,500	120,033	38,237	158,270	
Series 2011 A	4.00-5.00	02-10-11	04-01-31	6,230	123,515	24,920	2,866	27,786	
Series 2012 A	2.00-5.00	02-02-12	04-01-32	3,520-7,025	140,470	98,344	26,409	124,753	
Series 2012 B	4.00-5.00	02-02-12	04-01-24	4,671-21,058	117,591	113,075	24,461	137,536	
Series 2013 A	5.00	01-24-13	10-01-32	6,390	127,800	63,900	23,643	87,543	
Series 2013 B	3.00-4.00	01-24-13	10-01-25	1,518-14,285	73,611	57,543	9,908	67,451	
Series 2014 A	3.00-5.00	02-06-14	10-01-33	7,045	140,904	119,768	42,024	161,792	
Series 2014 A	4.00-5.00	02-06-14	10-01-23	1,553-1,565	33,411	10,922	1,718	12,640	
Series 2014 B	3.00-5.00	11-04-14	10-01-26	1,976-28,423	131,791	117,186	33,371	150,557	
Series 2015 A	3.00-5.00	03-04-15	10-01-34	7,065-7,068	141,303	127,173	47,479	174,652	
Series 2015 B	3.00-5.00	03-11-15	10-01-26	4,736-19,772	39,081	39,081	14,827	53,908	
Series 2015 C	4.00-5.00	07-07-15	10-01-25	3,253-17,328	90,438	81,441	11,829	93,270	
Series 2016 A	2.00-5.00	02-09-16	10-01-35	6,730-6,740	134,728	127,988	53,478	181,466	
Series 2016 A	2.00-5.00	02-09-16	10-01-30	5,746-27,125	81,134	81,134	34,114	115,248	
Series 2017 A	4.00-5.00	02-07-17	10-01-36	6,850-6,845	136,980	136,980	61,530	198,510	
Total general obligation bonds - Schools						2,020,360	1,390,565	430,446	1,821,011
Total general obligation bonds						3,190,500	2,223,365	692,641	2,916,006
Revenue bonds:									
EDA revenue bonds:									
Series 2003	5.00	10-01-03	11-15-18	6,645-7,885	85,650	15,205	957	16,162	
Series 2010	3.00-5.00	03-10-10	04-01-32	1,280-2,785	43,390	24,845	7,817	32,662	
Series 2011	3.00-5.00	05-26-11	04-01-36	5,285-6,325	205,705	18,115	1,809	19,924	
Series 2011	3.00-5.00	07-28-11	08-01-34	3,275-7,225	99,430	92,765	40,179	132,944	
Series 2012 A	3.00-5.00	04-17-12	06-01-33	670-4,205	47,745	32,545	7,139	39,684	
Series 2012 A	4.50-5.00	05-30-12	03-01-42	1,240-3,700	65,965	56,605	40,086	96,691	
Series 2012	4.00-5.00	10-10-12	04-01-37	1,035-1,235	42,390	3,535	359	3,894	
Series 2014 A	4.00-5.00	06-26-14	10-01-34	7,035-7,040	126,690	126,690	56,867	183,557	
Series 2014 A	3.00-5.00	06-26-14	10-01-34	1,415-3,385	44,000	41,210	21,233	62,443	
Series 2014 B	.65-4.38	06-26-14	10-01-33	1,185-2,085	30,175	26,390	9,850	36,240	
Series 2016	4.00-5.00	03-16-16	04-01-36	7,525-14,575	173,960	173,960	91,502	265,462	
Series 2017	5.00	03-08-17	04-01-47	1,275-4,530	69,645	69,645	69,439	139,084	
FCRHA lease revenue bonds:									
Series 2003	3.50	07-22-03	8-01-23	44-171	2,530	987	116	1,103	
Series 2009	3.00-5.00	08-20-09	10-01-39	2,040-5,610	94,950	81,380	50,909	132,289	
VRA Subfund Revenue bonds:									
Series 2013 C	2.07-5.13	11-20-13	10-01-33	555	11,085	9,420	3,732	13,152	
CDA revenue bonds:									
Series 2011 A Tax-Exempt	6.25-6.88	06-09-11	03-01-36	465-5,315	46,980	46,515	41,854	88,369	
Series 2011 A Taxable	7.25	07-06-11	03-01-36	150-2,180	18,670	18,520	17,867	36,387	
Total revenue bonds						1,208,960	838,332	461,715	1,300,047

(Continued)

BASIC FINANCIAL STATEMENTS

Series	Interest Rate (%)	Issue Date	Final Maturity Date	Annual Principal Payments (000)	Original Issue (000)	Principal Outstanding (000)	Interest Payable to Maturity (000)	Total Principal Outstanding & Interest Payable to Maturity (000)
Notes payables:								
Salona	3.93-4.29	12-27-05	12-31-25	323-645	12,900	5,482	1,036	6,518
Capital Renewal	1.24	12-18-13	01-01-19	5,000	25,000	10,000	186	10,186
Capital Renewal	1.30	03-10-15	01-01-20	2,000	10,000	6,000	156	6,156
Crescent	2.22	02-25-15	03-01-18	2,500-13,260	18,260	13,260	294	13,554
TIFIA Loan	2.73	12-17-14	04-01-46	4462-8003	403,275	201,496	1,267	202,763
Total notes payables					469,435	236,238	2,939	239,177
HUD Section 108 Loans:								
HUD Section 108 loan #8	4.97-6.67	07-01-01	08-01-21	115	2,300	575	33	608
HUD Section 108 loan #11	Variable	06-29-09	08-01-28	196-334	5,040	3,393	877	4,270
HUD Section 108 loan #12	Variable	02-14-11	08-01-30	343-344	6,535	4,815	1,014	5,829
Total HUD Section 108 loans					13,875	8,783	1,924	10,707
Total governmental activities					4,882,770	3,306,718	1,159,219	4,465,937
Business-type activities:								
Sewer revenue bonds:								
UOSA Bonds Subordinated	2.00-6.00	01-12-95	07-01-43	1,828-21,526	277,621	242,574	101,114	343,688
Series 2001 Subordinated	0.95	06-01-01	02-01-21	2,528-2,679	40,000	10,566	227	10,793
Series 2002 Subordinated	0.95	09-01-02	03-01-22	3,028-3,253	50,000	15,964	420	16,384
Series 2009 Revenue	4.5	06-17-09	07-15-40	2,805-9,415	152,255	10,295	789	11,084
Series 2012 Revenue	5.0	08-08-12	07-15-42	1,475-5,435	90,710	37,945	30,464	68,409
Series 2014 Refunding	2.00-5.00	04-16-14	07-15-28	3,175-5,770	61,755	55,305	14,377	69,682
Series 2016 Refunding	3.00-4.00	05-12-16	06-30-40	7,360-12,950	164,450	164,450	91,012	255,462
Series 2017 Revenue	3.00-5.00	6-28-17	07-15-47	2293-5509	85,785	85,785	81,748	167,533
Total business-type activities					922,576	622,884	320,151	943,035
Total County bond, note, and loan indebtedness					\$ 5,805,346	3,929,602	1,479,370	5,408,972

Principal and interest to maturity (in thousands) for the County's general obligation bonds, revenue bonds, loans, and Sewer System revenue bonds outstanding at June 30, 2017 are as follows:

Fiscal Year	Governmental Activities						Business-Type		Total	
	General Obligation Bonds		Revenue Bonds		Notes and Loans		Sewer System Revenue Bonds			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
2018	\$ 192,090	96,842	38,574	39,505	21,600	2,249	24,833	22,621	277,097	161,217
2019	190,130	86,700	39,714	37,368	8,348	559	27,063	23,616	265,255	148,243
2020	181,885	78,249	32,119	35,763	3,356	428	28,068	22,648	245,428	137,088
2021	174,750	70,084	34,115	34,268	1,364	357	28,779	21,663	239,008	126,372
2022	165,970	62,239	35,345	32,656	1,372	310	29,799	20,869	232,486	116,074
2023-2027	701,430	205,409	182,435	138,055	206,949	841	143,404	89,374	1,234,218	433,679
2028-2032	445,795	79,710	219,135	91,672	2,032	119	114,542	58,696	781,504	230,197
2033-2037	171,315	13,408	187,164	38,005	-	-	96,804	38,146	455,283	89,559
2038-2043	-	-	49,140	11,234	-	-	93,647	17,828	142,787	29,062
2043-2048	-	-	20,591	3,189	-	-	35,945	4,690	56,536	7,879
Totals	\$ 2,223,365	692,641	838,332	461,715	245,021	4,863	622,884	320,151	3,929,602	1,479,370

6. FCRHA Bonds, Notes, and Loans Payable

The FCRHA issues various debt instruments, including bonds, notes and mortgages, to finance the cost of acquisition, construction, and equipping of its workforce, senior, disabled, low income, transient, and homeless affordable housing projects. These debt instruments are usually secured by the properties being financed. Sources of permanent financing include the Federal Department of Housing and Urban Development (HUD), the Virginia Housing Development Authority (VHDA), commercial lenders, and the County. In addition, the FCRHA maintains unsecured \$1 million tax-exempt and \$5.0 million taxable lines of credit with a commercial bank to provide interim (bridge) financing.

The table details all FCRHA bonds, notes (including a loan from the County), and loans payable as of June 30, 2017, excluding FCRHA's component units is presented as follows:

Series	Secured By	Interest Rate (%)	Issue Date	Final Maturity Date	Annual Principal Payments (000)	Original Issue (000)	Total Principal Outstanding (000)
Housing Bonds Payable:							
Mortgage revenue bonds	Little River Glen rental property	4.65-6.10	08-29-96	09-01-26	\$ 150-190	\$ 6,340	3,415
Tax-exempt revenue bonds	Herndon Harbor I - rental property	6.35	08-01-97	07-01-27	24-30	2,875	569
Multi-family revenue bonds	Castellani Meadows	6.15	04-01-98	03-01-28	20-26	1,700	519
Multi-family revenue bonds	Herndon Harbor II - rental property	4.875-5.50	05-01-99	05-01-29	44-56	2,000	1,261
Multi-family revenue bonds	Cedar Ridge Apartments	5.984	03-29-07	10-01-48	62-115	13,200	12,183
Multi-family revenue bonds	Olley Glen - senior rental property	3.15-5.75	08-26-08	08-01-51	30-355	12,220	4,730
Total mortgage bonds payable - FCRHA						<u>38,335</u>	<u>22,677</u>
Mortgage Notes Payable and Loan from County:							
United Bank	Faircrest North, Laurel Hill, Westcott Ridge, Holly Acres, Legato Corner, and Willow Oaks rental properties	6.21	01-01-07	12-01-21	54-65	2,998	2,266
	East Market, Fair oaks, Bryson	6.14	12-06-07	12-01-22	15-22	856	673
	Stockwell, Northampton, Halstead I & II	6.11	07-24-09	07-01-24	15-22	868	711
	Unsecured	Libor + 80bps	varies	varies	-	3,401	1,389
	Stonegate rental property	6.16	02-08-05	01-08-24	112	1,286	642
US Dept of Housing and Urban Development	Various FCRHA rental properties	1.21-5.29	08-07-03	08-01-17	35	500	36
	Olley Glen property	1.29-3.44	01-29-09	08-01-23	100-125	2,050	1,080
Virginia Housing Development Authority	Minerva Fisher-Hall Group Home property	8.07	07-01-79	06-01-19	2-16	437	66
	Penderbrook rental property	7.17	09-01-88	10-01-18	16-25	770	89
	First Stop Group Home property	7.61	08-01-06	03-01-25	-	385	227
The City of Fairfax	Various properties owned by note holder	9.00-12.50	varies	varies	5-6	65	47
Fairfax County Redevelopment and Housing Authority	Herndon Harbour House	2.00-6.35	varies	08-01-27	-	2,487	2,638
	The Green rental property	3.37	varies	11-01-28	-	1,257	1,233
	The Green rental property	2.00	varies	01-01-25	-	131	130
	Castellani Meadows	4.00	varies	04-01-28	-	1,920	1,204
	Tavenner	7.21	varies	01-01-27	-	2,042	3,970
	Murrygate Housing	1.0	varies	10-01-24	-	500	500
	Stonegate	1.0	varies	04-01-24	-	1,957	1,953
Total mortgage notes payable - FCRHA						<u>23,910</u>	<u>18,854</u>
Total public housing bonds, notes, and loans payable - FCRHA primary government						<u>\$ 62,245</u>	<u>41,531</u>

The FCRHA's annual required principal and interest payments to maturity on the bonds, notes (including a loan from the County), and loans payable, excluding FCRHA's component units, at June 30, 2017, are presented on the following page:

Fiscal Year	Component Unit - FCRHA (Primary Government)					
	Housing Bonds Payable		Mortgage Notes Payable and Loan from County		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 596,598	1,228,364	489,690	365,811	1,086,288	1,594,175
2019	635,223	1,192,752	431,769	334,367	1,066,992	1,527,119
2020	672,250	1,152,842	396,079	307,577	1,068,329	1,460,419
2021	715,613	1,115,252	417,669	277,525	1,133,282	1,392,777
2022	760,400	1,072,758	2,146,658	195,831	2,907,058	1,268,589
2023-2027	4,516,850	4,620,659	5,657,184	829,614	10,174,034	5,450,273
2028-2032	2,259,175	3,585,547	9,315,463	4,585,351	11,574,638	8,170,898
2033-2037	2,516,284	3,004,734	-	-	2,516,284	3,004,734
2038-2042	3,346,086	2,250,745	-	-	3,346,086	2,250,745
2043-2047	4,449,833	1,245,595	-	-	4,449,833	1,245,595
2048-2052	2,208,256	171,971	-	-	2,208,256	171,971
Totals	\$ 22,676,568	20,641,219	18,854,512	6,896,076	41,531,080	27,537,295

7. Park Authority Bonds, Loans, and Notes Payable

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

In June 2003, the Park Authority received a \$15,530,000 loan from the County to fund the development and construction of a public golf course and related structures, facilities, and equipment to be located in the Laurel Hill area of the southern part of the County. In April 2012, EDA issued \$47,745,000 Revenue Refunding Bonds (County Facilities Projects) to refund a portion of the bonds. The loan is solely the obligation of the Park Authority and is payable from the Park Revenue Fund’s revenues from operations, earnings on investments, and certain fund balance reserves.

The debt service requirements to maturity for the outstanding bonds and loan at June 30, 2017, are as follows:

Fiscal Year	Revenue Bonds			Loan from Primary Government			Total	
	Int. Rate	Principal	Interest	Int. Rate	Principal	Interest	Principal	Interest
2018	4.82	\$ 680,000	119,275	5.00	422,300	438,069	1,102,300	557,344
2019	4.23	705,000	87,959	5.00	471,400	416,954	1,176,400	504,913
2020	4.82	740,000	55,206	5.00	526,100	393,384	1,266,100	448,590
2021	4.82	775,000	18,684	5.00	585,700	367,079	1,360,700	385,763
2022	-	-	-	5.00	645,300	337,794	645,300	337,794
2023-2027	-	-	-	5.00	3,669,100	1,274,254	3,669,100	1,274,254
2028-2032	-	-	-	3.00-4.00	4,330,000	631,694	4,330,000	631,694
2033	-	-	-	4.00	955,000	34,619	955,000	34,619
Totals		<u>\$ 2,900,000</u>	<u>281,124</u>		<u>11,604,900</u>	<u>3,893,847</u>	<u>14,504,900</u>	<u>4,174,971</u>

8. Conduit Debt Obligations

The FCRHA is empowered by the Commonwealth to issue tax-exempt bonds on behalf of qualified businesses to develop or rehabilitate low income housing within the County. Principal and interest on the tax-exempt bonds are paid entirely by the owners of the properties, who have entered into binding contracts to develop or rehabilitate the subject properties. The terms of the tax-exempt bonds stipulate that neither the FCRHA nor the County guarantees the repayment of principal and interest to the bondholders. A bondholder's sole recourse in the event of default on the tax-exempt bonds is to the subject property and third-party beneficiaries. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2017, approximately \$21.0 million of such tax-exempt bonds that are still outstanding.

The EDA is empowered by the Commonwealth to issue Industrial Revenue Bonds (IRBs) on behalf of businesses relocating and/or expanding their operations within the County. Principal and interest on the IRBs are paid entirely by the businesses. The terms of the IRBs stipulate that neither the EDA nor the County guarantees the repayment of principal and interest to the bondholders. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2017, the cumulative amount of all IRBs outstanding was \$382,962,269.

In October 2003, August 2004, March 2007, and July 2008, EDA issued \$33,375,000, \$57,410,000, \$41,505,000, and \$51,505,000, respectively, of transportation contract revenue bonds on behalf of the State Route 28 Transportation Improvement District for the purpose of financing a portion of the costs of constructing certain improvements to State Route 28 in the County and in Loudoun County, Virginia. In May 2012, the EDA issued \$86,275,000 of transportation contract revenue refunding bonds on behalf of the State Route 28 Transportation Improvement District to advance refund \$29,285,000 of outstanding Series 2003 bonds and \$52,755,000 of outstanding Series 2004 bonds. In August 2016, the EDA issued \$43.04 million of transportation contract revenue refunding bonds, Series 2016 A and \$45.76 million of transportation contract revenue refunding bonds, Series 2016 B, on behalf of the State Route 28 Transportation Improvement District to advance refund \$41.51 million of outstanding Series 2007A bonds and \$43.66 million of outstanding Series 2008 Bonds, respectively. These bonds are payable primarily from a limited ad valorem real property tax levied by the counties on property owners in the district. The bonds are secured by a reserve subfund, and each County has agreed to cure one-half of any deficiency in the reserve subfund. As neither the EDA nor the Counties are responsible to make principal or interest payments on the bonds, neither reports a liability for the bonds. Rather, this liability for debt service payments on the bonds

rests with the State Route 28 Highway Transportation Improvement District. At June 30, 2017, the total outstanding principal amount of these transportation contract revenue bonds outstanding was \$168,660,000.

In December 2005, the Park Authority issued two notes totaling \$12.9 million to finance the acquisition of a permanent conservation easement. As the County is responsible, under the related documents and subject to appropriation, to pay the principal and interest on the notes, the related transactions, including the liability for the notes, have been recorded in the County's financial statements and not in those of the Park Authority. The notes are not general obligation debt of the County, and the full faith and credit of the County is not pledged to the notes. As of June 30, 2017, \$5.5 million of these notes are outstanding

9. Debt Guarantee

In 1989 and 1990, EDA issued \$26,765,000 of parking revenue bonds to finance construction of parking structures near the Vienna Metrorail Station and the Huntington Metrorail Station in the County. All obligations relating to the construction of such parking structures have now been paid. EDA issued \$25,735,000 in bonds on November 10, 1999, to finance a second parking structure at the Vienna Metrorail Station. In August 2005, EDA issued \$18,695,000 in bonds to refund all of the callable 1999 parking revenue bonds. The parking revenue bonds were payable under a lease with the Washington Metropolitan Area Transit Authority (WMATA) from revenues to be derived by WMATA from parking surcharges at these and other parking facilities in the County. In the event such revenues were not sufficient to pay debt service on the parking revenue bonds and under certain other conditions, the County was, in effect, obligated, subject to annual appropriation by its Board, to make payments to EDA sufficient to pay such debt service. In November of 2016, \$7.7 million the outstanding balance of the 2005 bonds, was paid, relieving the County of all obligations associated with this debt.

10. Defeasance of Debt

During the fiscal year, the County has defeased certain outstanding bonds by placing the proceeds of newly issued bonds in an irrevocable escrow fund to provide for all future debt service payments on the old bonds. Accordingly, the escrow fund assets and the liabilities for the defeased bonds are not included in the financial statements. As of June 30, 2017, the outstanding bonds considered defeased but not yet redeemed are \$366.0 million in general obligation bonds and \$189.4 million in revenue bonds.

11. Sanitary Landfill Closure and Postclosure Obligation

State and federal laws require the County to place a final cover on its I-95 Sanitary Landfill at key points in time during the life of the disposal units (e.g., when portions reach final design grades and ultimately when it stops accepting solid waste). In addition, maintenance of environmental infrastructure and monitoring of performance parameters are required for 30 years after closure.

The existing Municipal Solid Waste (MSW) unit stopped accepting MSW on December 31, 1995 and the placement of the final closure cap on the MSW unit was completed during 2007. The ash disposal unit, or Area Three Lined Landfill (ATLL) unit, continues to accept incinerator ash generated from the thermal processing of municipal solid waste from Energy from Waste facilities in Fairfax County, Arlington County and the Noman Cole Pollution Prevention (wastewater treatment) Plant. Closure expenditures have already been incurred for all of the MSW unit and approximately 12 percent of the permitted ATLL cap area. The County holds permits that allow it to continue disposing ash in the ATLL unit until it is filled to capacity, currently estimated to occur in approximately 2059.

The \$46.1 million closure and postclosure obligation at June 30, 2017 includes, \$ 44.9 million for the I-95 Landfill, the amount represents the total estimated cost remaining to be incurred for both the MSW and ATLL units, It was reduced by \$24.7 million from last year due to a number of factors, including more specific itemization of routine post closure care events using a template approved by the Virginia Department of Environmental Quality that were previously more broadly estimated. The actual cost may vary due to inflation, changes in technology, or changes in regulations. It is expected that the landfill closure and post closure care costs will be funded from existing resources in the I-95 Refuse Disposal Fund.

An additional \$1.2 million was estimated to accommodate long term operation maintenance of the landfill gas collection system at the closed I-66 Landfill, and closure of the I-66 Transfer Station.

12. Obligations Under Capital Leases and Installment Purchases

The reporting entity has financed the acquisition of certain capital assets, including a satellite government center, buses, computer equipment, copier machines, and trailers, by entering into capital lease and installment purchase agreements. The balance of capital assets, net, and the minimum obligations under these capital lease and installment purchase agreements as of June 30, 2017, are as follows:

Asset Class	Primary Government -	
	Governmental Activities	Component Unit - Public Schools
Land	\$ -	6,000,000
Buildings	-	56,910,185
Improvements	832,127	-
Equipment	33,300,680	92,255,805
Total assets, at cost	34,132,807	155,165,990
Accumulated depreciation	(17,034,878)	(32,929,398)
Total assets, net	\$ 17,097,929	122,236,592
Fiscal Year	Minimum Obligations	Minimum Obligations
2018	\$ 5,862,232	24,539,996
2019	4,897,245	18,967,388
2020	4,897,245	16,552,216
2021	4,701,412	12,617,949
2022	1,136,830	5,250,439
2023-2027	1,136,830	17,340,625
2028-2032	-	17,343,000
2033-2035	-	10,405,343
Total minimum obligations	22,631,794	123,016,956
Portion representing interest	(1,127,403)	(23,364,764)
Present value of minimum obligations	\$ 21,504,391	99,652,192

The County is the lessor in a direct financing lease with Public Schools for an administrative office building and related land. The lease is structured so that Public Schools will make annual lease payments over 30 years equal to the County's required debt service payments on the Series 2005 Facilities Revenue Bonds (see Note J-2). The County will transfer ownership of the building to

Public Schools once all the lease obligations are satisfied. The total future minimum lease payments receivable is \$41.2 million and unearned revenue in the amount of \$41.2 million is reported. Minimum lease payments for each of the five succeeding fiscal years are \$1,470,000; \$1,530,000; \$1,600,000; \$1,685,000; and \$1,765,000, respectively.

K. LONG-TERM COMMITMENTS

1. WMATA

The County's commitments to WMATA are comprised of agreements to make capital contributions for the construction of rail lines and for the acquisition, replacement, and renovation of transit equipment and facilities and to provide operating subsidies for its rail, bus, and paratransit systems. The County's commitments in each of these areas are summarized as follows:

Capital Contributions – Transit Equipment and Facilities

Each fiscal year, the County and other local jurisdictions make contributions for WMATA's acquisition, replacement, and rehabilitation of transit equipment and facilities and for the debt service on federally guaranteed transit revenue bonds issued by WMATA. The County's obligation of approximately \$27.8 million for fiscal year 2017 was funded with \$27.8 million of County general obligation bond proceeds. It is anticipated that the County's obligation for fiscal year 2018 will amount to \$40.0 million and be funded with \$10.0 million of state aid provided through the NVTC and \$30.0 million of County general obligation bond proceeds.

Operating Subsidies

The County and other local jurisdictions contribute annually toward WMATA's deficits resulting from the operation of its rail, bus, and paratransit systems. For fiscal year 2017, the County's obligation of approximately \$118.7 million for operating subsidies was funded with \$11.1 million from the County's Metro Operations and Construction Fund, \$107.6 million from state aid and regional gasoline tax receipts provided through the NVTC. It is anticipated that the County's obligation for fiscal year 2018 will amount to \$135.3 million and be funded with \$124.4 million of state aid and regional gasoline tax receipts provided through the NVTC and \$10.9 million of County funds.

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

2. Virginia Railway Express (VRE)

The County, as a member of the NVTC and in cooperation with the Potomac and Rappahannock Transportation Commission (PRTC), is a participating jurisdiction in the operation of the VRE commuter rail service. The service primarily consists of rush hour trips originating from Manassas, Virginia and from Fredericksburg, Virginia to Union Station in Washington, DC. There are five stations in Fairfax County.

In October 1989, the Board approved the Commuter Rail Master Agreement and financial plans. These have subsequently been amended to reflect voting criteria for member jurisdictions, new member requirements, and fairness in the subsidy allocation formula which took effect for fiscal year 2008. The Board approved this Amended Master Agreement on September 10, 2007, required the County to contribute to capital, operating, and debt service costs of the VRE on a pro rata basis

according to its share of ridership. The County's fiscal year 2017 contribution to the VRE was \$5.2 million.

3. Operating Lease Commitments

The County, Public Schools, and the EDA have entered into various long-term lease agreements for real estate and equipment. Certain real estate leases contain provisions which allow for increased rentals based upon increases in real estate taxes and the Consumer Price Index. All lease obligations are contingent upon the Board appropriating funds for each fiscal year's payments. For fiscal year 2017, the County's, Public Schools', and EDA's total expenditures for these operating leases were \$19.4 million, \$2.6 million, and \$0.7 million, respectively. At June 30, 2017, the minimum long-term lease commitments accounted for as operating leases are as follows:

Fiscal Year	Primary Government	Component Units	
	Governmental Activities	Public Schools	EDA
2018	\$ 20,637,881	4,934,990	718,250
2019	17,219,320	5,085,487	737,919
2020	11,664,209	5,230,029	758,251
2021	5,918,008	5,375,155	779,025
2022	5,152,737	5,531,615	800,462
2023-2027	16,786,476	5,695,932	274,187
2028-2032	3,952,521	-	-
2033-2037	416,762	-	-
2038-2042	344,929	-	-
Total	\$ 82,092,843	31,853,208	4,068,094

4. Intermunicipal Agreements

City of Alexandria, Virginia Renew Enterprises

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

The ARE facility is currently undergoing major improvements to meet new water quality standards. The Sewer System paid ARE \$11.4 million for purchase capacity in fiscal year 2017 to fund its share of construction costs and it estimates its share of the remaining construction costs to be \$143.3 million, of which \$18.0 million is expected to be incurred in fiscal year 2018 and the balance over fiscal years 2018 to 2026. In addition, the Sewer System made payments of \$13.4 million to the ARE during fiscal year 2017 for its share of the ARE's operating costs.

District of Columbia Water and Sewer Authority

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

The Blue Plains Plant is currently undergoing a major renovation of its nitrogen removal facilities along with the constructions of new wet weather flow facilities. The Sewer System paid DC Water \$13.9 million for purchase capacity during fiscal year 2017 to fund its share of construction costs, and it estimates its share of the remaining construction costs to be \$79.2 million, of which \$12.4 million is expected to be incurred in fiscal year 2018 and the balance over fiscal years 2019 to 2026. In addition, the Sewer System made payments of \$10.6 million for contractual services to DC Water during fiscal year 2017 for its share of the Plant’s operating costs.

Upper Occoquan Sewage Authority

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

UOSA’s current operating expenses, construction costs, and annual debt service payments are funded by each of the participating jurisdictions based on their allocated capacity, with certain modifications. The Sewer System made contractual service payments to UOSA in fiscal year 2017 of \$13.5 million to pay its share of UOSA’s operating costs.

Summarized UOSA financial information as of and for the years ended June 30, 2015 and 2016 (the most recent audited financial information available), is as follows:

	2016	2015
Total assets	\$ 614,454,987	600,486,380
Deferred outflows of resources	24,335,773	23,659,227
Total liabilities	(560,475,900)	(552,565,390)
Deferred inflows of resources	(1,165,632)	(2,660,211)
Net position	\$ 77,149,228	68,920,006
Operating revenues	\$ 28,916,953	28,504,352
Operating expenses	(56,011,026)	(55,155,801)
Nonoperating revenues, net	4,136,204	2,353,974
Capital contributions	31,187,091	16,102,978
Decrease in net position	\$ 8,229,222	(8,194,497)
Total net position, beginning of year	68,920,006	85,220,482
Cumulative effect of change in accounting principle	-	(8,105,979)
Total net position, end of year	\$ 77,149,228	68,920,006

Arlington County, Virginia

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

The Arlington facility is currently undergoing a major upgrade to meet new water quality standards. The Sewer System paid Arlington \$979 in fiscal year 2017 to fund its share of the construction costs and it estimates its share of the remaining construction costs to be \$17.5 million, of which \$1.2 million is expected to be incurred in fiscal year 2018 and the balance over fiscal years 2019 to 2026. In addition, the Sewer System made payments of \$2.0 million for contractual services to Arlington during fiscal year 2017 for its share of Arlington's operating costs.

Loudoun County, Virginia

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

The System did not pay any operating cost to Loudoun Water in fiscal year 2017. The System will incur operating costs once it starts to deliver flows to Loudoun Water's facilities, which is not expected to start in fiscal year 2018.

5. Long-term Contracts

At June 30, 2017, the Primary Government had contractual commitments of \$87,441,136 in the capital projects funds and \$52,565,000 in the Sewer System for construction of various sewer projects. At June 30, 2017, the component units had contractual commitments of \$139,137,594 and \$7,936,121 in the capital projects funds of the Public Schools and the Park Authority, respectively, for construction of various projects.

L. CONTINGENT LIABILITIES

The County is contingently liable with respect to lawsuits and other claims that arise in the ordinary course of its operations. Although the outcome of these matters is not presently determinable, in the opinion of County management, the resolution of these matters will not have a material adverse effect on the County's financial condition.

The County receives grant funds, principally from the federal government, which benefit programs across many functional areas. Certain expenditures of these funds are subject to audit by the grantor, and the County is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of County management, no material refunds will be required as a result of expenditures disallowed by the grantors.

M. IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENTS

In Fiscal Year 2017, the County implemented all remaining provisions of GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as well as the following standards:

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*,

GASB Statement No. 77, *Tax Abatement Disclosures*,

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*,

GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*,

GASB Statement No. 82, *Pension Issues*,

The implementation of these standards did not have a material impact on the County's financial statements for fiscal year 2017.

The disclosures on the following pages are added as a result of the implementation of GASB Statement 74. The OPEB disclosures previously presented (Note H), correspond to the pre-implementation guidance to support the presentation of OPEB information as shown on the face of the County financial statements until the implementation of Statement 75 in fiscal year 2018.

Fairfax County OPEB Plan (GASB 74 Reporting)

COUNTY OF FAIRFAX, VIRGINIA
OPEB Trust Fund
Statement of Fiduciary Net Position
June 30, 2017

	OPEB Trust Fund
ASSETS	
Cash equivalents	\$ 5,420,236
Total cash	<u>5,420,236</u>
Receivables	
Contributions	83,749
Investment income	<u>26,918</u>
Total receivables	<u>110,667</u>
Investments in Va. Trust Pool	
Domestic equities	113,466,952
International equities	55,911,251
Fixed income	51,800,130
Hedge funds	26,585,252
Private equity	1,370,374
Commodities	5,207,420
Real estate	19,185,233
Cash equivalents	<u>548,150</u>
Total investments	<u>274,074,762</u>
Total assets	<u>279,605,665</u>
LIABILITIES	
Payables	
Other	<u>41,663</u>
Total liabilities	<u>41,663</u>
Net position restricted for postemployment benefits other than pensions	<u>\$ 279,564,002</u>

COUNTY OF FAIRFAX, VIRGINIA
OPEB Trust Fund
Statement of Change in Fiduciary Net Position
For the fiscal year ended June 30, 2017

	OPEB Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 27,169,836
Other	<u>822,268</u>
Total contributions	<u>27,992,104</u>
Investment income:	
Net increase in fair value of investments	30,863,869
Interest and dividends	68,011
Less investment expense	<u>(221,231)</u>
Net investment income	<u>30,710,649</u>
Total additions	<u>58,702,753</u>
DEDUCTIONS	
Benefit Payments/Refunds	20,278,278
Administrative expenses	<u>117,855</u>
Total deductions	<u>20,396,133</u>
Net increase in net position	<u>38,306,620</u>
Net Position restricted to Postemployment benefits	
Other than Pensions	
Net position June 30, 2016	<u>241,257,382</u>
Net position June 30, 2017	<u>\$ 279,564,002</u>

1. Plan Description

The Fairfax County OPEB Plan (the Plan) is a single-employer defined benefit plan administered by Fairfax County. The Plan provides the opportunity to continue participation in medical/dental, vision, and life insurance benefits for eligible retirees and their spouses. The plan benefits correspond with benefits available to active employees. The Benefit provisions are established and may be amended by the Board of Supervisors. Fiduciary oversight is provided by the members of the Local Finance Board for OPEB and deferred compensation. The members of this finance board are the CFO/Director of Management and Budget, Director of Finance, Director of Human Resources, and the Executive Director of the Retirement Agency.

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

Beginning in fiscal year 2006 the amount of monthly medical subsidy provided by the County is based on years of service and ranges from \$30 per month to \$220 per month. Employees who retired prior to July 1, 2003 are eligible for the greater of the amount based on the current subsidy structure and an amount calculated based on the subsidy structure in place prior to July 2003. In addition, the Board of Supervisors has established a program to subsidize the continuation of term life insurance at reduced coverage amounts, for retirees. Retirees generally pay for 50 percent of their coverage amounts at age-banded premium rates,

with the County incurring the balance of the cost. In order to receive these subsidies, retirees must be 55 or older and have a minimum of five years of service credit.

If participation in any of the benefit areas is discontinued, eligibility is lost and a retiree may not re-enroll into the Plan benefit. Consequently, all inactive employees are considered to be receiving benefits. Participation is as follows:

Participant Data	
Medical Participants	
Number of Active participants	13,410
Average age	45
Average service	12
Number of Inactive participants	
Retirees and Spouses	5,118
Average age	67
Life Insurance Participants	
Number of Active participants	13,410
Average age	45
Average service	12
Inactive participants	
Retirees and Spouses	5,315
Average age	67

Contributions to the plan are made by appropriation from the Board of Supervisors based on an actuarially determined amount. The contribution for fiscal year 2017 was \$27.1 million. Plan members are not required to contribute.

2. Plan Investments

Fairfax County participates in the Virginia Pooled OPEB Trust Fund (Va. Trust Pool) sponsored by VML/VACo. The Va. Trust Pool is established as an investment vehicle for participating employers to accumulate assets to fund OPEB costs and has no role in the administration of benefits. Fairfax County funds held in the Va. Trust Pool are 100% invested in Portfolio I.

The investment objective of The Va. Trust Pool is to maximize total long-term rate of return with reasonable risk by seeking capital appreciation and secondarily, principal protection. Portfolio I is structured to achieve a compound annualized total rate of return over a market cycle of 7.5 percent. The portfolio is subject to the Investment policy established by the Va. Trust Pool Board of Trustees, members are representatives of the participating governments. The policy may be amended by the trustees. The Trustees set the portfolio’s asset allocations and continually monitor the performance of professional investment managers or professionally managed investment vehicles where the funds are invested. Reports of investment activities are required to be provided to trustees monthly, quarterly, and annually. Specific events associated with the investment managers require the trustees receive notification within 48 hours.

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

target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class and target allocations as of June 30, 2017 are as follows:

Long Term Expected Real Rate of Return/Target Allocation

Asset Class	Expected Real Rate of Return	
	Expected Real Rate of Return	Target Allocation
Domestic Equity (Large Cap)	6.50%	26.00%
Domestic Equity (Small Cap)	7.00%	10.00%
International Equity	7.30%	13.00%
Emerging Markets Equity	7.80%	5.00%
Core US Fixed Income	3.50%	7.00%
Corporate Fixed Income	4.20%	14.00%
Hedge Funds	4.20%	10.00%
Real Estate	5.50%	7.00%
Private Equity	9.00%	5.00%
Commodities	5.30%	3.00%

There are no concentrations in any one organization that represent 5 percent or more of the fiduciary net position in the plan.

For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense was 12.85 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Further information about the Virginia Pooled OPEB Trust Fund sponsored by VML/VACo., including financial statements, can be obtained by writing to VML/VACo Finance Program, 919 East Main Street, Suite 1100, Richmond, Virginia 23219.

3. County Net OPEB Liability*

The components of the net OPEB liability for the County at June 30, 2017 is as follows:

Total OPEB liability	\$ 322,345,000
Plan fiduciary net position (market value of assets)	<u>(279,564,002)</u>
Net OPEB liability	<u>\$ 42,780,998</u>
Plan fiduciary net position as a percentage of the OPEB liability	86.73%

* The information supporting the Net OPEB Asset shown in the current financial statements is discussed in Note H. The information presented here is related to the disclosure of the fiduciary net position of the OPEB plan. The Net OPEB liability will appear as an element on the financial statements of the reporting entity upon implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans*. The County will implement GASB Statement No. 75 in fiscal year 2018, and will utilize the option to present the Net OPEB Liability with a one year lag from the OPEB Plan reporting.

The total OPEB Liability was determined by an actuarial valuation as of July 1, 2016, rolled forward to June 30, 2017, using the following actuarial assumptions:

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Asset valuation method	Market value of assets
IRS limit increases	2.50%
Salary increases	3.00%
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation.
Retirement age	Varies by age and pension plan.
Mortality	RP-2014 Mortality table fully generational projected using scale MP-2015. Disabled mortality is assumed to be RP-2014.

For claims and trend assumptions, the experience study period is fiscal years 2014-2016.

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

Sensitivity of Net OPEB Liability to Changes in Discount Rate

	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
Total OPEB Liability	\$ 374,288,000	\$ 322,345,000	\$ 281,442,000
Plan Fiduciary Net Position	(279,564,002)	(279,564,002)	(279,564,002)
Net OPEB Liability	\$ 94,723,998	\$ 42,780,998	\$ 1,877,998
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	74.69%	86.73%	99.33%

The following represents the Net OPEB (asset) liability calculated using the healthcare trend rates (7.20%-9.00% decreasing to 4.50%), as well as the impacts of calculating the rates at one percentage point lower (6.20%-8.00% decreasing to 3.50%) or one percentage point higher (8.20%-10.00% decreasing to 5.50%):

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

	1% Decrease (Varied decreasing to 3.50%)	Trend Rate (Varied decreasing to 4.50%)	1% Increase (Varied decreasing to 5.50%)
Total OPEB Liability	\$ 278,672,000	\$ 322,345,000	\$ 383,866,000
Plan Fiduciary Net Position	(279,564,002)	(279,564,002)	(279,564,002)
Net OPEB (Asset) Liability	\$ (892,002)	\$ 42,780,998	\$ 104,301,998
Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset) Liability	100.32%	86.73%	72.83%



COUNTY OF FAIRFAX, VIRGINIA
Budgetary Comparison Schedule - General Fund (Budget Basis)
For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,494,617,417	3,496,030,424	3,516,899,230	20,868,806
Permits, privilege fees, and regulatory licenses	47,384,162	50,178,317	52,201,079	2,022,762
Intergovernmental	341,431,974	342,467,346	349,193,827	6,726,481
Charges for services	76,031,208	80,537,966	81,485,018	947,052
Fines and forfeitures	12,443,009	11,553,152	12,725,041	1,171,889
Revenue from the use of money and property	22,582,955	25,674,277	29,542,601	3,868,324
Recovered costs	16,471,349	16,423,681	16,923,469	499,788
Total revenues	4,010,962,074	4,022,865,163	4,058,970,265	36,105,102
EXPENDITURES				
General government administration	108,022,234	113,907,698	107,802,715	6,104,983
Judicial administration	37,795,401	39,576,199	38,115,059	1,461,140
Public safety	474,418,960	485,364,409	472,026,611	13,337,798
Public works	76,350,698	79,293,911	74,903,972	4,389,939
Health and welfare	316,626,438	326,230,657	307,509,111	18,721,546
Community development	50,643,148	55,699,051	50,805,739	4,893,312
Parks, recreation, and cultural	52,051,188	53,896,461	51,636,738	2,259,723
Nondepartmental	358,648,208	367,765,438	348,934,753	18,830,685
Total expenditures	1,474,556,275	1,521,733,824	1,451,734,698	69,999,126
Excess of revenues over expenditures	2,536,405,799	2,501,131,339	2,607,235,567	106,104,228
OTHER FINANCING SOURCES (USES)				
Transfers in from other primary government funds	10,165,872	10,165,872	10,165,872	-
Transfers out to other primary government funds	(609,441,484)	(642,135,888)	(642,135,888)	-
Transfers out to component units	(1,928,542,061)	(1,928,542,061)	(1,928,542,061)	-
Total other financing (uses), net	(2,527,817,673)	(2,560,512,077)	(2,560,512,077)	-
Net change in fund balance	\$ 8,588,126	(59,380,738)	46,723,490	106,104,228

See accompanying notes to required supplementary information.

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

CAFR Reporting Year Measurement Date June 30 of prior year	2017	2016	2015
Total Pension Liability			
Service cost	\$ 85,499	84,154	84,075
Interest	361,225	353,622	340,920
Changes in benefit terms	773	1,463	-
Differences between expected and actual experience	(104,260)	(8,617)	-
Changes of assumptions	68,573	-	-
Benefit payments, including refunds of member contributions	(274,902)	(258,835)	(238,562)
Net change in total pension liability	<u>136,908</u>	<u>171,787</u>	<u>186,433</u>
Total pension liability - beginning	<u>4,979,660</u>	<u>4,807,873</u>	<u>4,621,440</u>
Total pension liability - ending	<u>\$ 5,116,568</u>	<u>4,979,660</u>	<u>4,807,873</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 155,780	138,493	129,618
Contributions - member	34,627	33,194	32,759
Net investment income	(16,668)	16,342	490,196
Benefit payments, including refunds of member contributions	(274,902)	(258,835)	(238,560)
Administrative expense	(2,113)	(1,897)	(1,885)
Net change in plan fiduciary net position	<u>(103,276)</u>	<u>(72,703)</u>	<u>412,128</u>
Plan fiduciary net position - beginning	<u>3,693,357</u>	<u>3,766,060</u>	<u>3,353,932</u>
Plan fiduciary net position - ending	<u>\$ 3,590,081</u>	<u>3,693,357</u>	<u>3,766,060</u>
Net pension liability - ending	<u>\$ 1,526,487</u>	<u>1,286,303</u>	<u>1,041,814</u>
Plan fiduciary net position as a percentage of the total pension liability	70.17 %	74.17 %	78.33
Covered employee payroll	\$ 708,415	686,289	671,597
Net pension liability as a percentage of covered employee payroll	215.48 %	187.43 %	155.12

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

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

CAFR Reporting Year Measurement Date June 30 of prior year	2017	2016	2015
Total Pension Liability			
Service cost	\$ 30,913	30,390	30,859
Interest	110,362	106,740	102,492
Differences between expected and actual experience	(30,821)	(11,516)	-
Changes in assumptions	9,895	-	-
Benefit payments, including refunds of member contributions	<u>(70,750)</u>	<u>(67,757)</u>	<u>(62,288)</u>
Net change in total pension liability	49,599	57,857	71,063
Total pension liability - beginning	<u>1,510,917</u>	<u>1,453,060</u>	<u>1,381,997</u>
Total pension liability - ending	<u>\$ 1,560,516</u>	<u>1,510,917</u>	<u>1,453,060</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 40,647	37,867	34,179
Contributions - member	9,324	8,890	10,091
Net investment income	10,764	41,601	176,684
Benefit payments, including refunds of member contributions	(70,750)	(67,757)	(62,288)
Administrative expense	<u>(511)</u>	<u>(443)</u>	<u>(431)</u>
Net change in plan fiduciary net position	(10,526)	20,158	158,235
Plan fiduciary net position - beginning	<u>1,280,915</u>	<u>1,260,757</u>	<u>1,102,522</u>
Plan fiduciary net position - ending	<u>\$ 1,270,389</u>	<u>1,280,915</u>	<u>1,260,757</u>
Net pension liability - ending	<u>\$ 290,126</u>	<u>230,002</u>	<u>192,303</u>
Plan fiduciary net position as a percentage of the total pension liability	81.41 %	84.78 %	86.77 %
Covered employee payroll	\$ 107,022	102,844	100,912
Net pension liability as a percentage of covered employee payroll	271.09 %	223.64 %	190.57 %

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

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

CAFR Reporting Year Measurement date June 30 of prior year	2017	2016	2015
Total Pension Liability			
Service cost	\$ 43,408	41,721	39,648
Interest	136,679	132,951	125,660
Changes in benefit terms	806	1,702	-
Differences between expected and actual experience	(54,054)	11,019	-
Changes in assumptions	20,479	-	-
Benefit payments, including refunds of member contributions	<u>(90,536)</u>	<u>(84,849)</u>	<u>(78,918)</u>
Net change in total pension liability	56,782	102,544	86,390
Total pension liability - beginning	<u>1,883,675</u>	<u>1,781,131</u>	<u>1,694,741</u>
Total pension liability - ending	<u>\$ 1,940,457</u>	<u>1,883,675</u>	<u>1,781,131</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 65,548	60,928	56,095
Contributions - member	12,020	11,473	10,906
Net investment income	(13,447)	21,800	210,256
Benefit payments, including refunds of member contributions	(90,536)	(84,849)	(78,917)
Administrative expense	<u>(500)</u>	<u>(455)</u>	<u>(434)</u>
Net change in plan fiduciary net position	(26,915)	8,897	197,906
Plan fiduciary net position - beginning	<u>1,525,617</u>	<u>1,516,720</u>	<u>1,318,814</u>
Plan fiduciary net position - ending	<u>\$ 1,498,702</u>	<u>1,525,617</u>	<u>1,516,720</u>
Net pension liability - ending	<u>\$ 441,755</u>	<u>358,058</u>	<u>264,411</u>
Plan fiduciary net position as a percentage of the total pension liability	77.23 %	80.99 %	85.15 %
Covered employee payroll	\$ 168,808	160,762	153,979
Net pension liability as a percentage of covered employee payroll	261.69 %	222.73 %	171.72 %

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

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

CAFR Reporting Year Measurement Date June 30 of prior year	2017	2016	2015
Total Pension Liability			
Service cost	\$ 77,761	77,494	75,788
Interest	205,720	198,939	192,724
Differences between expected and actual experience	(11,012)	(17,051)	(19,052)
Changes of assumptions	45,752	-	-
Benefit payments, including refunds of member contributions	(170,348)	(167,843)	(167,050)
Net change in total pension liability	147,873	91,539	82,410
Total pension liability - beginning	2,789,228	2,697,689	2,615,279
Total pension liability - ending	\$ 2,937,101	2,789,228	2,697,689
Plan Fiduciary Net Position			
Contributions - employer	\$ 76,600	74,324	74,174
Contributions - member	41,384	39,983	40,018
Net investment income	(15,767)	32,085	304,641
Benefit payments, including refunds of member contributions	(170,348)	(167,843)	(167,050)
Administrative expense	(4,005)	(3,752)	(3,629)
Net change in plan fiduciary net position	(72,136)	(25,203)	248,154
Plan fiduciary net position - beginning	2,179,724	2,204,927	1,956,773
Plan fiduciary net position - ending	\$ 2,107,588	2,179,724	2,204,927
Net pension liability - ending	\$ 829,513	609,504	492,762
Plan fiduciary net position as a percentage of the total pension liability	71.76 %	78.15 %	81.73 %
Covered employee payroll	\$ 1,374,735	1,366,030	1,324,537
Net pension liability as a percentage of covered employee payroll	60.34 %	44.62 %	37.20 %

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

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

CAFR Reporting Year Measurement Date June 30 of prior year	2017	2016	2015
Employees' Retirement System:			
Total pension liability	\$ 5,116,568	4,979,660	4,807,874
Pension plan's fiduciary net position	<u>3,590,081</u>	<u>3,693,357</u>	<u>3,766,060</u>
Net pension liability	<u>\$ 1,526,487</u>	<u>1,286,303</u>	<u>1,041,814</u>
Plan fiduciary net position as a percentage of the total pension liability	70.17 %	74.17 %	78.33 %
Covered employee payroll	\$ 708,415	686,289	671,597
Net pension liability as a percentage of covered employer payroll	215.48 %	187.43 %	155.12 %
Police Officers Retirement System:			
Total pension liability	\$ 1,560,516	1,510,917	1,453,060
Pension plan's fiduciary net position	<u>1,270,389</u>	<u>1,280,915</u>	<u>1,260,757</u>
Net pension liability	<u>\$ 290,127</u>	<u>230,002</u>	<u>192,303</u>
Plan fiduciary net position as a percentage of the total pension liability	81.41 %	84.78 %	86.77 %
Covered employee payroll	\$ 107,022	102,844	100,912
Net pension liability as a percentage of covered employer payroll	271.09 %	223.64 %	190.57 %
Uniformed Retirement System:			
Total pension liability	\$ 1,940,457	1,883,675	1,781,131
Pension plan's fiduciary net position	<u>1,498,702</u>	<u>1,525,617</u>	<u>1,516,720</u>
Net pension liability	<u>\$ 441,755</u>	<u>358,058</u>	<u>264,411</u>
Plan fiduciary net position as a percentage of the total pension liability	77.23 %	80.99 %	85.15 %
Covered employee payroll	\$ 168,808	160,762	153,979
Net pension liability as a percentage of covered employer payroll	261.69 %	222.73 %	171.72 %
Educational Employees' Supplementary Retirement System			
Total pension liability	\$ 2,937,101	2,789,228	2,697,689
Pension plan's fiduciary net position	<u>2,107,588</u>	<u>2,179,724</u>	<u>2,204,927</u>
Net pension liability	<u>\$ 829,513</u>	<u>609,504</u>	<u>492,762</u>
Plan fiduciary net position as a percentage of the total pension liability	71.76 %	78.15 %	81.73 %
Covered employee payroll	\$ 1,374,735	1,366,030	1,324,537
Net pension liability as a percentage of covered employer payroll	60.34 %	44.62 %	37.20 %

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

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Employees' Retirement Systems:										
Actuarial Determined Contribution Contributions in Relations to the Actuarial Determined Contribution	\$ 167,312	155,780	138,493	129,618	127,448	114,683	96,608	64,069	65,111	62,636
Contribution (Deficiency) Excess	<u>167,312</u>	<u>155,780</u>	<u>138,493</u>	<u>129,618</u>	<u>127,448</u>	<u>114,683</u>	<u>96,608</u>	<u>64,069</u>	<u>65,111</u>	<u>62,636</u>
	\$ -	-	-	-	-	-	-	-	-	-
Covered Employee Payroll	\$ 730,618	708,415	686,289	671,597	669,018	666,759	657,194	659,826	676,828	653,140
Contributions as a Percentage of Covered Payroll	22.90%	21.99%	20.18%	19.30%	19.05%	17.20%	14.70%	9.71%	9.62%	9.59%
Police Officers Retirement System:										
Actuarial Determined Contribution Contributions in Relations to the Actuarial Determined Contribution	\$ 43,381	40,647	37,867	34,179	34,011	31,701	29,175	23,767	23,508	21,448
Contribution (Deficiency) Excess	<u>43,381</u>	<u>40,647</u>	<u>37,867</u>	<u>34,179</u>	<u>34,011</u>	<u>31,701</u>	<u>29,175</u>	<u>23,767</u>	<u>23,508</u>	<u>21,448</u>
	\$ -	-	-	-	-	-	-	-	-	-
Covered Employee Payroll	\$ 111,291	107,022	102,844	100,912	102,598	101,280	103,054	104,057	102,926	102,133
Contributions as a Percentage of Covered Payroll	38.98%	37.98%	36.82%	33.87%	33.15%	31.30%	28.31%	22.84%	22.84%	21.00%
Uniformed Retirement System:										
Actuarial Determined Contribution Contributions in Relations to the Actuarial Determined Contribution	\$ 67,410	65,548	60,929	56,095	53,722	50,351	45,817	40,771	40,855	39,086
Contribution (Deficiency) Excess	<u>67,410</u>	<u>65,548</u>	<u>60,929</u>	<u>56,095</u>	<u>53,722</u>	<u>50,351</u>	<u>45,817</u>	<u>40,771</u>	<u>40,855</u>	<u>39,086</u>
	\$ -	-	-	-	-	-	-	-	-	-
Covered Employee Payroll	\$ 173,604	168,808	160,762	153,979	153,492	148,924	149,925	154,086	154,403	148,445
Contributions as a Percentage of Covered Payroll	38.83%	38.83%	37.90%	36.43%	35.00%	33.81%	30.56%	26.46%	26.46%	26.33%
Educational Employees' Supplementary Retirement System:										
Actuarial Determined Contribution Contributions in Relations to the Actuarial Determined Contribution	\$ 80,305	76,070	74,791	73,673	68,242	50,739	47,118	35,147	37,282	38,334
Contribution (Deficiency) Excess	<u>80,095</u>	<u>76,600</u>	<u>74,324</u>	<u>74,174</u>	<u>67,735</u>	<u>52,934</u>	<u>47,118</u>	<u>37,869</u>	<u>40,012</u>	<u>38,334</u>
	\$ (211)	530	(467)	501	(507)	2,195	-	2,722	2,730	-
Covered Employee Payroll	\$ 1,430,260	1,374,735	1,328,420	1,324,537	1,268,439	1,219,683	1,166,290	1,183,394	1,187,314	1,137,512
Contributions as a Percentage of Covered Payroll	5.60%	5.57%	5.59%	5.60%	5.34%	4.34%	4.04%	3.20%	3.37%	3.37%

See accompanying notes to required supplementary information.

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

	2017	2016	2015
Proportion of the net pension liability	17.95 %	17.89 %	18.15 %
Proportion share of the net pension liability	\$ 2,515,447	2,251,917	2,193,660
Covered-employee payroll	1,368,572	1,330,241	1,327,488
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	183.80 %	169.29 %	165.25 %
Plan fiduciary net position as a percentage of the total pension liability	68.28 %	70.88 %	70.88 %

* The schedule is intended to show information for 10 years. 2015 is first year implemented, additional years will be displayed as they become available. The amounts presented for each fiscal year were determined as of June 30th, year shown is fiscal year of presentation.

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

	Actuarial Determined Contribution	Contributions in Relations to the Actuarial Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 192,885	192,885	-	1,330,245	14.50 %
2016	192,421	192,421	-	1,368,572	14.06
2017	233,711	209,939	23,772	1,432,051	14.66

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

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

Fiscal Year Ended June 30	Primary Government Other Postemployment Benefits (OPEB)		Component Unit - Public Schools Other Postemployment Benefits (OPEB)	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2009	\$ 25,393,000	84.89 %	\$ 37,522,000	97.70 %
2010	32,553,000	54.59	35,954,000	75.47
2011	35,373,000	59.38	38,163,000	119.20
2012	37,640,000	118.02	30,630,000	138.50
2013	38,858,000	98.58	31,142,000	110.72
2014	30,452,000	127.24	17,003,000	150.12
2015	31,033,000	129.14	17,384,000	150.12
2016	13,338,000	255.82	23,384,000	92.75
2017	14,123,000	198.73	23,088,000	97.04

* The schedule is intended to show information for 10 years. 2009 is first year the information is available, additional years will be displayed as they become available.

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

Actuarial Valuation Date	Actuarial Value of Assets (000) (a)	Actuarial Accrued Liability (AAL) - Entry Age (000) (b)	Unfunded AAL (UAAL) (Funding Excess) (000) (b-a)	Funded Ratio (a/b)	Covered Payroll (000) (c)	UAAL (Funding Excess) as a Percentage of Covered Payroll ((b-a) / c)
Primary Government						
Other Postemployment Benefits (OPEB):						
7/1/2007	\$ -	\$ 379,856	\$ 379,856	- %	\$ 650,106	58.43 %
7/1/2008	48,207	350,709	302,502	13.75	697,253	43.39
7/1/2009	50,233	441,286	391,053	11.38	761,303	51.37
7/1/2010	60,473	489,203	428,730	12.36	777,040	55.17
7/1/2011	80,087	474,229	394,142	16.89	799,500	49.30
7/1/2012	103,270	503,786	400,516	20.50	824,504	48.58
7/1/2013	148,543	455,386	306,843	32.62	825,441	37.17
7/1/2014	192,951	486,131	293,180	39.69	856,556	34.23
7/1/2015	222,487	317,623	95,136	70.05	881,711	10.79
7/1/2016	236,875	307,296	70,421	77.08	911,959	7.72
Component Unit - Public Schools						
Other Postemployment Benefits (OPEB):						
7/1/2007	\$ -	\$ 299,668	\$ 299,668	- %	\$ 1,302,665	23.00 %
7/1/2008	7,996	458,067	450,071	1.75	1,352,321	33.28
7/1/2009	17,520	466,324	448,804	3.76	1,377,000	32.59
7/1/2010	19,563	471,617	452,054	4.15	1,432,000	32.93
7/1/2011	40,051	431,303	391,252	9.29	1,005,000	38.93
7/1/2012	53,423	448,849	395,426	11.90	1,045,000	37.84
7/1/2013	64,925	273,983	209,058	23.70	1,109,000	18.85
7/1/2014	71,192	283,680	212,488	25.10	1,153,000	18.43
7/1/2015	95,900	377,300	281,400	25.42	1,456,900	19.31
7/1/2016	126,500	392,100	265,600	32.26	1,515,200	17.53

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Changes in the Net OPEB Liability and Related Ratios
Last Ten Fiscal Years *

	Fiscal Year Ending June 30 2017	
Total OPEB Liability		
Service cost	N/A	
Interest	N/A	
Changes of benefit terms	N/A	
Differences between expected and actual experience	N/A	
Changes of assumptions	N/A	
Benefit payments	N/A	
Net change in total OPEB liability	N/A	
Total OPEB liability - 6/30/2016	N/A	
Total OPEB liability - 6/30/2017	\$	<u>322,345,000</u>
Plan Fiduciary Net Position		
Contributions - employer	\$	27,992,104
Net investment income		30,710,649
Benefit payments		(20,278,278)
Other		(117,855)
Net change in plan fiduciary net position		<u>38,306,620</u>
Plan fiduciary net position - 6/30/2016		<u>241,257,382</u>
Plan fiduciary net position -6/30/2017	\$	<u>279,564,002</u>
Net OPEB liability - 6/30/2017	\$	<u>42,780,998</u>
Net position as a percentage of OPEB liability		86.73%
Covered employee payroll	\$	908,162,000
Net OPEB liability as a percentage of payroll		4.71%

* This Schedule is intended to show information for 10 years. 2017 is the first year the information was prepared, additional years will be displayed as they become available.

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

	Fiscal Year Ending June 30
	2017
Actuarially determined contribution (1)	N/A
Contribution made in relation to the actuarially determined contribution	\$ 27,992,104
Contribution deficiency (excess)	N/A
Covered employee payroll	\$ 908,162,000
Contributions as a percentage of payroll	3.08%

* This Schedule is intended to show information for 10 years. 2017 is the first year the information was prepared, additional years will be displayed as they become available.
 (1) Fiscal year 2017 was based on actuarially required contribution calculation.

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

	Ending June
	2017
Annual money-weighted rate of return, net of investment expense	12.85%

* This Schedule is intended to show information for 10 years. 2017 is the first year the information was prepared, additional years will be displayed as they become available.



COUNTY OF FAIRFAX, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2017

A. BUDGETARY DATA

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

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

- The Gift Fund, which is included in the County’s General Fund for reporting purposes, is treated as an agency fund for budgeting purposes.
- The Information Technology Fund, Consolidated Community Funding Pool Fund, Contributory Fund, and the Revenue Stabilization Fund, which are included in the County’s General Fund for reporting purposes, are budgeted as separate funds.

The following schedule reconciles the amounts on the Budgetary Comparison Schedule – General Fund (Budget Basis) to the amounts on the Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit A-3):

	Primary Government General Fund
Net change in fund balance (Budget basis)	\$ 46,723,490
Timing difference - Purchase expenditures	(28,939)
Basis difference - Adjustment to Unrealized Revenue from investments	(237,532)
Perspective differences:	
The Gift Fund and NOVARIS are treated as a separate fund for budget purposes	(115,666)
The Revenue Stabilization Fund is treated as a separate fund for budget purposes	37,074,798
The Consolidated Community Funding Pool Fund is treated as a separate fund for budget purposes	157,987
The Contributory Fund is treated as a separate fund for budget purposes	106,796
The Information Technology Fund is treated as a separate fund for budget purposes	(3,617,942)
Net change in fund balance (GAAP basis)	<u>\$ 80,062,992</u>

- f. Original and final budgeted amounts are shown on the Budgetary Comparison Schedule; amendments were not significant in relation to the original budget.
- g. Appropriations lapse at June 30 unless the Board of Supervisors approves carrying them forward to the next fiscal year.

B. PENSION TREND DATA

Ten-year historical trend information of the retirement systems administered by the County is presented as required supplementary information. This information is intended to help users assess each system’s funding status on a going concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

Analysis of the dollar amounts of plan fiduciary net position, total pension liability, and net pension liability in isolation can be misleading. Expressing plan net position as a percentage of the total pension liability provides one indication of each system’s funding status. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage is, the stronger the system. Trends in the net pension liability and covered employee payroll are both affected by inflation. Expressing the net pension liability as a percentage of covered employee payroll approximately adjusts for the effects of inflation and aids in the analysis of the systems’ progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller the percentage is, the stronger the system.

The Schedule of Changes in Net Pension Liability and Related Ratios illustrates whether each plan’s net position is increasing or decreasing over time relative to the total pension liability, and the net pension liability as it relates to covered employee payroll.

The Schedule of Employer Contributions provides historical context for the amount of contributions in the current period. The actuarially determined contribution rates are calculated as of June 30, one year prior to the beginning of the fiscal year in which contributions are reported. Significant methods and assumptions used to determine the contributions for County administered systems include:

Actuarial cost method	Entry Age Normal
Asset valuation method	3-year smoothed market
Amortization method	Corridor method, amortize liability outside of 90% corridor over an open 15 year period with level percentage of payroll. In fiscal year 2016, the target was increased to a 95% level.
Discount rate	7.5%-7.25% (beginning 2017)
Amortization growth rate	3%-2.75% (beginning 2017)
Price inflation	3%-2.75% (beginning 2017)
Salary increases	3.0% plus merit component based on employee's years of service 2.75% plus merit (beginning 2017)
Mortality	Sex distinct RP-2000 combined mortality projected to 2015 using Scale AA

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

C. OTHER POSTEMPLOYMENT BENEFITS (OPEB) TREND DATA

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

Beginning in fiscal year 2017, information provided in relation to the GASB 74 requirements include information related to the total and Net OPEB liability, information associated with the actuarially determined contribution, and investment returns.

Information pertaining to the OPEB plans administered by the reporting entity can be found in Note H to the financial statements. The disclosures associated with the GASB 74 requirements are found in Note M to the financial statements.



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

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

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

The General Fund Group contains funds which are included in the General Fund for GAAP reporting purposes, but are budgeted separately. Prior to fiscal year 2017, these funds were included in the budget as special revenue funds:

Consolidated Community Funding Pool Fund is used to account for money awarded to community-based nonprofit organizations on a competitive basis to provide certain services to County citizens.

Contributory Fund is used to account for money awarded to certain contributory organizations to provide human services to County citizens.

Northern Virginia Regional Identification System (NOVARIS) is used to account for contributions received from the County and six other participating Northern Virginia jurisdictions to enhance the Northern Virginia Regional Identification System. Program operations are decentralized among the participating Northern Virginia jurisdictions.

Information Technology Fund is used to account for the acquisition of computer hardware and software for information technology projects which are designed to improve the County's management information system, its operational efficiency, and customer service.

Revenue Stabilization Fund is used to reserve funds that could be utilized in the event of a significant unexpected downturn in the economy.

COUNTY OF FAIRFAX, VIRGINIA
Budgetary Comparison Schedule Detail - General Fund (Budget Basis)
For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Real property	\$ 2,600,366,481	2,600,366,481	2,601,545,806	1,179,325
Personal property	383,274,181	388,018,873	401,593,500	13,574,627
Business licenses	157,679,597	158,696,394	160,161,173	1,464,779
Local sales and use	249,917,286	245,561,697	246,786,126	1,224,429
Consumers utility	46,274,832	44,926,992	45,204,598	277,606
Recordation	22,972,125	23,957,088	25,401,332	1,444,244
Occupancy, tobacco, and other	34,132,915	34,502,899	36,206,695	1,703,796
Total taxes	<u>3,494,617,417</u>	<u>3,496,030,424</u>	<u>3,516,899,230</u>	<u>20,868,806</u>
Permits, privilege fees, and regulatory licenses	47,384,162	50,178,317	52,201,079	2,022,762
Intergovernmental	341,431,974	342,467,346	349,193,827	6,726,481
Charges for services	76,031,208	80,537,966	81,485,018	947,052
Fines and forfeitures	12,443,009	11,553,152	12,725,041	1,171,889
Revenue from the use of money and property	22,582,955	25,674,277	29,542,601	3,868,324
Recovered costs	16,471,349	16,423,681	16,923,469	499,788
Total revenues	<u>4,010,962,074</u>	<u>4,022,865,163</u>	<u>4,058,970,265</u>	<u>36,105,102</u>
EXPENDITURES				
General government administration:				
Board of Supervisors	5,848,161	5,888,767	5,119,620	769,147
Financial and Program Auditor	378,512	378,522	304,006	74,516
County Executive	6,718,712	6,714,397	6,144,887	569,510
Tax Administration	24,209,865	24,454,748	24,372,328	82,420
Finance	8,476,753	9,162,373	8,133,917	1,028,456
Human Resources	7,476,553	7,843,380	7,445,747	397,633
Procurement and Material Management	4,739,981	4,854,697	4,605,772	248,925
Public Affairs	1,271,906	1,558,107	1,355,375	202,732
Elections	4,098,565	5,529,312	5,110,511	418,801
County Attorney	7,212,543	8,833,306	7,336,650	1,496,656
Information Technology	32,622,609	33,639,446	33,033,566	605,880
Management and Budget	4,528,121	4,534,009	4,405,080	128,929
Civil Service Commission	439,953	439,953	403,690	36,263
Independent Police Auditor	-	76,681	31,566	45,115
Total general government administration	<u>108,022,234</u>	<u>113,907,698</u>	<u>107,802,715</u>	<u>6,104,983</u>
Judicial administration:				
Circuit Court and Records	11,137,339	11,294,639	11,188,953	105,686
Commonwealth Attorney	3,845,240	3,826,917	3,645,935	180,982
General District Court	3,783,472	3,908,739	3,437,878	470,861
Sheriff	19,029,350	20,545,904	19,842,293	703,611
Total judicial administration	<u>37,795,401</u>	<u>39,576,199</u>	<u>38,115,059</u>	<u>1,461,140</u>
Public safety:				
Cable and Consumer Services	808,305	808,531	784,119	24,412
Land Development Services	10,353,488	10,595,477	11,221,116	(625,639)
Juvenile and Domestic Relations District Court	22,802,735	23,272,135	22,497,461	774,674
Police Department	189,745,479	191,720,844	188,739,414	2,981,430
Sheriff	47,842,043	47,966,718	44,259,060	3,707,658
Fire and Rescue	196,655,196	203,083,966	197,564,768	5,519,198
Emergency Management	1,872,473	2,449,222	1,621,214	828,008
Animal Sheltering	-	1,128,275	1,059,204	69,071
Code Compliance	4,339,241	4,339,241	4,280,255	58,986
Total public safety	<u>\$ 474,418,960</u>	<u>485,364,409</u>	<u>472,026,611</u>	<u>13,337,798</u>

continued

EXHIBIT B

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
Public works:				
Facilities Management	\$ 57,393,164	59,226,502	56,926,000	2,300,502
Business Planning and Support	1,258,884	1,432,747	1,229,661	203,086
Capital Facilities	14,033,088	14,327,856	13,564,334	763,522
Unclassified Administrative Expenses	3,665,562	4,306,806	3,183,977	1,122,829
Total public works	76,350,698	79,293,911	74,903,972	4,389,939
Health and welfare:				
Family Services	202,003,003	205,658,759	195,786,482	9,872,277
Health Department	58,526,590	62,734,767	56,929,531	5,805,236
Human Services Administration	13,490,180	13,633,403	12,968,369	665,034
Office to Prevent and End Homelessness	12,971,017	14,089,406	12,716,696	1,372,710
Neighborhood and Community Services	29,635,648	30,114,322	29,108,033	1,006,289
Total health and welfare	316,626,438	326,230,657	307,509,111	18,721,546
Community development:				
Economic Development Authority	7,570,640	7,570,640	7,570,637	3
Land Development Services	15,255,591	17,601,440	15,640,328	1,961,112
Planning and Zoning	10,973,643	12,383,350	10,939,825	1,443,525
Planning Commission	820,729	820,687	792,008	28,679
Housing and Community Development	6,366,067	6,539,096	6,111,477	427,619
Human Rights and Equity Programs	1,527,648	1,701,108	1,571,750	129,358
Transportation	8,128,830	9,082,730	8,179,714	903,016
Total community development	50,643,148	55,699,051	50,805,739	4,893,312
Parks, recreation, and cultural:				
Park Authority	24,142,901	24,611,490	24,242,804	368,686
Public Library	27,908,287	29,284,971	27,393,934	1,891,037
Total parks, recreation, and cultural	52,051,188	53,896,461	51,636,738	2,259,723
Nondepartmental:				
Unclassified Administrative Expenses	2,407,036	7,350,653	19,812	7,330,841
Employee Benefits	356,241,172	360,414,785	348,914,941	11,499,844
Total nondepartmental	358,648,208	367,765,438	348,934,753	18,830,685
Total expenditures	1,474,556,275	1,521,733,824	1,451,734,698	69,999,126
Excess of revenues over expenditures	\$ 2,536,405,799	2,501,131,339	2,607,235,567	106,104,228

continued

COUNTY OF FAIRFAX, VIRGINIA
Budgetary Comparison Schedule Detail - General Fund (Budget Basis)
For the fiscal year ended June 30, 2017

EXHIBIT B
concluded

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Transfers in:				
From other Primary Government funds:				
Special Revenue Funds:				
Cable Communications	\$ 3,869,872	3,869,872	3,869,872	-
Integrated Pest Management	141,000	141,000	141,000	-
Stormwater Services	1,125,000	1,125,000	1,125,000	-
Refuse Collection and Recycling Operations	548,000	548,000	548,000	-
Refuse Disposal	577,000	577,000	577,000	-
Energy Resource Recovery Facility	49,000	49,000	49,000	-
I-95 Refuse Disposal	186,000	186,000	186,000	-
Enterprise Funds:				
Sewer Operation and Maintenance	2,850,000	2,850,000	2,850,000	-
Component Units	820,000	820,000	820,000	-
Total transfers in from other Primary Government funds	10,165,872	10,165,872	10,165,872	-
Transfers out:				
To other Primary Government funds:				
Special Revenue Funds:				
County Transit Systems	(34,929,649)	(34,929,649)	(34,929,649)	-
Federal/State Grants	(5,480,836)	(5,480,836)	(5,480,836)	-
Information Technology	(4,770,240)	(4,770,240)	(4,770,240)	-
Fairfax-Falls Church Community Services Board	(124,877,551)	(126,077,551)	(126,077,551)	-
Consolidated Community Funding Pool	(11,141,700)	(11,141,700)	(11,141,700)	-
Contributory Fund	(13,158,773)	(13,298,773)	(13,298,773)	-
Alcohol Safety Action Program	(545,171)	(545,171)	(545,171)	-
Revenue Stabilization	(10,711,034)	(22,316,221)	(22,316,221)	-
Debt Service Fund:				
Debt Service Fund	(326,622,753)	(326,622,753)	(326,622,753)	-
Capital Projects Funds:				
General Construction and Contributions	(17,733,427)	(25,516,384)	(25,516,384)	-
Infrastructure Replacement and Upgrades	(1,408,449)	(10,503,138)	(10,503,138)	-
Metro Operations and Construction	(13,557,955)	(13,557,955)	(13,557,955)	-
Pedestrian Walkway Improvements	(400,000)	(1,045,571)	(1,045,571)	-
Internal Service Funds:				
County Insurance	(24,162,115)	(27,888,115)	(27,888,115)	-
Document Services	(3,941,831)	(3,941,831)	(3,941,831)	-
OPEB Trust Fund	(16,000,000)	(14,500,000)	(14,500,000)	-
Total transfers out to other Primary Government funds	(609,441,484)	(642,135,888)	(642,135,888)	-
To component units:				
Public Schools:				
School Operation	(1,913,518,902)	(1,913,518,902)	(1,913,518,902)	-
School Construction	(13,100,000)	(13,100,000)	(13,100,000)	-
FCRHA - Elderly Housing Program	(1,923,159)	(1,923,159)	(1,923,159)	-
Total transfers out to component units	(1,928,542,061)	(1,928,542,061)	(1,928,542,061)	-
Total transfers out	(2,537,983,545)	(2,570,677,949)	(2,570,677,949)	-
Total other financing (uses), net	(2,527,817,673)	(2,560,512,077)	(2,560,512,077)	-
Net change in fund balance	\$ 8,588,126	(59,380,738)	46,723,490	106,104,228

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT B-1A

General Fund Group

Budgetary Comparison Schedule - Consolidated Community Funding Pool Fund (Budget Basis)

For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Health and welfare	\$ 11,141,700	11,150,487	10,983,713	166,774
Total expenditures	11,141,700	11,150,487	10,983,713	166,774
Excess (deficiency) of revenues over (under) expenditures	(11,141,700)	(11,150,487)	(10,983,713)	166,774
OTHER FINANCING SOURCES				
Transfers in	11,141,700	11,141,700	11,141,700	-
Total other financing sources	11,141,700	11,141,700	11,141,700	-
Net change in fund balance	\$ -	(8,787)	157,987	166,774

COUNTY OF FAIRFAX, VIRGINIA
 General Fund Group
 Budgetary Comparison Schedule - Contributory Fund (Budget Basis)
 For the fiscal year ended June 30, 2017

EXHIBIT B-1B

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
General government administration	\$ 2,340,135	2,340,135	2,337,628	2,507
Public safety	9,577	149,577	19,577	130,000
Health and welfare	3,203,428	3,203,428	3,203,428	-
Community development	3,883,258	3,883,258	3,883,258	-
Parks, recreation, and cultural	3,748,086	3,748,086	3,748,086	-
Total expenditures	13,184,484	13,324,484	13,191,977	132,507
Excess (deficiency) of revenues over (under) expenditures	(13,184,484)	(13,324,484)	(13,191,977)	132,507
OTHER FINANCING SOURCES				
Transfers in	13,158,773	13,298,773	13,298,773	-
Total other financing sources	13,158,773	13,298,773	13,298,773	-
Net change in fund balance	\$ (25,711)	(25,711)	106,796	132,507

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT B-1C

General Fund Group

Budgetary Comparison Schedule - Northern Virginia Regional Identification System (Budget Basis)

For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 206	206	347	141
Recovered costs	18,593	18,593	18,593	-
Total revenues	18,799	18,799	18,940	141
EXPENDITURES				
Public safety	18,799	38,204	12,230	25,974
Total expenditures	18,799	38,204	12,230	25,974
Excess (deficiency) of revenues over (under) expenditures	-	(19,405)	6,710	26,115
Net change in fund balance	\$ -	(19,405)	6,710	26,115

COUNTY OF FAIRFAX, VIRGINIA
 General Fund Group
 Budgetary Comparison Schedule - Information Technology Fund (Budget Basis)
 For the fiscal year ended June 30, 2017

EXHIBIT B-1D

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	336,472	672,945	336,473
Charges for Services	-	527,795	813,794	285,999
Revenue from the use of money and property	43,760	43,760	179,461	135,701
Recovered costs	-	217,975	386,000	168,025
Total revenues	43,760	1,126,002	2,052,200	926,198
EXPENDITURES				
General government administration	6,814,000	37,144,136	12,440,382	24,703,754
Total expenditures	6,814,000	37,144,136	12,440,382	24,703,754
Excess (deficiency) of revenues over (under) expenditures	(6,770,240)	(36,018,134)	(10,388,182)	25,629,952
OTHER FINANCING SOURCES				
Transfers in	6,770,240	6,770,240	6,770,240	-
Total other financing sources	6,770,240	6,770,240	6,770,240	-
Net change in fund balance	\$ -	(29,247,894)	(3,617,942)	25,629,952

COUNTY OF FAIRFAX, VIRGINIA

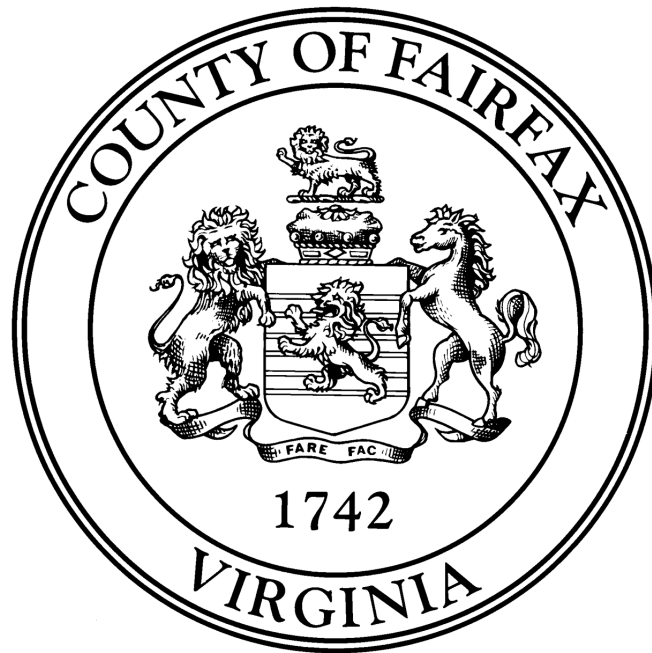
EXHIBIT B-1E

General Fund Group

Budgetary Comparison Schedule - Revenue Stabilization Fund (Budget Basis)

For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 1,000,000	1,000,000	1,682,344	682,344
Total revenues	1,000,000	1,000,000	1,682,344	682,344
Excess (deficiency) of revenues over (under) expenditures	1,000,000	1,000,000	1,682,344	682,344
OTHER FINANCING SOURCES				
Transfers in	23,787,267	35,392,454	35,392,454	-
Total other financing sources	23,787,267	35,392,454	35,392,454	-
Net change in fund balance	\$ 24,787,267	36,392,454	37,074,798	682,344



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

COUNTY OF FAIRFAX, VIRGINIA
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2017

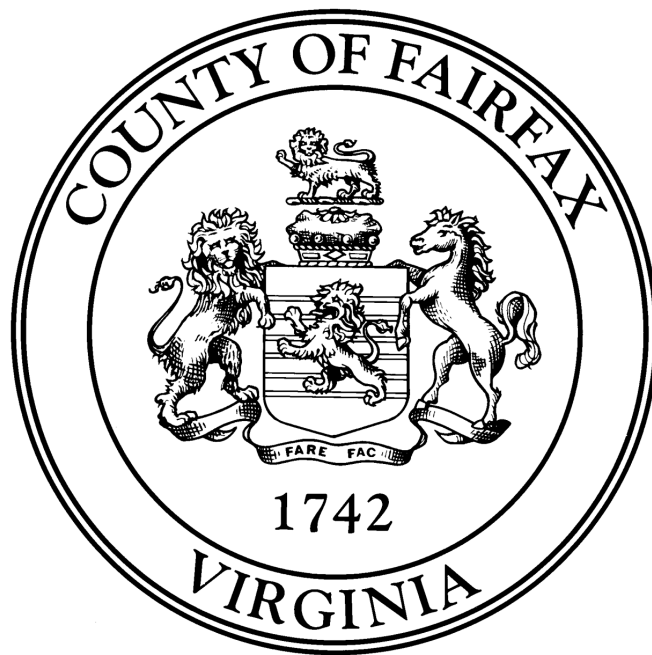
EXHIBIT C

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Equity in pooled cash and temporary investments	\$ 622,368,102	22,688,273	189,849,196	834,905,571
Receivables (net of allowances):				
Accounts	12,294,629	-	155,183	12,449,812
Accrued interest	912,018	26,694	3,297,670	4,236,382
Loans	19,467,373	-	40,215,106	59,682,479
Due from intergovernmental units	45,635,474	-	261,237	45,896,711
Due from component units	-	-	-	-
Loan to component unit	-	11,604,900	-	11,604,900
Lease to component unit	-	41,210,000	-	41,210,000
Interfund receivables	12,346	-	-	12,346
Prepaid and other assets	502,104	-	-	502,104
Restricted assets:				
Equity in pooled cash and temporary investments	-	-	81,500,037	81,500,037
Cash with fiscal agents	140,981,227	6,860,607	35,584,658	183,426,492
Total assets	<u>842,173,273</u>	<u>82,390,474</u>	<u>350,863,087</u>	<u>1,275,426,834</u>
DEFERRED OUTFLOWS OF RESOURCES				
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	\$ 842,173,273	82,390,474	350,863,087	1,275,426,834
LIABILITIES				
Accounts payable and accrued liabilities	\$ 35,918,295	-	9,661,770	45,580,065
Accrued salaries and benefits	12,663,926	-	-	12,663,926
Contract retainages	4,399,685	-	8,371,844	12,771,529
Due to intergovernmental units	3,961,386	-	-	3,961,386
Due to component units	-	-	779,965	779,965
Interfund payables	957,392	-	-	957,392
Short-term notes payable	-	-	-	-
Matured bond principal and interest payable	-	-	-	-
Unearned revenues	1,397,451	41,210,000	26,264,929	68,872,380
Performance and other deposits	3,600	-	27,602,952	27,606,552
Total liabilities	<u>59,301,735</u>	<u>41,210,000</u>	<u>72,681,460</u>	<u>173,193,195</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	5,399,306	-	3,297,356	8,696,662
Total deferred inflows of resources	<u>5,399,306</u>	<u>-</u>	<u>3,297,356</u>	<u>8,696,662</u>
Total liabilities and deferred inflows of resources	64,701,041	41,210,000	75,978,816	181,889,857
FUND BALANCES				
Nonspendable:				
Prepaid amounts	502,104	-	-	502,104
Total Nonspendable	<u>502,104</u>	<u>-</u>	<u>-</u>	<u>502,104</u>
Restricted for:				
Public safety, courts, and judicial	22,697,258	-	-	22,697,258
General public works	124,172,478	-	-	124,172,478
Stormwater management	52,852,593	-	-	52,852,593
Transportation	441,552,818	-	-	441,552,818
Social services, health and welfare	13,769,754	-	-	13,769,754
Housing and community development	41,225,712	-	-	41,225,712
Parks, recreation, and cultural	17,378,295	-	-	17,378,295
Debt service	-	6,884,040	-	6,884,040
Capital projects	-	-	145,787,089	145,787,089
Other purposes	9,158,236	-	-	9,158,236
Total Restricted	<u>722,807,144</u>	<u>6,884,040</u>	<u>145,787,089</u>	<u>875,478,273</u>
Committed to:				
Public safety, courts, and judicial	2,334,021	-	-	2,334,021
Transportation	11,831,168	-	-	11,831,168
Social services, health and welfare	28,240,206	-	-	28,240,206
Housing and community development	11,757,589	-	-	11,757,589
Debt service	-	34,296,434	-	34,296,434
Capital projects	-	-	129,097,182	129,097,182
Total Committed	<u>54,162,984</u>	<u>34,296,434</u>	<u>129,097,182</u>	<u>217,556,600</u>
Unassigned:	-	-	-	-
Total fund balances	<u>777,472,232</u>	<u>41,180,474</u>	<u>274,884,271</u>	<u>1,093,536,977</u>
Total liabilities, deferred inflows of resources, and fund balances	\$ 842,173,273	82,390,474	350,863,087	1,275,426,834

COUNTY OF FAIRFAX, VIRGINIA
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the fiscal year ended June 30, 2017

EXHIBIT C-1

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 47,543,898	-	11,700,000	59,243,898
Permits, privilege fees, and regulatory licenses	26,588,056	-	-	26,588,056
Intergovernmental	226,387,408	4,200,270	626,827	231,214,505
Charges for services	290,179,218	-	1,679,256	291,858,474
Fines and forfeitures	224,564	-	-	224,564
Developers' contributions	587,171	-	506,220	1,093,391
Revenue from the use of money and property	9,577,642	2,600,156	1,691,849	13,869,647
Recovered costs	3,281,797	-	2,610,140	5,891,937
Gifts, donations, and contributions	837,648	-	-	837,648
Total revenues	605,207,402	6,800,426	18,814,292	630,822,120
EXPENDITURES				
Current:				
General government administration	-	-	2,484,660	2,484,660
Judicial administration	1,224,464	-	-	1,224,464
Public safety	62,273,720	-	1,558,266	63,831,986
Public works	103,356,341	-	18,637,982	121,994,323
Health and welfare	219,017,612	-	3,876,715	222,894,327
Community development	172,328,802	-	9,285,489	181,614,291
Parks, recreation, and cultural	12,433,079	-	4,023,865	16,456,944
Intergovernmental:				
Community development	132,108,207	-	47,817,258	179,925,465
Parks, recreation, and cultural	-	-	29,947,793	29,947,793
Education - for Public Schools	4,219,872	-	155,000,000	159,219,872
Capital outlay:				
General government administration	-	-	10,306,284	10,306,284
Judicial administration	5,731	-	-	5,731
Public safety	6,140,507	-	43,560,598	49,701,105
Public works	41,920,641	-	586,425	42,507,066
Health and welfare	96,981	-	6,510,609	6,607,590
Community development	33,053,302	-	6,810,933	39,864,235
Parks, recreation, and cultural	2,304,404	-	7,055,281	9,359,685
Debt service:				
Principal retirement	14,017,615	205,078,849	5,245,000	224,341,464
Interest and other charges	14,535,521	115,504,613	4,250,810	134,290,944
Total expenditures	819,036,799	320,583,462	356,957,968	1,496,578,229
Deficiency of revenues under expenditures	(213,829,397)	(313,783,036)	(338,143,676)	(865,756,109)
OTHER FINANCING SOURCES (USES)				
Transfers in	205,552,221	332,839,834	50,812,653	589,204,708
Transfers out	(53,021,794)	(13,076,233)	(3,945,169)	(70,043,196)
General obligation bonds issued	88,133,248	-	220,535,000	308,668,248
Premium on general obligation bonds issued	1,160,000	-	29,824,993	30,984,993
Notes issued	97,130,586	-	-	97,130,586
Capital leases	832,127	-	-	832,127
Total other financing sources, net	339,786,388	319,763,601	297,227,477	956,777,466
Net change in fund balances	125,956,991	5,980,565	(40,916,199)	91,021,357
Fund balances, July 1, 2016	651,515,241	35,199,909	315,800,470	1,002,515,620
Fund balances, June 30, 2017	\$ 777,472,232	41,180,474	274,884,271	1,093,536,977



The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources (other than bond proceeds for major capital projects) that are legally restricted to expenditures for specified purposes.

County Transit Systems Fund is used to account for the operation of a bus service, known as the Fairfax Connector, to transport citizens in certain parts of the County to and from WMATA's rail stations and for the County's contributions to the Virginia Railway Express commuter rail service.

Dulles Rail Phase I Transportation Improvement District Fund is used to account for the charges to property owners within the Phase I District to support the debt service payments for bonds issued to fund the County's share of certain transportation improvements in the district.

Dulles Rail Phase II Transportation Improvement District Fund is used to account for the charges to property owners within the Phase II District to support the debt service payments for bonds to be issued. These bonds fund the County's share of certain transportation improvements in the district.

County and Regional Transportation Projects is used to account for the special tax assessed on commercial and industrial real estate in Fairfax County to support opportunities to improve transportation and pedestrian access. The tax revenues support roadway, pedestrian, and transit projects.

Tysons Service District Fund is used to account for the special tax assessed on commercial and residential real estate in Fairfax County Tysons Service District. These revenues provide the district's share of funding for transportation infrastructure improvements in Tysons.

Metrorail Parking System Pledged Revenue Fund is used to collect and disburse funds related to revenue-generating activities at Metrorail parking facilities owned by and located within the County. These funds will be earned from fees paid at these parking facilities and used to pay operating, maintenance and debt expenses of the facilities.

Federal/State Grant Fund is used to account for the utilization of federal and state funds to assist County citizens.

Cable Communications Fund is used to account for costs associated with monitoring the County's Cable Communications Ordinance and Franchise Agreement as well as providing programming for the County's Governmental Access Channel. Its primary source of revenue is franchise fees.

Fairfax-Falls Church Community Services Board Fund is used to account for mental health, intellectual disability, and alcohol and drug services to individuals and families in Fairfax County and the Cities of Fairfax and Falls Church.

Reston Community Center Fund is used to account for the operation of a community center serving the residents of Small District Five, located within the Hunter Mill Magisterial Districts. The district's residents support the fund by payment of a special assessment.

Mosaic Community Development Authority (CDA) Fund is the main operating fund of the CDA. The CDA was established as a separate corporate entity and all operational aspects are handled by administrators and trustees outside the County. This fund is not an appropriated fund within the operating budget. Thus, there is no budgetary comparison schedule for this fund. The Authority is funded through a special assessment on property located within the district.

McLean Community Center Fund is used to account for the operation of a community center serving the residents of Small District One, located within the Dranesville Magisterial District. The district's residents support the fund by payment of a special assessment.

Burgundy Village Community Center Fund is used to account for the operation of a community center serving the residents of Service District 1A, located within the Lee Magisterial District. The district's residents support the fund by payment of a special assessment.

E-911 Fund is used to account for the operation of a 911 emergency response service for the citizens of the County, including related information technology projects.

Integrated Pest Management Program Fund is used to account for detection, abatement, and public information programs to suppress gypsy moth and cankerworm insect populations in the County.

Stormwater Services Fund is used to account for the operation of the Stormwater Management Program. The operating requirements and stormwater capital projects are supported by the stormwater service district levy.

Leaf Collection Fund is used to account for the collection and disposal of leaves from residences and businesses located within designated districts. These districts' residents and businesses support the fund by payment of a special assessment.

Refuse Collection and Recycling Operations Fund is used to account for the collection of refuse in designated districts and from all County departments and also accounts for the operation of the County's solid waste reduction and recycling centers.

Refuse Disposal Fund is used to account for the operation of a transfer station to receive refuse collected throughout the County and channel it to either the Energy Resource Recovery Facility (incinerator) or a landfill.

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

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

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

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

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

Alcohol Safety Action Program Fund is used to account for programs to reduce the incidence of driving under the influence (DUI) of alcohol through rehabilitative alcohol/drug education, case management of DUI defendants, referral to alcohol/drug treatment programs and public information. This fund is solely fee supported and is not an appropriated fund within the operating budget. Thus, there is no budgetary comparison schedule for this fund.

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Funds
Combining Balance Sheet
June 30, 2017

	County Transit Systems	Dulles Rail Phase I Transportation Improvement District	Dulles Rail Phase II Transportation Improvement District	County and Regional Transportation Projects	Tysons Service District
ASSETS					
Equity in pooled cash and temporary investments	\$ 18,635,521	19,704,988	82,166,977	177,742,336	20,679,351
Receivables (net of allowances):					
Accounts	1,138,120	60,655	29,199	227,821	24,338
Accrued interest	-	227	355	448	77
Loans	-	-	-	-	-
Due from intergovernmental units	-	-	-	12,474,675	-
Interfund receivables	-	-	-	-	-
Prepaid and other assets	-	-	-	-	-
Restricted assets - Cash with fiscal agents	-	33,219,710	758,696	16,460,479	-
Total assets	19,773,641	52,985,580	82,955,227	206,905,759	20,703,766
DEFERRED OUTFLOWS OF RESOURCES					
Total deferred outflows of resources	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 19,773,641	52,985,580	82,955,227	206,905,759	20,703,766
LIABILITIES					
Accounts payable and accrued liabilities	\$ 7,942,473	3,255	11,397	5,323,537	2,768
Accrued salaries and benefits	-	-	-	232,912	-
Contract retainages	-	-	-	2,233,456	-
Due to other governments	-	-	-	3,961,386	-
Interfund payables	-	-	-	-	-
Unearned revenues	-	60,656	29,199	227,821	24,338
Performance and other deposits	-	-	-	-	-
Total liabilities	7,942,473	63,911	40,596	11,979,112	27,106
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Total liabilities and deferred inflows of resources	7,942,473	63,911	40,596	11,979,112	27,106
FUND BALANCES					
Nonspendable:					
Prepaid amounts	-	-	-	-	-
Total Nonspendable	-	-	-	-	-
Restricted for:					
Public safety, courts, and judicial	-	-	-	-	-
General public works	-	-	-	-	-
Stormwater management	-	-	-	-	-
Transportation	-	52,921,669	82,914,631	194,926,647	20,676,660
Social services, health and welfare	-	-	-	-	-
Housing and community development	-	-	-	-	-
Parks, recreation, and cultural	-	-	-	-	-
Other purposes	-	-	-	-	-
Total Restricted	-	52,921,669	82,914,631	194,926,647	20,676,660
Committed to:					
Public safety, courts, and judicial	-	-	-	-	-
Transportation	11,831,168	-	-	-	-
Social services, health and welfare	-	-	-	-	-
Housing and community development	-	-	-	-	-
Total Committed	11,831,168	-	-	-	-
Total fund balances	11,831,168	52,921,669	82,914,631	194,926,647	20,676,660
Total liabilities, deferred inflows of resources, and fund balances	\$ 19,773,641	52,985,580	82,955,227	206,905,759	20,703,766

EXHIBIT D

Metro rail Parking System Pledged Revenue	Federal/ State Grant	Cable Communications	Fairfax- Falls Church Community Services Board	Reston Community Center	
					ASSETS
10,028,956	22,244,335	8,931,382	36,932,950	7,576,515	Equity in pooled cash and temporary investments
195,700	948,101	1,807,194	30,000	25,108	Receivables (net of allowances):
79	46	-	-	69	Accounts
-	-	-	-	-	Accrued interest
-	21,425,883	2,494,685	170,000	-	Loans
-	-	-	-	-	Due from intergovernmental units
-	-	-	-	-	Interfund receivables
-	170,805	-	136,588	-	Prepaid and other assets
82,098,843	-	-	-	-	Restricted assets - Cash with fiscal agents
92,323,578	44,789,170	13,233,261	37,269,538	7,601,692	Total assets
					DEFERRED OUTFLOWS OF RESOURCES
-	-	-	-	-	Total deferred outflows of resources
92,323,578	44,789,170	13,233,261	37,269,538	7,601,692	Total assets and deferred outflows of resources
					LIABILITIES
1,675,083	3,900,206	183,569	6,175,093	107,395	Accounts payable and accrued liabilities
-	1,902,231	299,792	5,734,318	282,299	Accrued salaries and benefits
535,284	196,947	-	-	-	Contract retainages
-	-	-	-	-	Due to other governments
-	-	-	-	-	Interfund payables
-	-	-	-	296,242	Unearned revenues
-	-	-	-	3,600	Performance and other deposits
2,210,367	5,999,384	483,361	11,909,411	689,536	Total liabilities
					DEFERRED INFLOWS OF RESOURCES
-	-	992,311	-	-	Unavailable revenue
-	-	992,311	-	-	Total deferred inflows of resources
2,210,367	5,999,384	1,475,672	11,909,411	689,536	Total liabilities and deferred inflows of resources
					FUND BALANCES
					Nonspendable:
-	170,805	-	136,588	-	Prepaid amounts
-	170,805	-	136,588	-	Total Nonspendable
					Restricted for:
-	13,996,821	-	-	-	Public safety, courts, and judicial
-	-	-	-	-	General public works
-	-	-	-	-	Stormwater management
90,113,211	-	-	-	-	Transportation
-	12,176,714	-	-	-	Social services, health and welfare
-	357,915	-	-	-	Housing and community development
-	-	-	-	6,912,156	Parks, recreation, and cultural
-	9,158,236	-	-	-	Other purposes
90,113,211	35,689,686	-	-	6,912,156	Total Restricted
					Committed to:
-	-	-	-	-	Public safety, courts, and judicial
-	-	-	-	-	Transportation
-	2,929,295	-	25,223,539	-	Social services, health and welfare
-	-	11,757,589	-	-	Housing and community development
-	2,929,295	11,757,589	25,223,539	-	Total Committed
90,113,211	38,789,786	11,757,589	25,360,127	6,912,156	Total fund balances
92,323,578	44,789,170	13,233,261	37,269,538	7,601,692	Total liabilities, deferred inflows of resources, and fund balances

continued

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Funds
Combining Balance Sheet
June 30, 2017

	Mosaic Community Development Authority	McLean Community Center	Burgundy Village Community Center	E-911	Integrated Pest Management Program
ASSETS					
Equity in pooled cash and temporary investments	\$ -	10,977,482	350,515	8,607,658	2,909,539
Receivables (net of allowances):					
Accounts	-	35,029	683	-	10,719
Accrued interest	3,661	90	2	59	25
Loans	-	-	-	-	-
Due from intergovernmental units	-	-	-	7,397,110	-
Interfund receivables	-	-	-	-	-
Prepaid and other assets	-	72,370	-	-	-
Restricted assets - Cash with fiscal agents	5,692,045	-	-	-	-
Total assets	5,695,706	11,084,971	351,200	16,004,827	2,920,283
DEFERRED OUTFLOWS OF RESOURCES					
Total deferred outflows of resources	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 5,695,706	11,084,971	351,200	16,004,827	2,920,283
LIABILITIES					
Accounts payable and accrued liabilities	\$ 8,520	388,196	48	128,493	10,024
Accrued salaries and benefits	-	169,884	896	1,340,846	94,218
Contract retainages	-	-	-	-	-
Due to other governments	-	-	-	-	-
Interfund payables	-	-	-	-	-
Unearned revenues	-	333,480	5,158	-	10,719
Performance and other deposits	-	-	-	-	-
Total liabilities	8,520	891,560	6,102	1,469,339	114,961
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	3,501,030	-
Total deferred inflows of resources	-	-	-	3,501,030	-
Total liabilities and deferred inflows of resources	8,520	891,560	6,102	4,970,369	114,961
FUND BALANCES					
Nonspendable:					
Prepaid amounts	-	72,370	-	-	-
Total Nonspendable	-	72,370	-	-	-
Restricted for:					
Public safety, courts, and judicial	-	-	-	8,700,437	-
General public works	-	-	-	-	-
Stormwater management	-	-	-	-	-
Transportation	-	-	-	-	-
Social services, health and welfare	-	-	-	-	1,593,040
Housing and community development	5,687,186	-	-	-	1,212,282
Parks, recreation, and cultural	-	10,121,041	345,098	-	-
Other purposes	-	-	-	-	-
Total Restricted	5,687,186	10,121,041	345,098	8,700,437	2,805,322
Committed to:					
Public safety, courts, and judicial	-	-	-	2,334,021	-
Transportation	-	-	-	-	-
Social services, health and welfare	-	-	-	-	-
Housing and community development	-	-	-	-	-
Total Committed	-	-	-	2,334,021	-
Total fund balances	5,687,186	10,193,411	345,098	11,034,458	2,805,322
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,695,706	11,084,971	351,200	16,004,827	2,920,283

EXHIBIT D

Stormwater Services	Leaf Collection	Refuse Collection and Recycling Operations	Refuse Disposal	Energy Resource Recovery Facility	
					ASSETS
60,323,082	5,023,946	9,690,138	21,115,839	53,111,820	Equity in pooled cash and temporary investments
336,144	13,914	239,207	6,625,269	-	Receivables (net of allowances):
-	41	109	115	315	Accounts
-	-	-	-	-	Accrued interest
178,569	-	156,724	103,434	8,968	Loans
-	-	-	11,766	-	Due from intergovernmental units
74,585	-	-	-	-	Interfund receivables
-	-	-	-	-	Prepaid and other assets
-	-	-	-	-	Restricted assets - Cash with fiscal agents
60,912,380	5,037,901	10,086,178	27,856,423	53,121,103	Total assets
					DEFERRED OUTFLOWS OF RESOURCES
-	-	-	-	-	Total deferred outflows of resources
60,912,380	5,037,901	10,086,178	27,856,423	53,121,103	Total assets and deferred outflows of resources
					LIABILITIES
5,589,223	4,290	370,575	2,605,152	677,750	Accounts payable and accrued liabilities
989,480	-	508,424	689,585	46,042	Accrued salaries and benefits
1,142,904	-	-	81,169	-	Contract retainages
-	-	-	-	-	Due to other governments
-	-	-	11,766	-	Interfund payables
263,595	13,855	132,388	-	-	Unearned revenues
-	-	-	-	-	Performance and other deposits
7,985,202	18,145	1,011,387	3,387,672	723,792	Total liabilities
					DEFERRED INFLOWS OF RESOURCES
-	-	-	-	-	Unavailable revenue
-	-	-	-	-	Total deferred inflows of resources
7,985,202	18,145	1,011,387	3,387,672	723,792	Total liabilities and deferred inflows of resources
					FUND BALANCES
74,585	-	-	-	-	Nonspendable:
74,585	-	-	-	-	Prepaid amounts
-	-	-	-	-	Total Nonspendable
-	-	-	-	-	Restricted for:
-	5,019,756	9,074,791	24,468,751	52,397,311	Public safety, courts, and judicial
52,852,593	-	-	-	-	General public works
-	-	-	-	-	Stormwater management
-	-	-	-	-	Transportation
-	-	-	-	-	Social services, health and welfare
-	-	-	-	-	Housing and community development
-	-	-	-	-	Parks, recreation, and cultural
-	-	-	-	-	Other purposes
52,852,593	5,019,756	9,074,791	24,468,751	52,397,311	Total Restricted
-	-	-	-	-	Committed to:
-	-	-	-	-	Public safety, courts, and judicial
-	-	-	-	-	Transportation
-	-	-	-	-	Social services, health and welfare
-	-	-	-	-	Housing and community development
-	-	-	-	-	Total Committed
52,927,178	5,019,756	9,074,791	24,468,751	52,397,311	Total fund balances
60,912,380	5,037,901	10,086,178	27,856,423	53,121,103	Total liabilities, deferred inflows of resources, and fund balances

continued

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Funds
Combining Balance Sheet
June 30, 2017

EXHIBIT D

	I-95 Refuse Disposal	Community Development Block Grant	Housing Trust	HOME Investment Partnerships Grant
ASSETS				
Equity in pooled cash and temporary investments	\$ 33,660,491	39	11,527,055	252,629
Receivables (net of allowances):				
Accounts	472,012	-	67,416	-
Accrued interest	279	-	906,019	-
Loans	-	7,195,418	9,208,853	3,063,102
Due from intergovernmental units	-	1,090,426	-	135,000
Interfund receivables	580	-	-	-
Prepaid and other assets	-	-	-	47,756
Restricted assets - Cash with fiscal agents	-	-	2,751,454	-
Total assets	<u>34,133,362</u>	<u>8,285,883</u>	<u>24,460,797</u>	<u>3,498,487</u>
DEFERRED OUTFLOWS OF RESOURCES				
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 34,133,362</u>	<u>8,285,883</u>	<u>24,460,797</u>	<u>3,498,487</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 710,887	23,122	72,943	-
Accrued salaries and benefits	205,692	62,047	-	14,368
Contract retainages	4,334	11,515	194,076	-
Due to other governments	-	-	-	-
Interfund payables	580	945,046	-	-
Unearned revenues	-	-	-	-
Performance and other deposits	-	-	-	-
Total liabilities	<u>921,493</u>	<u>1,041,730</u>	<u>267,019</u>	<u>14,368</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	905,965	-
Total deferred inflows of resources	-	-	<u>905,965</u>	-
Total liabilities and deferred inflows of resources	<u>921,493</u>	<u>1,041,730</u>	<u>1,172,984</u>	<u>14,368</u>
FUND BALANCES				
Nonspendable:				
Prepaid amounts	-	-	-	47,756
Total Nonspendable	-	-	-	<u>47,756</u>
Restricted for:				
Public safety, courts, and judicial	-	-	-	-
General public works	33,211,869	-	-	-
Stormwater management	-	-	-	-
Transportation	-	-	-	-
Social services, health and welfare	-	-	-	-
Housing and community development	-	7,244,153	23,287,813	3,436,363
Parks, recreation, and cultural	-	-	-	-
Other purposes	-	-	-	-
Total Restricted	<u>33,211,869</u>	<u>7,244,153</u>	<u>23,287,813</u>	<u>3,436,363</u>
Committed to:				
Public safety, courts, and judicial	-	-	-	-
Transportation	-	-	-	-
Social services, health and welfare	-	-	-	-
Housing and community development	-	-	-	-
Total Committed	-	-	-	-
Total fund balances	<u>33,211,869</u>	<u>7,244,153</u>	<u>23,287,813</u>	<u>3,484,119</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 34,133,362</u>	<u>8,285,883</u>	<u>24,460,797</u>	<u>3,498,487</u>

EXHIBIT D
concluded

Alcohol Safety Action Program	Total Special Revenue Funds	
ASSETS		
174,558	622,368,102	Equity in pooled cash and temporary investments
8,000	12,294,629	Receivables (net of allowances):
2	912,018	Accounts
-	19,467,373	Accrued interest
-	45,635,474	Loans
-	12,346	Due from intergovernmental units
-	502,104	Interfund receivables
-	140,981,227	Prepaid and other assets
182,560	842,173,273	Restricted assets - Cash with fiscal agents
		Total assets
DEFERRED OUTFLOWS OF RESOURCES		
-	-	Total deferred outflows of resources
182,560	842,173,273	Total assets and deferred outflows of resources
LIABILITIES		
4,296	35,918,295	Accounts payable and accrued liabilities
90,892	12,663,926	Accrued salaries and benefits
-	4,399,685	Contract retainages
-	3,961,386	Due to other governments
-	957,392	Interfund payables
-	1,397,451	Unearned revenues
-	3,600	Performance and other deposits
95,188	59,301,735	Total liabilities
DEFERRED INFLOWS OF RESOURCES		
-	5,399,306	Unavailable revenue
-	5,399,306	Total deferred inflows of resources
95,188	64,701,041	Total liabilities and deferred inflows of resources
FUND BALANCES		
Nonspendable:		
-	502,104	Prepaid amounts
-	502,104	Total Nonspendable
Restricted for:		
-	22,697,258	Public safety, courts, and judicial
-	124,172,478	General public works
-	52,852,593	Stormwater management
-	441,552,818	Transportation
-	13,769,754	Social services, health and welfare
-	41,225,712	Housing and community development
-	17,378,295	Parks, recreation, and cultural
-	9,158,236	Other purposes
-	722,807,144	Total Restricted
Committed to:		
-	2,334,021	Public safety, courts, and judicial
-	11,831,168	Transportation
87,372	28,240,206	Social services, health and welfare
-	11,757,589	Housing and community development
87,372	54,162,984	Total Committed
87,372	777,472,232	Total fund balances
182,560	842,173,273	Total liabilities, deferred inflows of resources, and fund balances

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the fiscal year ended June 30, 2017

	County Transit Systems	Dulles Rail Phase I Transportation Improvement District	Dulles Rail Phase II Transportation Improvement District	County and Regional Transportation Projects	Tysons Service District
REVENUES					
Taxes	\$ -	-	-	-	-
Permits, privilege fees, and regulatory licenses	-	-	-	-	-
Intergovernmental	11,025,478	-	-	84,274,858	-
Charges for services	12,339,153	22,227,999	16,452,920	54,632,638	6,867,266
Fines and forfeitures	-	-	-	-	-
Developers' contributions	-	-	-	-	-
Revenue from the use of money and property	711,789	433,623	545,197	576,416	108,789
Recovered costs	-	-	-	-	-
Gifts, donations, and contributions	-	-	-	-	-
Total revenues	24,076,420	22,661,622	16,998,117	139,483,912	6,976,055
EXPENDITURES					
Current:					
Judicial administration	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community development	82,165,662	-	-	48,060,454	-
Parks, recreation, and cultural	-	-	-	-	-
Intergovernmental:					
Community development	5,285,835	-	-	121,038,860	-
Education - for Public Schools	-	-	-	-	-
Capital outlay:					
Judicial administration	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community development	5,005,425	-	-	24,661,016	-
Parks, recreation, and cultural	-	-	-	-	-
Debt service:					
Principal retirement	-	6,570,000	-	-	-
Interest and other charges	-	9,320,417	-	-	-
Total expenditures	92,456,922	15,890,417	-	193,760,330	-
Excess (deficiency) of revenues over (under) expenditures	(68,380,502)	6,771,205	16,998,117	(54,276,418)	6,976,055
OTHER FINANCING SOURCES (USES)					
Transfers in	69,228,150	-	-	-	-
Transfers out	-	-	-	(35,823,443)	-
General obligation bonds issued	-	-	-	-	-
Premium on general obligation bonds issued	-	-	-	-	-
Notes issued	-	-	-	97,130,586	-
Capital leases	-	-	-	-	-
Total other financing sources (uses), net	69,228,150	-	-	61,307,143	-
Net change in fund balances	847,648	6,771,205	16,998,117	7,030,725	6,976,055
Fund balances, July 1, 2016	10,983,520	46,150,464	65,916,514	187,895,922	13,700,605
Fund balances, June 30, 2017	\$ 11,831,168	52,921,669	82,914,631	194,926,647	20,676,660

EXHIBIT D-1

Metrorail Parking system Pledged Revenue	Federal/ State Grant	Cable Communications	Fairfax- Falls Church Community Services Board	Reston Community Center	
REVENUES					
-	-	-	-	-	- Taxes
-	-	26,264,801	-	-	- Permits, privilege fees, and regulatory licenses
5,142,378	96,753,029	-	18,521,020	-	- Intergovernmental
-	182,342	154	20,105,598	8,075,066	- Charges for services
-	-	12,100	42,958	-	- Fines and forfeitures
-	-	-	-	-	- Developers' contributions
2,263,056	162,179	-	-	364,174	- Revenue from the use of money and property
-	1,618,105	-	-	-	- Recovered costs
-	787,118	-	530	-	- Gifts, donations, and contributions
7,405,434	99,502,773	26,277,055	38,670,106	8,439,240	Total revenues
EXPENDITURES					
Current:					
-	1,224,464	-	-	-	- Judicial administration
-	25,599,025	-	-	-	- Public safety
-	-	-	-	-	- Public works
-	62,351,865	-	153,944,360	-	- Health and welfare
11,991,892	12,189,940	10,791,184	-	-	- Community development
-	-	-	-	7,277,084	- Parks, recreation, and cultural
Intergovernmental:					
5,783,512	-	-	-	-	- Community development
-	-	4,219,872	-	-	- Education - for Public Schools
Capital outlay:					
-	5,731	-	-	-	- Judicial administration
-	1,780,378	-	-	-	- Public safety
-	-	-	-	-	- Public works
-	12,188	-	41,715	-	- Health and welfare
-	(203,780)	1,540,102	-	-	- Community development
-	-	-	-	1,252,279	- Parks, recreation, and cultural
Debt service:					
3,390,000	41,566	-	-	209,052	- Principal retirement
4,501,490	3,315	-	-	25,948	- Interest and other charges
25,666,894	103,004,692	16,551,158	153,986,075	8,764,363	Total expenditures
					Excess (deficiency) of revenues over (under) expenditures
(18,261,460)	(3,501,919)	9,725,897	(115,315,969)	(325,123)	
OTHER FINANCING SOURCES (USES)					
4,220,513	5,480,836	-	126,077,551	-	- Transfers in
-	-	(9,415,263)	-	-	- Transfers out
80,293,248	-	-	-	-	- General obligation bonds issued
-	-	-	-	-	- Premium on general obligation bonds issued
-	-	-	-	-	- Notes issued
-	-	-	-	832,127	- Capital leases
					Total other financing sources (uses), net
84,513,761	5,480,836	(9,415,263)	126,077,551	832,127	
					Net change in fund balances
66,252,301	1,978,917	310,634	10,761,582	507,004	
					Fund balances, July 1, 2016
23,860,910	36,810,869	11,446,955	14,598,545	6,405,152	
					Fund balances, June 30, 2017
90,113,211	38,789,786	11,757,589	25,360,127	6,912,156	

continued

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the fiscal year ended June 30, 2017

	Mosaic Community Development Authority	McLean Community Center	Burgundy Village Community Center	E-911	Integrated Pest Management Program
REVENUES					
Taxes	\$ 5,531,544	-	-	42,012,354	-
Permits, privilege fees, and regulatory licenses	-	-	-	-	-
Intergovernmental	-	-	-	4,751,130	-
Charges for services	-	5,589,179	28,754	1,961	2,309,512
Fines and forfeitures	-	-	100	-	-
Developers' contributions	-	-	-	-	-
Revenue from the use of money and property	30,110	129,409	36,611	24,872	18,927
Recovered costs	-	-	-	218,753	-
Gifts, donations, and contributions	-	50,000	-	-	-
Total revenues	5,561,654	5,768,588	65,465	47,009,070	2,328,439
EXPENDITURES					
Current:					
Judicial administration	-	-	-	-	-
Public safety	-	-	-	36,674,695	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	1,029,869
Community development	34,675	-	-	-	790,473
Parks, recreation, and cultural	-	5,134,584	21,411	-	-
Intergovernmental:					
Community development	-	-	-	-	-
Education - for Public Schools	-	-	-	-	-
Capital outlay:					
Judicial administration	-	-	-	-	-
Public safety	-	-	-	4,360,129	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	43,078
Community development	-	-	-	-	-
Parks, recreation, and cultural	-	1,052,125	-	-	-
Debt service:					
Principal retirement	-	-	-	3,118,997	-
Interest and other charges	-	-	-	406,420	-
Total expenditures	34,675	6,186,709	21,411	44,560,241	1,863,420
Excess (deficiency) of revenues over (under) expenditures	5,526,979	(418,121)	44,054	2,448,829	465,019
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(5,157,088)	-	-	-	(141,000)
General obligation bonds issued	-	-	-	-	-
Premium on general obligation bonds issued	-	-	-	-	-
Notes issued	-	-	-	-	-
Capital leases	-	-	-	-	-
Total other financing sources (uses), net	(5,157,088)	-	-	-	(141,000)
Net change in fund balances	369,891	(418,121)	44,054	2,448,829	324,019
Fund balances, July 1, 2016	5,317,295	10,611,532	301,044	8,585,629	2,481,303
Fund balances, June 30, 2017	\$ 5,687,186	10,193,411	345,098	11,034,458	2,805,322

EXHIBIT D-1

Stormwater Services	Leaf Collection	Refuse Collection and Recycling Operations	Refuse Disposal	Energy Resource Recovery Facility	
					REVENUES
-	-	-	-	-	- Taxes
-	-	-	323,255	-	- Permits, privilege fees, and regulatory licenses
4,485,326	-	124,726	-	-	- Intergovernmental
63,729,374	2,373,246	16,568,894	33,339,459	13,017,822	- Charges for services
-	-	4,280	165,126	-	- Fines and forfeitures
-	-	-	-	-	- Developers' contributions
89,846	31,238	399,481	1,302,602	349,576	- Revenue from the use of money and property
98,516	-	30,368	16,677	-	- Recovered costs
-	-	-	-	-	- Gifts, donations, and contributions
68,403,062	2,404,484	17,127,749	35,147,119	13,367,398	- Total revenues
					EXPENDITURES
					Current:
-	-	-	-	-	- Judicial administration
-	-	-	-	-	- Public safety
28,563,726	1,875,383	17,448,982	22,731,255	26,689,089	- Public works
-	-	-	-	-	- Health and welfare
-	-	-	-	-	- Community development
-	-	-	-	-	- Parks, recreation, and cultural
					Intergovernmental:
-	-	-	-	-	- Community development
-	-	-	-	-	- Education - for Public Schools
					Capital outlay:
-	-	-	-	-	- Judicial administration
-	-	-	-	-	- Public safety
36,432,946	-	730,573	812,690	-	- Public works
-	-	-	-	-	- Health and welfare
-	-	-	-	-	- Community development
-	-	-	-	-	- Parks, recreation, and cultural
					Debt service:
-	-	-	-	-	- Principal retirement
-	-	-	-	-	- Interest and other charges
64,996,672	1,875,383	18,179,555	23,543,945	26,689,089	- Total expenditures
3,406,390	529,101	(1,051,806)	11,603,174	(13,321,691)	Excess (deficiency) of revenues over (under) expenditures
					OTHER FINANCING SOURCES (USES)
-	-	-	-	-	- Transfers in
(1,125,000)	-	(548,000)	(577,000)	(49,000)	- Transfers out
7,840,000	-	-	-	-	- General obligation bonds issued
1,160,000	-	-	-	-	- Premium on general obligation bonds issued
-	-	-	-	-	- Notes issued
-	-	-	-	-	- Capital leases
7,875,000	-	(548,000)	(577,000)	(49,000)	- Total other financing sources (uses), net
11,281,390	529,101	(1,599,806)	11,026,174	(13,370,691)	Net change in fund balances
41,645,788	4,490,655	10,674,597	13,442,577	65,768,002	Fund balances, July 1, 2016
52,927,178	5,019,756	9,074,791	24,468,751	52,397,311	Fund balances, June 30, 2017

continued

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the fiscal year ended June 30, 2017

EXHIBIT D-1
concluded

	I-95 Refuse Disposal	Community Development Block Grant	Housing Trust	HOME Investment Partnerships Grant	Alcohol Safety Action Program	Total Special Revenue Funds
REVENUES						
Taxes	\$ -	-	-	-	-	47,543,898
Permits, privilege fees, and regulatory licenses	-	-	-	-	-	26,588,056
Intergovernmental	-	4,808,661	-	1,639,698	3,482	226,387,408
Charges for services	6,087,753	-	-	-	1,107,750	290,179,218
Fines and forfeitures	-	-	-	-	-	224,564
Developers' contributions	-	-	587,171	-	-	587,171
Revenue from the use of money and property	447,054	244,343	1,159,121	146,933	2,296	9,577,642
Recovered costs	-	-	1,299,378	-	-	3,281,797
Gifts, donations, and contributions	-	-	-	-	-	837,648
Total revenues	6,534,807	5,053,004	3,045,670	1,786,631	1,113,528	605,207,402
EXPENDITURES						
Current:						
Judicial administration	-	-	-	-	-	1,224,464
Public safety	-	-	-	-	-	62,273,720
Public works	6,047,906	-	-	-	-	103,356,341
Health and welfare	-	-	-	-	1,691,518	219,017,612
Community development	-	4,499,367	133,331	1,671,824	-	172,328,802
Parks, recreation, and cultural	-	-	-	-	-	12,433,079
Intergovernmental:						
Community development	-	-	-	-	-	132,108,207
Education - for Public Schools	-	-	-	-	-	4,219,872
Capital outlay:						
Judicial administration	-	-	-	-	-	5,731
Public safety	-	-	-	-	-	6,140,507
Public works	3,944,432	-	-	-	-	41,920,641
Health and welfare	-	-	-	-	-	96,981
Community development	-	-	2,050,539	-	-	33,053,302
Parks, recreation, and cultural	-	-	-	-	-	2,304,404
Debt service:						
Principal retirement	-	688,000	-	-	-	14,017,615
Interest and other charges	-	277,931	-	-	-	14,535,521
Total expenditures	9,992,338	5,465,298	2,183,870	1,671,824	1,691,518	819,036,799
Excess (deficiency) of revenues over (under) expenditures	(3,457,531)	(412,294)	861,800	114,807	(577,990)	(213,829,397)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	545,171	205,552,221
Transfers out	(186,000)	-	-	-	-	(53,021,794)
General obligation bonds issued	-	-	-	-	-	88,133,248
Premium on general obligation bonds issued	-	-	-	-	-	1,160,000
Notes issued	-	-	-	-	-	97,130,586
Capital leases	-	-	-	-	-	832,127
Total other financing sources (uses), net	(186,000)	-	-	-	545,171	339,786,388
Net change in fund balances	(3,643,531)	(412,294)	861,800	114,807	(32,819)	125,956,991
Fund balances, July 1, 2016	36,855,400	7,656,447	22,426,013	3,369,312	120,191	651,515,241
Fund balances, June 30, 2017	\$ 33,211,869	7,244,153	23,287,813	3,484,119	87,372	777,472,232

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Fund
Budgetary Comparison Schedule - County Transit Systems Fund (Budget Basis)
For the fiscal year ended June 30, 2017

EXHIBIT D-2A

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 21,731,213	22,083,953	11,025,478	(11,058,475)
Charges for services	8,411,117	7,150,000	7,403,301	253,301
Revenue from the use of money and property	510,000	350,000	785,203	435,203
Total revenues	30,652,330	29,583,953	19,213,982	(10,369,971)
EXPENDITURES				
Community development	99,880,480	108,205,115	88,161,843	20,043,272
Total expenditures	99,880,480	108,205,115	88,161,843	20,043,272
Excess (deficiency) of revenues over (under) expenditures	(69,228,150)	(78,621,162)	(68,947,861)	9,673,301
OTHER FINANCING SOURCES				
Transfers in	69,228,150	69,228,150	69,228,150	-
Total other financing sources	69,228,150	69,228,150	69,228,150	-
Net change in fund balance	\$ -	(9,393,012)	280,289	9,673,301

COUNTY OF FAIRFAX, VIRGINIA
 Special Revenue Fund
 Budgetary Comparison Schedule - Dulles Rail Phase I Transportation Improvement
 District Fund (Budget Basis)
 For the fiscal year ended June 30, 2017

EXHIBIT D-2B

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 22,455,503	22,455,503	-	(22,455,503)
Charges for services	-	-	22,227,999	22,227,999
Revenue from the use of money and property	-	-	125,896	125,896
Total revenues	22,455,503	22,455,503	22,353,895	(101,608)
EXPENDITURES				
Debt service:				
Principal retirement	6,570,000	6,570,000	6,570,000	-
Interest and other charges:				
Interest	10,775,313	9,320,417	9,320,417	-
Total expenditures	17,345,313	15,890,417	15,890,417	-
Net change in fund balance	\$ 5,110,190	6,565,086	6,463,478	(101,608)

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Fund
Budgetary Comparison Schedule - Dulles Rail Phase II Transportation Improvement
District Fund (Budget Basis)
For the fiscal year ended June 30, 2017

EXHIBIT D-2C

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 15,814,410	15,814,410	-	(15,814,410)
Charges for services	-	-	16,452,920	16,452,920
Revenue from the use of money and property	-	-	446,498	446,498
Total revenues	15,814,410	15,814,410	16,899,418	1,085,008
EXPENDITURES				
Debt service:				
Interest and other charges:				
Interest	-	15,650,000	-	15,650,000
Bond issuance costs and other	500,000	500,000	-	500,000
Total expenditures	500,000	16,150,000	-	16,150,000
Excess (deficiency) of revenues over (under) expenditures	15,314,410	(335,590)	16,899,418	17,235,008
Net change in fund balance	\$ 15,314,410	(335,590)	16,899,418	17,235,008

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2D

Special Revenue Fund

Budgetary Comparison Schedule - County and Regional Transportation Projects (Budget Basis)

For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental	\$ 42,723,012	109,379,832	61,974,225	(47,405,607)
Charges for services	52,754,694	52,754,694	54,632,638	1,877,944
Revenue from the use of money and property	-	-	581,790	581,790
Total revenues	95,477,706	162,134,526	117,188,653	(44,945,873)
EXPENDITURES				
Community development	60,874,776	355,518,741	74,827,883	280,690,858
Debt service:				
Interest and other charges:				
Interest	3,000,000	3,000,000	-	3,000,000
Total expenditures	63,874,776	358,518,741	74,827,883	283,690,858
Excess (deficiency) of revenues over (under) expenditures	31,602,930	(196,384,215)	42,360,770	238,744,985
OTHER FINANCING SOURCES (USES)				
Transfers out	(31,602,930)	(35,823,443)	(35,823,443)	-
Revenue bonds issued	-	50,000,000	-	(50,000,000)
Total other financing sources (uses), net	(31,602,930)	14,176,557	(35,823,443)	(50,000,000)
Net change in fund balance	\$ -	(182,207,658)	6,537,327	188,744,985

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2E

Special Revenue Fund

Budgetary Comparison Schedule - Tysons Service District Fund (Budget Basis)

For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 6,947,796	6,947,796	6,867,266	(80,530)
Revenue from the use of money and property	-	-	108,789	108,789
Total revenues	6,947,796	6,947,796	6,976,055	28,259
EXPENDITURES				
Community development	-	6,450,000	-	6,450,000
Total expenditures	-	6,450,000	-	6,450,000
Net change in fund balance	\$ 6,947,796	497,796	6,976,055	6,478,259

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2F

Special Revenue Fund

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

For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 5,000,000	5,000,000	5,142,378	142,378
Revenue from the use of money and property	967,000	1,164,700	2,045,585	880,885
Total revenues	5,967,000	6,164,700	7,187,963	1,023,263
EXPENDITURES				
Public works	1,400,000	84,200,000	17,775,404	66,424,596
Debt service:				
Principal retirement	3,390,000	3,040,000	3,390,000	(350,000)
Interest and other charges:				
Interest	3,995,213	3,995,213	3,995,213	-
Bond issuance costs and other	-	11,534,748	506,277	11,028,471
Total expenditures	8,785,213	102,769,961	25,666,894	77,103,067
Excess (deficiency) of revenues over (under) expenditures	(2,818,213)	(96,605,261)	(18,478,931)	78,126,330
OTHER FINANCING SOURCES				
General obligation bonds issued	-	80,293,248	80,293,248	-
Transfers in	-	4,220,513	4,220,513	-
Total other financing sources	-	84,513,761	84,513,761	-
Net change in fund balance	\$ (2,818,213)	(12,091,500)	66,034,830	78,126,330

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Fund
Budgetary Comparison Schedule - Federal/State Grant Fund (Budget Basis)
For the fiscal year ended June 30, 2017

EXHIBIT D-2G

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 103,833,552	220,522,150	96,753,029	(123,769,121)
Charges for services	-	-	182,342	182,342
Revenue from the use of money and property	-	-	162,179	162,179
Recovered costs	-	3,025,178	1,618,105	(1,407,073)
Gifts, donations, and contributions	-	791,500	787,118	(4,382)
Total revenues	103,833,552	224,338,828	99,502,773	(124,836,055)
EXPENDITURES				
General government administration	109,314,388	40,273,122	-	40,273,122
Judicial administration	-	2,153,597	912,844	1,240,753
Public safety	-	62,326,845	27,741,635	34,585,210
Health and welfare	-	101,617,641	62,364,053	39,253,588
Community development	-	59,503,542	11,986,160	47,517,382
Parks, recreation, and cultural	-	5,771	-	5,771
Total expenditures	109,314,388	265,880,518	103,004,692	162,875,826
Excess (deficiency) of revenues over (under) expenditures	(5,480,836)	(41,541,690)	(3,501,919)	38,039,771
OTHER FINANCING SOURCES				
Transfers in	5,480,836	5,480,836	5,480,836	-
Total other financing sources	5,480,836	5,480,836	5,480,836	-
Net change in fund balance	\$ -	(36,060,854)	1,978,917	38,039,771

COUNTY OF FAIRFAX, VIRGINIA
 Special Revenue Fund
 Budgetary Comparison Schedule - Cable Communications Fund (Budget Basis)
 For the fiscal year ended June 30, 2017

EXHIBIT D-2H

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Permits, privilege fees, and regulatory licenses	\$ 25,862,861	25,862,861	26,264,801	401,940
Charges for services	1,000	151,000	154	(150,846)
Fines and forfeitures	-	-	12,100	12,100
Total revenues	25,863,861	26,013,861	26,277,055	263,194
EXPENDITURES				
Community development	13,488,171	21,955,037	12,331,251	9,623,786
Total expenditures	13,488,171	21,955,037	12,331,251	9,623,786
Excess of revenues over expenditures	12,375,690	4,058,824	13,945,804	9,886,980
OTHER FINANCING USES				
Transfers out	(9,415,263)	(9,415,263)	(9,415,263)	-
Transfers out to component units	(4,219,872)	(4,219,872)	(4,219,872)	-
Total other financing uses	(13,635,135)	(13,635,135)	(13,635,135)	-
Net change in fund balance	\$ (1,259,445)	(9,576,311)	310,669	9,886,980

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2i

Special Revenue Fund

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

For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 18,291,195	18,291,195	18,521,020	229,825
Charges for services	18,143,992	17,543,992	20,105,598	2,561,606
Fines and forfeitures	14,100	14,100	42,958	28,858
Gifts, donations, and contributions	-	-	530	530
Total revenues	36,449,287	35,849,287	38,670,106	2,820,819
EXPENDITURES				
Health and welfare	161,326,838	170,790,434	153,986,075	16,804,359
Total expenditures	161,326,838	170,790,434	153,986,075	16,804,359
Excess (deficiency) of revenues over (under) expenditures	(124,877,551)	(134,941,147)	(115,315,969)	19,625,178
OTHER FINANCING SOURCES				
Transfers in	124,877,551	126,077,551	126,077,551	-
Total other financing sources	124,877,551	126,077,551	126,077,551	-
Net change in fund balance	\$ -	(8,863,596)	10,761,582	19,625,178

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2J

Special Revenue Fund

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

For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 8,114,738	8,114,738	8,075,067	(39,671)
Revenue from the use of money and property	215,502	215,502	364,174	148,672
Total revenues	8,330,240	8,330,240	8,439,241	109,001
EXPENDITURES				
Parks, recreation, and cultural	8,650,339	9,616,802	7,932,237	1,684,565
Total expenditures	8,650,339	9,616,802	7,932,237	1,684,565
Net change in fund balance	\$ (320,099)	(1,286,562)	507,004	1,793,566

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2K

Special Revenue Fund

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

For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 5,642,191	5,642,191	5,589,179	(53,012)
Revenue from the use of money and property	95,100	95,100	129,409	34,309
Gifts, donations, and contributions	-	-	50,000	50,000
Total revenues	5,737,291	5,737,291	5,768,588	31,297
EXPENDITURES				
Parks, recreation, and cultural	8,791,646	13,813,934	5,831,078	7,982,856
Total expenditures	8,791,646	13,813,934	5,831,078	7,982,856
Net change in fund balance	\$ (3,054,355)	(8,076,643)	(62,490)	8,014,153

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2L

Special Revenue Fund

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

For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 30,352	30,352	28,754	(1,598)
Fines and forfeitures	-	-	100	100
Revenue from the use of money and property	33,025	33,025	36,611	3,586
Total revenues	63,377	63,377	65,465	2,088
EXPENDITURES				
Parks, recreation, and cultural	45,711	230,711	21,411	209,300
Total expenditures	45,711	230,711	21,411	209,300
Net change in fund balance	\$ 17,666	(167,334)	44,054	211,388

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Fund
Budgetary Comparison Schedule - E-911 Fund (Budget Basis)
For the fiscal year ended June 30, 2017

EXHIBIT D-2M

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sales and use taxes	\$ 42,012,354	42,012,354	42,012,354	-
Intergovernmental	4,600,000	4,600,000	4,751,130	151,130
Charges for Services	-	-	1,961	1,961
Revenue from the use of money and property	10,000	10,000	24,872	14,872
Recovered costs	150,000	150,000	218,753	68,753
Total revenues	46,772,354	46,772,354	47,009,070	236,716
EXPENDITURES				
Public safety	46,824,921	53,546,669	44,289,583	9,257,086
Total expenditures	46,824,921	53,546,669	44,289,583	9,257,086
Net change in fund balance	\$ (52,567)	(6,774,315)	2,719,487	9,493,802

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2N

Special Revenue Fund

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

For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,326,730	-	-	-
Charges for services	-	2,326,730	2,309,512	(17,218)
Revenue from the use of money and property	7,691	7,691	18,926	11,235
Total revenues	2,334,421	2,334,421	2,328,438	(5,983)
EXPENDITURES				
Health and welfare	2,052,154	2,078,424	1,072,946	1,005,478
Community development	1,133,558	1,133,593	790,473	343,120
Total expenditures	3,185,712	3,212,017	1,863,419	1,348,598
Excess (deficiency) of revenues over (under) expenditures	(851,291)	(877,596)	465,019	1,342,615
OTHER FINANCING USES				
Transfers out	(141,000)	(141,000)	(141,000)	-
Total other financing uses	(141,000)	(141,000)	(141,000)	-
Net change in fund balance	\$ (992,291)	(1,018,596)	324,019	1,342,615

COUNTY OF FAIRFAX, VIRGINIA
 Special Revenue Fund
 Budgetary Comparison Schedule - Stormwater Services Fund (Budget Basis)
 For the fiscal year ended June 30, 2017

EXHIBIT D-20

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	5,123,171	4,485,326	(637,845)
Charges for services	64,075,000	64,075,000	63,729,374	(345,626)
Revenue from the use of money and property	-	-	89,846	89,846
Recovered costs	-	98,516	98,516	-
Total revenues	64,075,000	69,296,687	68,403,062	(893,625)
EXPENDITURES				
Public works	62,950,000	133,325,325	65,198,254	68,127,071
Total expenditures	62,950,000	133,325,325	65,198,254	68,127,071
Excess (deficiency) of revenues over (under) expenditures	1,125,000	(64,028,638)	3,204,808	67,233,446
OTHER FINANCING SOURCES (USES)				
General obligation bonds issued	-	23,590,000	9,000,000	(14,590,000)
Transfers out	(1,125,000)	(1,125,000)	(1,125,000)	-
Total other financing sources (uses), net	(1,125,000)	22,465,000	7,875,000	(14,590,000)
Net change in fund balance	\$ -	(41,563,638)	11,079,808	52,643,446

COUNTY OF FAIRFAX, VIRGINIA
 Special Revenue Fund
 Budgetary Comparison Schedule - Leaf Collection Fund (Budget Basis)
 For the fiscal year ended June 30, 2017

EXHIBIT D-2P

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 2,291,387	2,291,387	2,373,246	81,859
Revenue from the use of money and property	25,444	25,444	31,238	5,794
Total revenues	2,316,831	2,316,831	2,404,484	87,653
EXPENDITURES				
Public works	2,187,182	2,238,978	1,875,383	363,595
Total expenditures	2,187,182	2,238,978	1,875,383	363,595
Net change in fund balance	\$ 129,649	77,853	529,101	451,248

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2Q

Special Revenue Fund

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

For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 128,034	128,034	124,726	(3,308)
Fines and Forfeitures	-	-	4,280	4,280
Charges for services	18,324,616	16,979,616	16,568,894	(410,722)
Revenue from the use of money and property	287,223	287,223	399,481	112,258
Recovered costs	22,780	22,780	30,368	7,588
Total revenues	18,762,653	17,417,653	17,127,749	(289,904)
EXPENDITURES				
Public works	19,292,040	21,630,425	18,183,849	3,446,576
Total expenditures	19,292,040	21,630,425	18,183,849	3,446,576
Excess (deficiency) of revenues over (under) expenditures	(529,387)	(4,212,772)	(1,056,100)	3,156,672
OTHER FINANCING USES				
Transfers out	(548,000)	(548,000)	(548,000)	-
Total other financing uses	(548,000)	(548,000)	(548,000)	-
Net change in fund balance	\$ (1,077,387)	(4,760,772)	(1,604,100)	3,156,672

COUNTY OF FAIRFAX, VIRGINIA
 Special Revenue Fund
 Budgetary Comparison Schedule - Refuse Disposal Fund (Budget Basis)
 For the fiscal year ended June 30, 2017

EXHIBIT D-2R

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Permits, privilege fees, and regulatory licenses	\$ 78,840	78,840	86,894	8,054
Charges for services	44,007,970	24,345,283	33,339,459	8,994,176
Revenue from the use of money and property	1,470,791	1,470,791	1,255,217	(215,574)
Recovered costs	-	-	16,677	16,677
Fines and forfeitures	-	-	165,126	165,126
Total revenues	45,557,601	25,894,914	34,863,373	8,968,459
EXPENDITURES				
Public works	43,892,758	29,113,717	23,543,945	5,569,772
Total expenditures	43,892,758	29,113,717	23,543,945	5,569,772
Excess (deficiency) of revenues over (under) expenditures	1,664,843	(3,218,803)	11,319,428	14,538,231
OTHER FINANCING USES				
Transfers out	-	(577,000)	(577,000)	-
Total other financing uses	-	(577,000)	(577,000)	-
Net change in fund balance	\$ 1,664,843	(3,795,803)	10,742,428	14,538,231

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2S

Special Revenue Fund

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

For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 18,871,000	18,871,000	13,017,822	(5,853,178)
Revenue from the use of money and property	845,811	845,811	349,576	(496,235)
Total revenues	19,716,811	19,716,811	13,367,398	(6,349,413)
EXPENDITURES				
Public works	26,805,549	29,818,911	26,689,089	3,129,822
Total expenditures	26,805,549	29,818,911	26,689,089	3,129,822
Excess (deficiency) of revenues over (under) expenditures	(7,088,738)	(10,102,100)	(13,321,691)	(3,219,591)
OTHER FINANCING USES				
Transfers out	(49,000)	(49,000)	(49,000)	-
Total other financing uses	(49,000)	(49,000)	(49,000)	-
Net change in fund balance	\$ (7,137,738)	(10,151,100)	(13,370,691)	(3,219,591)

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Fund
Budgetary Comparison Schedule - I-95 Refuse Disposal Fund (Budget Basis)
For the fiscal year ended June 30, 2017

EXHIBIT D-2T

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Permits, privilege fees, and regulatory licenses	\$ 7,200	7,200	-	(7,200)
Charges for services	8,856,500	5,717,200	6,087,753	370,553
Revenue from the use of money and property	260,437	260,437	447,054	186,617
Total revenues	9,124,137	5,984,837	6,534,807	549,970
EXPENDITURES				
Public works	8,807,949	16,463,004	9,992,338	6,470,666
Total expenditures	8,807,949	16,463,004	9,992,338	6,470,666
Excess (deficiency) of revenues over (under) expenditures	316,188	(10,478,167)	(3,457,531)	7,020,636
OTHER FINANCING USES				
Transfers out	(186,000)	(186,000)	(186,000)	-
Total other financing uses	(186,000)	(186,000)	(186,000)	-
Net change in fund balance	\$ 130,188	(10,664,167)	(3,643,531)	7,020,636

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2U

Special Revenue Fund

Budgetary Comparison Schedule - Community Development Block Grant Fund (Budget Basis)

For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	5,388,765	4,808,661	(580,104)
Charges for services	-	2,813	-	(2,813)
Revenue from the use of money and property	4,873,926	4,026,810	532,652	(3,494,158)
Total revenues	4,873,926	9,418,388	5,341,313	(4,077,075)
EXPENDITURES				
Community development	3,907,995	8,612,852	4,499,367	4,113,485
Debt service:				
Principal retirement	688,000	688,000	688,000	-
Interest and other charges:				
Interest	277,931	277,931	277,931	-
Total expenditures	4,873,926	9,578,783	5,465,298	4,113,485
Net change in fund balance	\$ -	(160,395)	(123,985)	36,410

COUNTY OF FAIRFAX, VIRGINIA
 Special Revenue Fund
 Budgetary Comparison Schedule - Housing Trust Fund (Budget Basis)
 For the fiscal year ended June 30, 2017

EXHIBIT D-2v

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Developers' contributions	\$ -	-	587,171	587,171
Revenue from the use of money and property	4,945	32,065	82,055	49,990
Other Revenue	479,210	710,496	2,411,079	1,700,583
Total revenues	484,155	742,561	3,080,305	2,337,744
EXPENDITURES				
Community development	484,155	9,126,480	414,734	8,711,746
Total expenditures	484,155	9,126,480	414,734	8,711,746
Net change in fund balance	\$ -	(8,383,919)	2,665,571	11,049,490

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2W

Special Revenue Fund

Budgetary Comparison Schedule - HOME Investment Partnership Grant Fund (Budget Basis)

For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	2,688,400	1,639,698	(1,048,702)
Revenue from the use of money and property	1,431,830	808,533	183,264	(625,269)
Total revenues	1,431,830	3,496,933	1,822,962	(1,673,971)
EXPENDITURES				
Community development	1,431,830	3,717,547	1,622,255	2,095,292
Total expenditures	1,431,830	3,717,547	1,622,255	2,095,292
Net change in fund balance	\$ -	(220,614)	200,707	421,321



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

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

Debt Service Fund Mosaic Community Development Authority Fund is used to account for the accumulation of resources for and the payments of bond principal, interest, and related expenses on debt of the Mosaic Community Development Authority. This fund is not appropriated in the County's operating budget.

COUNTY OF FAIRFAX, VIRGINIA
 Debt Service Funds
 Combining Balance Sheet
 June 30, 2017

EXHIBIT E

	Debt Service	Mosaic Community Development Authority	Total Debt Service Funds
ASSETS			
Equity in pooled cash and temporary investments	\$ 22,688,273	-	22,688,273
Accrued interest	-	26,694	26,694
Loan to component unit	11,604,900	-	11,604,900
Lease to component unit	41,210,000	-	41,210,000
Restricted assets:			
Restricted assets - Cash with fiscal agents	3,261	6,857,346	6,860,607
Investments			
Total assets	<u>75,506,434</u>	<u>6,884,040</u>	<u>82,390,474</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	<u>\$ 75,506,434</u>	<u>6,884,040</u>	<u>82,390,474</u>
LIABILITIES			
Liabilities:			
Unearned revenues	\$ 41,210,000	-	41,210,000
Total liabilities	<u>41,210,000</u>	<u>-</u>	<u>41,210,000</u>
DEFERRED INFLOWS OF RESOURCES			
Total deferred inflows of resources	-	-	-
Total liabilities and deferred inflows of resources	<u>41,210,000</u>	<u>-</u>	<u>41,210,000</u>
FUND BALANCES			
Restricted for:			
Debt service	-	6,884,040	6,884,040
Total Restricted	<u>-</u>	<u>6,884,040</u>	<u>6,884,040</u>
Committed to:			
Debt service	34,296,434	-	34,296,434
Total Committed	<u>34,296,434</u>	<u>-</u>	<u>34,296,434</u>
Total fund balance	<u>34,296,434</u>	<u>6,884,040</u>	<u>41,180,474</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 75,506,434</u>	<u>6,884,040</u>	<u>82,390,474</u>

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT E-1

Debt Service Funds

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

For the fiscal year ended June 30, 2017

	Debt Service	Mosaic Community Development Authority	Total Debt Service Funds
REVENUES			
Intergovernmental	\$ 4,200,270	-	4,200,270
Revenue from the use of money and property	2,535,399	64,757	2,600,156
Total revenues	6,735,669	64,757	6,800,426
EXPENDITURES			
Principal retirement:			
County	86,080,049	615,000	86,695,049
Schools	118,383,800	-	118,383,800
Interest:			
County	47,428,353	4,542,088	51,970,441
Schools	61,497,204	-	61,497,204
Other charges:			
Bond issuance costs and other	2,036,968	-	2,036,968
Total expenditures	315,426,374	5,157,088	320,583,462
Deficiency of revenues under expenditures	(308,690,705)	(5,092,331)	(313,783,036)
OTHER FINANCING SOURCES (USES)			
Transfers in from:			
General Fund	326,622,753	-	326,622,753
Special revenue funds	-	5,157,088	5,157,088
Capital projects funds	1,059,993	-	1,059,993
Transfers out	(13,076,233)	-	(13,076,233)
Total other financing sources	314,606,513	5,157,088	319,763,601
Net change in fund balance	5,915,808	64,757	5,980,565
Fund balance, July 1, 2016	28,380,626	6,819,283	35,199,909
Fund balance, June 30, 2017	\$ 34,296,434	6,884,040	41,180,474

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT E-2

Debt Service Fund

Budgetary Comparison Schedule - Debt Service Fund (Budget Basis)

For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,180,000	2,180,000	2,803,660	623,660
Total revenues	2,180,000	2,180,000	2,803,660	623,660
EXPENDITURES				
Principal retirement:				
County	81,965,149	86,080,149	86,080,149	-
Schools	111,643,700	118,383,700	118,383,700	-
Interest:				
County	52,290,985	60,939,036	44,331,453	16,607,583
Schools	71,122,710	64,382,710	61,497,204	2,885,506
Bond issuance costs and other	3,500,000	3,500,000	1,459,934	2,040,066
Total expenditures	320,522,544	333,285,595	311,752,440	21,533,155
Excess (deficiency) of revenues over (under) expenditures	(318,342,544)	(331,105,595)	(308,948,780)	22,156,815
OTHER FINANCING SOURCES (USES)				
General obligation bonds issued	500,000	500,000	491,543	(8,457)
General obligation refunding bonds issued	-	-	-	-
Transfers in from:				
General Fund	326,622,753	326,622,753	326,622,753	-
Special revenue funds	-	-	-	-
Other funds	4,296,024	4,296,024	4,296,024	-
Transfers out	(13,076,233)	(13,076,233)	(13,076,233)	-
Total other financing sources, net	318,342,544	318,342,544	318,334,087	(8,457)
Net change in fund balance, net	\$ -	(12,763,051)	9,385,307	22,148,358



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

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

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

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

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

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

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

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

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

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

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

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

The Penny for Affordable Housing Fund is used to account for the planned allocation of funding by the Board of Supervisors to prioritize and monitor affordable housing preservation initiatives. Projects are funded by the amount dedicated by the Board; original method to determine the amount of dedication was the value of one penny of the real estate tax rate.

COUNTY OF FAIRFAX, VIRGINIA
Capital Projects Funds
Combining Balance Sheet
June 30, 2017

	Contributed Roadway Improvement	Library Construction	County Construction	Capital Renewal Construction
ASSETS				
Equity in pooled cash and temporary investments	\$ 58,406,613	3,568,883	62,125,183	18,649,635
Receivables:				
Accounts	-	-	155,183	-
Accrued interest	314	-	-	-
Loans	-	-	-	-
Due from intergovernmental units	-	-	51,768	-
Restricted assets:				
Equity in pooled cash and temporary investments	-	7,601,854	9,163,717	2,844,692
Cash with fiscal agents	-	-	1,601,002	-
Total assets	<u>58,406,927</u>	<u>11,170,737</u>	<u>73,096,853</u>	<u>21,494,327</u>
DEFERRED OUTFLOWS OF RESOURCES				
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 58,406,927</u>	<u>11,170,737</u>	<u>73,096,853</u>	<u>21,494,327</u>
LIABILITIES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 74,930	442,390	2,054,851	515,020
Contract retainages	-	332,561	151,482	-
Due to component units	-	-	779,965	-
Unearned revenues	-	-	26,264,929	-
Performance and other deposits	22,333,044	1,337	1,960,751	-
Total liabilities	<u>22,407,974</u>	<u>776,288</u>	<u>31,211,978</u>	<u>515,020</u>
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Total liabilities and deferred inflows of resources	<u>22,407,974</u>	<u>776,288</u>	<u>31,211,978</u>	<u>515,020</u>
FUND BALANCES				
Restricted for:				
Capital projects	<u>35,998,953</u>	<u>10,394,449</u>	<u>9,163,717</u>	-
Total Restricted	<u>35,998,953</u>	<u>10,394,449</u>	<u>9,163,717</u>	-
Committed to:				
Capital projects	-	-	32,721,158	20,979,307
Total Committed	-	-	32,721,158	20,979,307
Total fund balances	<u>35,998,953</u>	<u>10,394,449</u>	<u>41,884,875</u>	<u>20,979,307</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 58,406,927</u>	<u>11,170,737</u>	<u>73,096,853</u>	<u>21,494,327</u>

EXHIBIT F

Transportation Improvements	Pedestrian Walkway Improvements	Metro Operations and Construction	
			ASSETS
-	2,844,653	2,219,669	Equity in pooled cash and temporary investments
			Receivables:
-	-	-	Accounts
-	-	-	Accrued interest
-	-	-	Loans
-	17,516	-	Due from intergovernmental units
			Restricted assets:
18,581,496	-	-	Equity in pooled cash and temporary investments
-	-	-	Cash with fiscal agents
<u>18,581,496</u>	<u>2,862,169</u>	<u>2,219,669</u>	Total assets
			DEFERRED OUTFLOWS OF RESOURCES
-	-	-	Total deferred outflows of resources
<u>18,581,496</u>	<u>2,862,169</u>	<u>2,219,669</u>	Total assets and deferred outflows of resources
			LIABILITIES
			Liabilities:
1,327,950	319,620	-	Accounts payable and accrued liabilities
723,504	5,691	-	Contract retainages
-	-	-	Due to component units
-	-	-	Unearned revenues
-	128,722	-	Performance and other deposits
<u>2,051,454</u>	<u>454,033</u>	-	Total liabilities
			DEFERRED INFLOW OF RESOURCES
-	-	-	Unavailable revenue
-	-	-	Total deferred inflows of resources
			Total liabilities and deferred inflows of resources
<u>2,051,454</u>	<u>454,033</u>	-	
			FUND BALANCES
			Restricted for:
<u>16,530,042</u>	-	-	Capital projects
<u>16,530,042</u>	-	-	Total Restricted
			Committed to:
-	2,408,136	2,219,669	Capital projects
-	2,408,136	2,219,669	Total Committed
<u>16,530,042</u>	<u>2,408,136</u>	<u>2,219,669</u>	Total fund balances
<u>18,581,496</u>	<u>2,862,169</u>	<u>2,219,669</u>	Total liabilities, deferred inflows of resources, and fund balances

continued

COUNTY OF FAIRFAX, VIRGINIA
Capital Projects Funds
Combining Balance Sheet
June 30, 2017

	Public Safety Construction	Commercial Revitalization Program	Pro Rata Drainage Construction
ASSETS			
Equity in pooled cash and temporary investments	\$ 3,217,633	756,995	4,222,115
Receivables:			
Accounts	-	-	-
Accrued interest	-	-	-
Loans	-	-	-
Due from intergovernmental units	-	191,953	-
Restricted assets:			
Equity in pooled cash and temporary investments	39,640,367	-	-
Cash with fiscal agents	33,983,656	-	-
Total assets	<u>76,841,656</u>	<u>948,948</u>	<u>4,222,115</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	\$ 76,841,656	948,948	4,222,115
LIABILITIES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 4,290,616	-	7,500
Contract retainages	7,155,409	-	3,197
Due to component units	-	-	-
Unearned revenues	-	-	-
Performance and other deposits	-	-	3,179,098
Total liabilities	<u>11,446,025</u>	<u>-</u>	<u>3,189,795</u>
DEFERRED INFLOW OF RESOURCES			
Unavailable revenue	-	-	-
Total deferred inflows of resources	-	-	-
Total liabilities and deferred inflows of resources	11,446,025	-	3,189,795
FUND BALANCES			
Restricted for:			
Capital projects	59,545,631	948,948	1,032,320
Total Restricted	<u>59,545,631</u>	<u>948,948</u>	<u>1,032,320</u>
Committed to:			
Capital projects	5,850,000	-	-
Total Committed	<u>5,850,000</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>65,395,631</u>	<u>948,948</u>	<u>1,032,320</u>
Total liabilities, deferred inflows of resources, and fund balances	\$ 76,841,656	948,948	4,222,115

EXHIBIT F
concluded

Housing Assistance Program	The Penny for Affordable Housing	Total Capital Projects Funds	
2,612,801	31,225,016	189,849,196	ASSETS
			Equity in pooled cash and temporary investments
			Receivables:
-	-	155,183	Accounts
-	3,297,356	3,297,670	Accrued interest
-	40,215,106	40,215,106	Loans
-	-	261,237	Due from intergovernmental units
			Restricted assets:
3,667,911	-	81,500,037	Equity in pooled cash and temporary investments
-	-	35,584,658	Cash with fiscal agents
<u>6,280,712</u>	<u>74,737,478</u>	<u>350,863,087</u>	Total assets
			DEFERRED OUTFLOWS OF RESOURCES
-	-	-	Total deferred outflows of resources
<u>6,280,712</u>	<u>74,737,478</u>	<u>350,863,087</u>	Total assets and deferred outflows of resources
			LIABILITIES AND FUND BALANCES
			Liabilities:
10,242	618,651	9,661,770	Accounts payable and accrued liabilities
-	-	8,371,844	Contract retainages
-	-	779,965	Due to component units
-	-	26,264,929	Unearned revenues
-	-	27,602,952	Performance and other deposits
<u>10,242</u>	<u>618,651</u>	<u>72,681,460</u>	Total liabilities
			DEFERRED INFLOW OF RESOURCES
-	3,297,356	3,297,356	Unavailable revenue
-	3,297,356	3,297,356	Total deferred inflows of resources
			Total liabilities and deferred inflows of resources
<u>10,242</u>	<u>3,916,007</u>	<u>75,978,816</u>	
			FUND BALANCES
			Restricted for:
6,270,470	5,902,559	145,787,089	Capital projects
<u>6,270,470</u>	<u>5,902,559</u>	<u>145,787,089</u>	Total Restricted
			Committed to:
-	64,918,912	129,097,182	Capital projects
-	64,918,912	129,097,182	Total Committed
<u>6,270,470</u>	<u>70,821,471</u>	<u>274,884,271</u>	Total fund balances
<u>6,280,712</u>	<u>74,737,478</u>	<u>350,863,087</u>	Total liabilities, deferred inflows of resources, and fund balances

COUNTY OF FAIRFAX, VIRGINIA
Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the fiscal year ended June 30, 2017

	Contributed Roadway Improvement	Library Construction	County Construction	Capital Renewal Construction
REVENUES				
Taxes	\$ -	-	-	-
Intergovernmental	35,699	-	-	451,313
Charges for services	-	-	1,679,256	-
Developers' contributions	210,715	-	211,482	-
Revenue from the use of money and property	393,788	-	401,652	-
Recovered costs	-	-	1,223,564	-
Total revenues	640,202	-	3,515,954	451,313
EXPENDITURES				
Current:				
General government administration	-	-	1,197,853	1,286,807
Public safety	-	-	47,454	-
Public works	-	-	9,196	-
Health and welfare	-	-	3,876,715	-
Community development	405,823	-	5,300,843	-
Parks, recreation, and cultural	-	-	4,023,865	-
Intergovernmental:				
Community development	8,443,023	-	-	-
Parks, recreation, and cultural	-	-	29,947,793	-
Education - for Public Schools	-	-	155,000,000	-
Capital outlay:				
General government administration	-	-	3,176,291	7,129,993
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	6,510,609	-
Community development	-	-	1,867,864	-
Parks, recreation, and cultural	-	5,994,302	1,060,979	-
Debt service:				
Principal retirement	-	-	645,000	-
Interest and other charges	-	-	246,600	-
Total expenditures	8,848,846	5,994,302	212,911,062	8,416,800
Excess (Deficiency of) revenues over (under) expenditures	(8,208,644)	(5,994,302)	(209,395,108)	(7,965,487)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	25,516,384	10,503,138
Transfers out	(189,605)	-	(1,059,993)	-
General obligation bonds issued	-	3,600,000	154,830,000	-
Premium on general obligation bonds issued	-	400,000	21,529,993	-
Total other financing sources (uses), net	(189,605)	4,000,000	200,816,384	10,503,138
Net change in fund balances	(8,398,249)	(1,994,302)	(8,578,724)	2,537,651
Fund balances, July 1, 2016	44,397,202	12,388,751	50,463,599	18,441,656
Fund balances, June 30, 2017	\$ 35,998,953	10,394,449	41,884,875	20,979,307

EXHIBIT F-1

Transportation Improvements	Pedestrian Walkway Improvements	Metro Operations and Construction	
REVENUES			
-	-	-	Taxes
-	50,735	-	Intergovernmental
-	-	-	Charges for services
-	3,723	-	Developers' contributions
-	-	-	Revenue from the use of money and property
-	-	-	Recovered costs
-	54,458	-	Total revenues
EXPENDITURES			
Current:			
-	-	-	General government administration
-	-	-	Public safety
(3)	-	-	Public works
-	-	-	Health and welfare
18,628,789	295,374	-	Community development
-	-	-	Parks, recreation, and cultural
-	-	38,811,466	Intergovernmental:
-	-	-	Community development
-	-	-	Parks, recreation, and cultural
-	-	-	Education - for Public Schools
Capital outlay:			
-	-	-	General government administration
-	-	-	Public safety
-	-	-	Public works
-	-	-	Health and welfare
3,491,757	1,316,970	-	Community development
-	-	-	Parks, recreation, and cultural
Debt service:			
-	-	-	Principal retirement
-	-	-	Interest and other charges
22,120,543	1,612,344	38,811,466	Total expenditures
(22,120,543)	(1,557,886)	(38,811,466)	Deficiency of revenues under expenditures
OTHER FINANCING SOURCES (USES)			
-	1,045,571	13,747,560	Transfers in
-	-	(2,695,571)	Transfers out
20,000,000	-	24,000,000	General obligation bonds issued
-	-	6,000,000	Premium on general obligation bonds issued
20,000,000	1,045,571	41,051,989	Total other financing sources (uses), net
(2,120,543)	(512,315)	2,240,523	Net change in fund balances
18,650,585	2,920,451	(20,854)	Fund balances, July 1, 2016
16,530,042	2,408,136	2,219,669	Fund balances, June 30, 2017

continued

COUNTY OF FAIRFAX, VIRGINIA
Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the fiscal year ended June 30, 2017

	Public Safety Construction	Commercial Revitalization Program	Pro Rata Drainage Construction
REVENUES			
Taxes	\$ -	-	-
Intergovernmental	-	89,080	-
Charges for services	-	-	-
Developers' contributions	80,300	-	-
Revenue from the use of money and property	92,675	-	-
Recovered costs	-	-	586,425
Total revenues	172,975	89,080	586,425
EXPENDITURES			
Current:			
General government administration	-	-	-
Public safety	1,510,812	-	-
Public works	-	-	-
Health and welfare	-	-	-
Community development	-	-	-
Parks, recreation, and cultural	-	-	-
Intergovernmental:			
Community development	-	-	-
Parks, recreation, and cultural	-	-	-
Education - for Public Schools	-	-	-
Capital outlay:			
General government administration	-	-	-
Public safety	43,560,598	-	-
Public works	-	-	586,425
Health and welfare	-	-	-
Community development	-	134,342	-
Parks, recreation, and cultural	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and other charges	-	-	-
Total expenditures	45,071,410	134,342	586,425
Excess (Deficiency of) revenues over (under) expenditures	(44,898,435)	(45,262)	-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
General obligation bonds issued	18,105,000	-	-
Premium on general obligation bonds issued	1,895,000	-	-
Total other financing sources (uses), net	20,000,000	-	-
Net change in fund balances	(24,898,435)	(45,262)	-
Fund balances, July 1, 2016	90,294,066	994,210	1,032,320
Fund balances, June 30, 2017	\$ 65,395,631	948,948	1,032,320

EXHIBIT F-1
concluded

Housing Assistance Program	The Penny for Affordable Housing	Total Capital Projects Funds	
REVENUES			
-	11,700,000	11,700,000	Taxes
-	-	626,827	Intergovernmental
-	-	1,679,256	Charges for services
-	-	506,220	Developers' contributions
-	803,734	1,691,849	Revenue from the use of money and property
-	800,151	2,610,140	Recovered costs
-	13,303,885	18,814,292	Total revenues
EXPENDITURES			
Current:			
-	-	2,484,660	General government administration
-	-	1,558,266	Public safety
-	-	9,193	Public works
-	-	3,876,715	Health and welfare
413,105	2,870,344	27,914,278	Community development
-	-	4,023,865	Parks, recreation, and cultural
Intergovernmental:			
-	562,769	47,817,258	Community development
-	-	29,947,793	Parks, recreation, and cultural
-	-	155,000,000	Education - for Public Schools
Capital outlay:			
-	-	10,306,284	General government administration
-	-	43,560,598	Public safety
-	-	586,425	Public works
-	-	6,510,609	Health and welfare
-	-	6,810,933	Community development
-	-	7,055,281	Parks, recreation, and cultural
Debt service:			
-	4,600,000	5,245,000	Principal retirement
-	4,004,210	4,250,810	Interest and other charges
413,105	12,037,323	356,957,968	Total expenditures
Excess (Deficiency of) revenues over (under) expenditures			
(413,105)	1,266,562	(338,143,676)	
OTHER FINANCING SOURCES (USES)			
-	-	50,812,653	Transfers in
-	-	(3,945,169)	Transfers out
-	-	220,535,000	General obligation bonds issued
-	-	29,824,993	Premium on general obligation bonds issued
-	-	297,227,477	Total other financing sources (uses), net
(413,105)	1,266,562	(40,916,199)	Net change in fund balances
6,683,575	69,554,909	315,800,470	Fund balances, July 1, 2016
6,270,470	70,821,471	274,884,271	Fund balances, June 30, 2017



The **Internal Service Funds** are used to account for the financing of goods or services provided by a department to another department on a cost reimbursement basis.

Vehicle Services Fund is used to account for the acquisition of certain motor vehicles and the costs associated with the operation thereof by various departments of the reporting entity.

Self-Insurance Fund is used to account for the costs associated with providing coverage to the County for losses related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and citizens, and natural disasters; with managing claims pertaining thereto; and with operating various loss-prevention, safety, and rehabilitation programs.

Document Services Fund is used to account for the costs associated with providing printing, copying, and micrographic services to various departments of the reporting entity.

Technology Infrastructure Services Fund is used to account for the costs associated with providing data center and network services to County departments through the operation and maintenance of a mainframe computer, data communications equipment, and radio networks.

Health Benefits Fund is used to account for the provision of a comprehensive health insurance benefits program to County employees.

COUNTY OF FAIRFAX, VIRGINIA
Internal Service Funds
Combining Statement of Net Position
June 30, 2017

	Vehicle Services	Self- Insurance	Document Services
ASSETS			
Current assets:			
Equity in pooled cash and temporary investments	\$ 47,960,074	96,236,587	1,889,580
Accounts receivable	61,467	-	13,165
Accrued interest receivable	-	508	-
Due from intergovernmental units	-	-	2,222
Interfund receivables	-	-	-
Inventories of supplies	2,807,471	-	-
Total current assets	<u>50,829,012</u>	<u>96,237,095</u>	<u>1,904,967</u>
Long-term assets:			
Capital assets:			
Non-depreciable/non-amortizable:			
Land	1,938,688	-	-
Construction in progress	18,125,915	-	-
Equipment under construction	4,505,647	-	-
Depreciable:			
Equipment	123,103,910	-	4,285,267
Software	-	-	-
Buildings and improvements	20,841,574	-	-
Infrastructure	3,868,666	-	-
Accumulated depreciation	(96,085,948)	-	(3,274,712)
Accumulated amortization	-	-	-
Total capital assets, net	<u>76,298,452</u>	<u>-</u>	<u>1,010,555</u>
Total assets	<u>127,127,464</u>	<u>96,237,095</u>	<u>2,915,522</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total deferred outflows of resources	-	-	-
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	3,200,856	730,233	2,439
Accrued salaries and benefits	1,295,675	88,102	121,086
Accrued Interest Payable	-	-	-
Compensated absences payable	1,019,885	102,579	68,469
Obligations under capital leases	-	-	-
Insurance and benefit claims payable	-	11,400,000	-
Total current liabilities	<u>5,516,416</u>	<u>12,320,914</u>	<u>191,994</u>
Long-term liabilities:			
Compensated absences payable	1,151,724	16,527	139,532
Obligations under capital leases	-	-	905,533
Insurance and benefit claims payable	-	45,289,000	-
Total long-term liabilities	<u>1,151,724</u>	<u>45,305,527</u>	<u>1,045,065</u>
Total liabilities	<u>6,668,140</u>	<u>57,626,441</u>	<u>1,237,059</u>
DEFERRED INFLOWS OF RESOURCES			
Total deferred inflows of resources	-	-	-
NET POSITION			
Net investment in capital assets	76,298,452	-	105,022
Unrestricted	44,160,872	38,610,654	1,573,441
Net position	<u>\$ 120,459,324</u>	<u>38,610,654</u>	<u>1,678,463</u>

EXHIBIT G

Technology Infrastructure Services	Health Benefits	Total Internal Service Funds	
			ASSETS
			Current assets:
11,757,414	70,523,271	228,366,926	Equity in pooled cash and temporary investments
12,647	-	87,279	Accounts receivable
-	358	866	Accrued interest receivable
-	-	2,222	Due from intergovernmental units
-	1,532,383	1,532,383	Interfund receivables
-	-	2,807,471	Inventories of supplies
<u>11,770,061</u>	<u>72,056,012</u>	<u>232,797,147</u>	Total current assets
			Long-term assets:
			Capital assets:
			Non-depreciable/non-amortizable:
-	-	1,938,688	Land
-	-	18,125,915	Construction in progress
807,373	-	5,313,020	Equipment under construction
			Depreciable:
29,406,009	42,795	156,837,981	Equipment
2,200,587	-	2,200,587	Software
1,041,627	273,548	22,156,749	Buildings and improvements
-	-	3,868,666	Infrastructure
(20,499,765)	(37,878)	(119,898,303)	Accumulated depreciation
(1,291,886)	-	(1,291,886)	Accumulated amortization
<u>11,663,945</u>	<u>278,465</u>	<u>89,251,417</u>	Total capital assets, net
<u>23,434,006</u>	<u>72,334,477</u>	<u>322,048,564</u>	Total assets
			DEFERRED OUTFLOWS OF RESOURCES
-	-	-	Total deferred outflows of resources
			LIABILITIES
			Current liabilities:
1,084,147	4,587,973	9,605,648	Accounts payable and accrued liabilities
403,129	19,347	1,927,339	Accrued salaries and benefits
1,439	-	1,439	Accrued Interest Payable
453,525	-	1,644,458	Compensated absences payable
190,929	-	190,929	Obligations under capital leases
-	12,677,000	24,077,000	Insurance and benefit claims payable
<u>2,133,169</u>	<u>17,284,320</u>	<u>37,446,813</u>	Total current liabilities
			Long-term liabilities:
411,636	-	1,719,419	Compensated absences payable
-	-	905,533	Obligations under capital leases
-	-	45,289,000	Insurance and benefit claims payable
<u>411,636</u>	<u>-</u>	<u>47,913,952</u>	Total long-term liabilities
<u>2,544,805</u>	<u>17,284,320</u>	<u>85,360,765</u>	Total liabilities
			DEFERRED INFLOWS OF RESOURCES
-	-	-	Total deferred inflows of resources
			NET POSITION
11,473,016	278,465	88,154,955	Net investment in capital assets
<u>9,416,185</u>	<u>54,771,692</u>	<u>148,532,844</u>	Unrestricted
<u>20,889,201</u>	<u>55,050,157</u>	<u>236,687,799</u>	Net position

COUNTY OF FAIRFAX, VIRGINIA
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the fiscal year ended June 30, 2017

	Vehicle Services	Self- Insurance	Document Services
OPERATING REVENUES:			
Charges for services	\$ 82,496,242	28,491,945	5,645,385
Recovered costs	80,245	-	-
Total operating revenues	<u>82,576,487</u>	<u>28,491,945</u>	<u>5,645,385</u>
OPERATING EXPENSES:			
Personnel services	22,163,132	1,514,234	2,262,764
Materials and supplies	174,856	252,593	2,809,971
Equipment operation and maintenance	30,716,601	26,854,550	1,465,756
Risk financing and benefit payments	-	25,542,112	-
Depreciation	13,018,906	-	853,376
Professional consultant and contractual services	6,875,337	486,114	1,609,525
Other	79,144	100,608	55,660
Total operating expenses	<u>73,027,976</u>	<u>54,750,211</u>	<u>9,057,052</u>
Operating income (loss)	<u>9,548,511</u>	<u>(26,258,266)</u>	<u>(3,411,667)</u>
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	-	614,815	-
Interest expense	-	-	(82,306)
Gain (loss) on disposal of capital assets	524,272	-	-
Total nonoperating revenues (expenses), net	<u>524,272</u>	<u>614,815</u>	<u>(82,306)</u>
Income (loss) before transfers and contributions	10,072,783	(25,643,451)	(3,493,973)
Capital contributions	-	-	15,664
Transfers in	-	-	3,941,831
Change in net position	<u>10,072,783</u>	<u>(25,643,451)</u>	<u>463,522</u>
Net position, July 1, 2016	<u>110,386,541</u>	<u>64,254,105</u>	<u>1,214,941</u>
Net position, June 30, 2017	<u>\$ 120,459,324</u>	<u>38,610,654</u>	<u>1,678,463</u>

EXHIBIT G-1

Technology Infrastructure Services	Health Benefits	Total Internal Service Funds	
OPERATING REVENUES:			
36,193,547	184,624,166	337,451,285	Charges for services
-	-	80,245	Recovered costs
<u>36,193,547</u>	<u>184,624,166</u>	<u>337,531,530</u>	Total operating revenues
OPERATING EXPENSES:			
6,505,752	-	32,445,882	Personnel services
192,121	2,358	3,431,899	Materials and supplies
3,684,116	159,598	62,880,621	Equipment operation and maintenance
-	168,149,530	193,691,642	Risk financing and benefit payments
3,910,308	16,458	17,799,048	Depreciation
23,639,202	66,142	32,676,320	Professional consultant and contractual services
79,583	11,173,394	11,488,389	Other
<u>38,011,082</u>	<u>179,567,480</u>	<u>354,413,801</u>	Total operating expenses
<u>(1,817,535)</u>	<u>5,056,686</u>	<u>(16,882,271)</u>	Operating income (loss)
NONOPERATING REVENUES (EXPENSES):			
-	393,158	1,007,973	Interest revenue
(11,800)	-	(94,106)	Interest expense
22,276	-	546,548	Gain (loss) on disposal of capital assets
<u>10,476</u>	<u>393,158</u>	<u>1,460,415</u>	Total nonoperating revenues (expenses), net
<u>(1,807,059)</u>	<u>5,449,844</u>	<u>(15,421,856)</u>	Income (loss) before transfers and contributions
-	8,077	23,741	Capital contributions
<u>3,545,391</u>	<u>-</u>	<u>7,487,222</u>	Transfers in
1,738,332	5,457,921	(7,910,893)	Change in net position
<u>19,150,869</u>	<u>49,592,236</u>	<u>244,598,692</u>	Net position, July 1, 2016
<u>20,889,201</u>	<u>55,050,157</u>	<u>236,687,799</u>	Net position, June 30, 2017

COUNTY OF FAIRFAX, VIRGINIA
Internal Service Funds
Combining Statement of Cash Flows
For the fiscal year ended June 30, 2017

	Vehicle Services	Self- Insurance	Document Services
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 82,563,560	28,491,945	5,630,035
Payments to suppliers and contractors	(35,703,206)	-	(6,089,500)
Payments to employees	(21,924,602)	(1,511,336)	(2,060,861)
Claims and benefits paid	-	(22,509,255)	-
Payments for interfund services used	(1,552,700)	(27,693,865)	-
Net cash provided by (used in) operating activities	23,383,052	(23,222,511)	(2,520,326)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	-	3,941,831
Net cash provided by noncapital financing activities	-	-	3,941,831
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of capital assets	575,031	-	-
Purchase of capital assets	(14,726,069)	-	-
Principal payments on obligations under capital leases	-	-	(852,926)
Interest payments on obligations under capital leases	-	-	(82,306)
Net cash used in capital and related financing activities	(14,151,038)	-	(935,232)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	615,325	-
Net cash provided by investing activities	-	615,325	-
Net increase (decrease) in cash and cash equivalents	9,232,014	(22,607,186)	486,273
Cash and cash equivalents, July 1, 2016	38,728,063	118,843,773	1,403,307
Cash and cash equivalents, June 30, 2017	\$ 47,960,077	96,236,587	1,889,580
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 9,548,511	(26,258,266)	(3,411,667)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	13,018,906	-	853,376
Change in assets and liabilities:			
(Increase) Decrease in accounts receivable	(12,927)	-	(15,350)
Increase in interfund receivables	-	-	-
Decrease in inventories of supplies	203,560	-	-
(Increase) Decrease in other assets	-	-	946
Increase (Decrease) in accounts payable and accrued liabilities	386,472	3,032,857	(149,534)
Increase (Decrease) in accrued salaries and benefits	238,530	2,898	201,903
Total adjustments to operating income	13,834,541	3,035,755	891,341
Net cash provided by (used in) operating activities	23,383,052	(23,222,511)	(2,520,326)
Noncash capital and financing activities:			
Initiation of an obligation under capital lease	\$ -	-	3,318,540
Capital contributions - equipment	-	-	15,664

EXHIBIT G-2

Technology Infrastructure Services	Health Benefits	Total Internal Service Funds	
CASH FLOWS FROM OPERATING ACTIVITIES			
36,184,948	184,490,155	337,360,643	Receipts from interfund services provided
(27,578,620)	(5,415,981)	(74,787,307)	Payments to suppliers and contractors
(6,467,466)	-	(31,964,265)	Payments to employees
-	(172,814,243)	(195,323,498)	Claims and benefits paid
-	-	(29,246,565)	Payments for interfund services used
<u>2,138,862</u>	<u>6,259,931</u>	<u>6,039,008</u>	Net cash provided by (used in) operating activities
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
3,545,391	-	7,487,222	Transfers from other funds
<u>3,545,391</u>	<u>-</u>	<u>7,487,222</u>	Net cash provided by noncapital financing activities
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
22,276	-	597,307	Proceeds from sale of capital assets
(1,367,020)	-	(16,093,089)	Purchase of capital assets
(185,819)	-	(1,038,745)	Principal payments on obligations under capital leases
(10,360)	-	(92,666)	Interest payments on obligations under capital leases
<u>(1,540,923)</u>	<u>-</u>	<u>(16,627,193)</u>	Net cash used in capital and related financing activities
CASH FLOWS FROM INVESTING ACTIVITIES			
-	393,630	1,008,955	Interest received
<u>-</u>	<u>393,630</u>	<u>1,008,955</u>	Net cash provided by investing activities
4,143,330	6,653,561	(2,092,008)	Net increase (decrease) in cash and cash equivalents
7,614,084	63,869,710	230,458,937	Cash and cash equivalents, July 1, 2016
<u>11,757,414</u>	<u>70,523,271</u>	<u>228,366,929</u>	Cash and cash equivalents, June 30, 2017
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: by operating activities:			
(1,817,535)	5,056,686	(16,882,271)	Operating income (loss)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
3,910,308	16,458	17,799,048	Depreciation and amortization
Change in assets and liabilities:			
(8,599)	-	(36,876)	Increase in accounts receivable
-	(134,011)	(134,011)	Increase in interfund receivables
-	-	203,560	Decrease in inventories of supplies
-	-	946	Increase in other assets
16,402	1,323,229	4,609,426	Increase (Decrease) in accounts payable and accrued liabilities
38,286	(2,431)	479,186	Increase (Decrease) in accrued salaries and benefits
<u>3,956,397</u>	<u>1,203,245</u>	<u>22,921,279</u>	Total adjustments to operating income
<u>2,138,862</u>	<u>6,259,931</u>	<u>6,039,008</u>	Net cash provided by (used in) operating activities
Noncash capital and financing activities:			
-	-	3,318,540	Initiation of an obligation under capital lease
-	8,077	23,741	Capital contributions - equipment

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

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

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

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

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

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

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

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

Friends of Library Fund is an agency fund used to account for the collection and reimbursement of Friends of Library's portion of book sale proceeds.

Toll Road Violations Fund is an agency fund used to account for the collection of toll road violation fees and the Hot Lane violation fees, and the subsequent remittances to Metropolitan Washington Airports Authority and Transurban, respectively.

COUNTY OF FAIRFAX, VIRGINIA
Trust Funds
Combining Statement of Plan Net Position
June 30, 2017

	Uniformed Retirement	Employees' Retirement	Police Officers Retirement
ASSETS			
Equity in pooled cash and temporary investments	\$ 2,674,546	6,438,347	2,227,097
Cash collateral for securities lending	26,099,015	222,297,561	15,575,860
Contributions receivable	4,442,240	8,530,817	3,078,309
Accrued interest and dividends receivable	2,562,346	12,333,378	2,308,507
Receivable from sale of pension investments	39,496,420	204,271,731	2,977,718
Investments:			
U.S. Government securities	24,325,473	128,353,539	53,688,136
Asset-backed securities	77,724,391	136,013,943	77,199,380
Corporate and other bonds	102,440,500	371,663,379	70,481,535
Common and preferred stock	265,154,092	886,989,134	137,217,681
Short-term investments	125,249,878	263,674,511	117,164,564
Investment in pooled funds	1,048,504,785	1,924,097,215	906,843,370
Total assets	<u>1,718,673,686</u>	<u>4,164,663,555</u>	<u>1,388,762,157</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total deferred outflows of resources	-	-	-
LIABILITIES			
Accounts payable and accrued liabilities	3,614,798	9,018,456	3,183,616
Payable for purchase of pension investments	43,651,043	183,752,985	4,113,434
Liabilities for collateral received under securities lending agreements	26,099,015	222,297,561	15,575,860
Compensated absences, short term	25,070	116,996	25,071
Long-term liabilities:			
Compensated absences, long-term	19,916	92,941	19,916
Total liabilities	<u>73,409,842</u>	<u>415,278,939</u>	<u>22,917,897</u>
DEFERRED INFLOW OF RESOURCES			
Total deferred inflows of resources	-	-	-
NET POSITION			
Net Position restricted for pension/OPEB benefits	\$ 1,645,263,844	3,749,384,616	1,365,844,260

EXHIBIT H

Total Pension Trust Funds	OPEB Trust Fund	Total Trust Funds	
11,339,990	5,420,236	16,760,226	ASSETS
263,972,436	-	263,972,436	Equity in pooled cash and temporary investments
16,051,366	83,749	16,135,115	Cash collateral for securities lending
17,204,231	26,918	17,231,149	Contributions receivable
246,745,869	-	246,745,869	Accrued interest and dividends receivable
			Receivable from sale of pension investments
			Investments:
206,367,148	-	206,367,148	U.S. Government securities
290,937,714	-	290,937,714	Asset-backed securities
544,585,414	-	544,585,414	Corporate and other bonds
1,289,360,907	-	1,289,360,907	Common and preferred stock
506,088,953	-	506,088,953	Short-term investments
3,879,445,370	274,074,762	4,153,520,132	Investment in pooled funds
7,272,099,398	279,605,665	7,551,705,063	Total assets
			DEFERRED OUTFLOWS OF RESOURCES
-	-	-	Total deferred outflows of resources
			LIABILITIES
15,816,870	41,663	15,858,533	Accounts payable and accrued liabilities
231,517,462	-	231,517,462	Payable for purchase of pension investments
263,972,436	-	263,972,436	Liabilities for collateral received under securities
167,137	-	167,137	lending agreements
			Compensated absences, short term
			Long-term liabilities:
132,773	-	132,773	Compensated absences, long-term
511,606,678	41,663	511,648,341	Total liabilities
			DEFERRED INFLOW OF RESOURCES
-	-	-	Total deferred inflows of resources
			NET POSITION
6,760,492,720	279,564,002	7,040,056,722	Net Position restricted for pension/OPEB benefits

COUNTY OF FAIRFAX, VIRGINIA
Trust Funds
Combining Statement of Changes in Plan Net Position
For the fiscal year ended June 30, 2017

	Uniformed Retirement	Employees' Retirement	Police Officers Retirement
ADDITIONS			
Contributions:			
Employer	\$ 67,410,252	167,311,608	43,381,151
Plan members	12,223,468	35,476,023	9,631,618
Other	-	-	-
Total contributions	<u>79,633,720</u>	<u>202,787,631</u>	<u>53,012,769</u>
Investment income:			
From investment activities:			
Net appreciation (depreciation) in fair value of investments	148,471,944	223,451,035	114,188,180
Interest	12,057,848	28,319,741	11,678,520
Dividends	12,308,029	24,044,119	4,307,154
Total income (loss) from investment activities	<u>172,837,821</u>	<u>275,814,895</u>	<u>130,173,854</u>
Less investment activities expenses:			
Management fees	11,309,062	31,973,036	13,804,519
Other	621,540	1,212,670	317,908
Total investment activities expenses	<u>11,930,602</u>	<u>33,185,706</u>	<u>14,122,427</u>
Net income (loss) from investment activities	<u>160,907,219</u>	<u>242,629,189</u>	<u>116,051,427</u>
From securities lending activities:			
Securities lending income	286,091	2,399,133	141,408
Less securities lending expenses:			
Management fees	179,596	1,532,145	93,485
Total securities lending activities expenses	<u>179,596</u>	<u>1,532,145</u>	<u>93,485</u>
Net income from securities lending activities	<u>106,495</u>	<u>866,988</u>	<u>47,923</u>
Net investment income (loss)	<u>161,013,714</u>	<u>243,496,177</u>	<u>116,099,350</u>
Total additions	<u>240,647,434</u>	<u>446,283,808</u>	<u>169,112,119</u>
DEDUCTIONS			
Benefits	92,844,624	281,258,687	72,534,389
Refunds of contributions	764,247	3,671,886	641,609
Administrative expenses	477,564	2,050,848	481,574
Total deductions	<u>94,086,435</u>	<u>286,981,421</u>	<u>73,657,572</u>
Net increase (decrease)	146,560,999	159,302,387	95,454,547
Net position, July 1, 2016	1,498,702,845	3,590,082,229	1,270,389,713
Net position, June 30, 2017	<u>\$ 1,645,263,844</u>	<u>3,749,384,616</u>	<u>1,365,844,260</u>

EXHIBIT H-1

Total Pension Trust Funds	OPEB Trust Fund	Total Trust Funds	
278,103,011	27,169,836	305,272,847	ADDITIONS
57,331,109	-	57,331,109	Contributions:
-	822,268	822,268	Employer
335,434,120	27,992,104	363,426,224	Plan members
			Other
			Total contributions
			Investment income:
			From investment activities:
486,111,159	30,863,869	516,975,028	Net appreciation (depreciation) in fair value of investments
52,056,109	68,011	52,124,120	Interest
40,659,302	-	40,659,302	Dividends
578,826,570	30,931,880	609,758,450	Total income (loss) from investment activities
			Less investment activities expenses:
57,086,617	220,731	57,307,348	Management fees
2,152,118	500	2,152,618	Other
59,238,735	221,231	59,459,966	Total investment activities expenses
519,587,835	30,710,649	550,298,484	Net income (loss) from investment activities
			From securities lending activities:
2,826,632	-	2,826,632	Securities lending income
			Less securities lending expenses:
1,805,226	-	1,805,226	Management fees
1,805,226	-	1,805,226	Total securities lending activities expenses
1,021,406	-	1,021,406	Net income from securities lending activities
520,609,241	30,710,649	551,319,890	Net investment income (loss)
856,043,361	58,702,753	914,746,114	Total additions
			DEDUCTIONS
446,637,700	20,278,278	466,915,978	Benefits
5,077,742	-	5,077,742	Refunds of contributions
3,009,986	117,855	3,127,841	Administrative expenses
454,725,428	20,396,133	475,121,561	Total deductions
401,317,933	38,306,620	439,624,553	Net increase (decrease)
6,359,174,787	241,257,382	6,600,432,169	Net position, July 1, 2016
6,760,492,720	279,564,002	7,040,056,722	Net position, June 30, 2017

COUNTY OF FAIRFAX, VIRGINIA
Agency Funds
Combining Statement of Fiduciary Assets and Liabilities
June 30, 2017

	Sanitary Reimbursement	Special Welfare	State Taxes	Route 28
ASSETS				
Equity in pooled cash and temporary investments	\$ 1,665,740	537,138	66,604	16,409
Accounts receivable	-	-	-	59,295
Total assets	1,665,740	537,138	66,604	75,704
LIABILITIES				
Liabilities under reimbursement agreements	1,665,740	537,138	66,604	75,704
Total liabilities	\$ 1,665,740	537,138	66,604	75,704

EXHIBIT H-2

Lake Barcroft	Friends of Library	Toll Road Violations Penalties	Total Agency Funds	
				ASSETS
-	7,753	68,444	2,362,088	Equity in pooled cash and temporary investments
516	-	-	59,811	Accounts receivable
516	7,753	68,444	2,421,899	Total assets
				LIABILITIES
516	7,753	68,444	2,421,899	Liabilities under reimbursement agreements
516	7,753	68,444	2,421,899	Total liabilities

COUNTY OF FAIRFAX, VIRGINIA
 Agency Funds
 Combining Statement of Changes in Assets and Liabilities
 For the fiscal year ended June 30, 2017

EXHIBIT H-3

	Balances June 30, 2016	Additions	Deductions	Balances June 30, 2017
Sanitary Reimbursement				
Assets:				
Equity in pooled cash and temporary investments	\$ 1,656,357	11,512	2,129	1,665,740
Total assets	1,656,357	11,512	2,129	1,665,740
Liabilities:				
Liabilities under reimbursement agreements	1,656,357	11,512	2,129	1,665,740
Total liabilities	1,656,357	11,512	2,129	1,665,740
Special Welfare				
Assets:				
Equity in pooled cash and temporary investments	530,170	2,555,684	2,548,716	537,138
Total assets	530,170	2,555,684	2,548,716	537,138
Liabilities:				
Liabilities under reimbursement agreements	530,170	2,555,684	2,548,716	537,138
Total liabilities	530,170	2,555,684	2,548,716	537,138
State Taxes				
Assets:				
Equity in pooled cash and temporary investments	66,885	12,909,995	12,910,276	66,604
Total assets	66,885	12,909,995	12,910,276	66,604
Liabilities:				
Liabilities under reimbursement agreements	66,885	12,909,995	12,910,276	66,604
Total liabilities	66,885	12,909,995	12,910,276	66,604
Route 28				
Assets:				
Equity in pooled cash and temporary investments	126,291	11,343,671	11,453,553	16,409
Accounts receivable	516,234	11,701,667	12,158,606	59,295
Total assets	642,525	23,045,338	23,612,159	75,704
Liabilities:				
Liabilities under reimbursement agreements	642,525	23,045,338	23,612,159	75,704
Total liabilities	642,525	23,045,338	23,612,159	75,704
Lake Barcroft				
Assets:				
Equity in pooled cash and temporary investments	-	1,114,450	1,114,450	-
Accounts receivable	3,151	1,183,559	1,186,194	516
Total assets	3,151	2,298,009	2,300,644	516
Liabilities:				
Liabilities under reimbursement agreements	3,151	2,298,009	2,300,644	516
Total liabilities	3,151	2,298,009	2,300,644	516
Friends of Library				
Assets:				
Equity in pooled cash and temporary investments	8,075	91,682	92,004	7,753
Total assets	8,075	91,682	92,004	7,753
Liabilities:				
Liabilities under reimbursement agreements	8,075	91,682	92,004	7,753
Total liabilities	8,075	91,682	92,004	7,753
Toll Road Violation Penalties Fund				
Assets:				
Equity in pooled cash and temporary investments	310	1,213,435	1,145,301	68,444
Total assets	310	1,213,435	1,145,301	68,444
Liabilities:				
Liabilities under reimbursement agreements	310	1,213,435	1,145,301	68,444
Total liabilities	310	1,213,435	1,145,301	68,444
Total Agency Funds:				
Assets:				
Equity in pooled cash and temporary investments	2,388,088	29,240,429	29,266,429	2,362,088
Accounts receivable	519,385	12,885,226	13,344,800	59,811
Total assets	2,907,473	42,125,655	42,611,229	2,421,899
Liabilities:				
Liabilities under reimbursement agreements	2,907,473	42,125,655	42,611,229	2,421,899
Total liabilities	\$ 2,907,473	42,125,655	42,611,229	2,421,899



Fairfax County Public Schools (Public Schools) is responsible for elementary and secondary education within the County. The School Board is elected by County voters. Public Schools is fiscally dependent on the County in that its operations are funded primarily by payments from the County's General Fund and the County issues general obligation debt to fund Public Schools capital projects.

General Fund is used to account for expenditures to operate, maintain, and support Public Schools' programs. Its primary sources of revenues are Federal and State aid and payments from the County's General Fund.

Capital Projects Fund is used to account for the renovation, expansion, and new construction of school facilities as authorized by voter referendum and for other capital expenditures. Projects are funded primarily by proceeds from the sale of County general obligation bonds.

Food and Nutrition Services Fund is a special revenue fund used to account for the provision of student breakfasts, snacks, and lunches. Primary sources of revenues are Federal and State aid and receipts from food sales.

Grants and Self-Supporting Programs Fund is a special revenue fund used to account for federal, state, non-profit, and private industry grants that support the Instructional Services, Student Services, Special Education, and Information Technology programs.

Adult and Community Education Fund is a special revenue fund used to account for programs pertaining to basic skills education, high school completion, English as a second language, apprenticeship and occupation skills instruction, family literacy, driver education, SAT preparation, and business contracts.

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

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

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

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

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

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Public Schools
Balance Sheet - Governmental Funds
June 30, 2017

	General Fund	Nonmajor Governmental		
		Capital Projects Fund	Food and Nutrition Services	Special Revenue Grants and Self-Supporting Programs
ASSETS				
Equity in pooled cash and temporary investments	\$ 147,824,752	627	16,839,787	1,648
Cash with fiscal agents	90,415	-	-	-
Receivables:				
Accounts	37,200	-	41,833	-
Accrued interest	56	-	22,433	8,761
Due from intergovernmental units	23,574,080	988,861	2,823,190	23,560,249
Due from Primary Government	76,000	-	246,617	9,457
Interfund receivables	33,687,000	-	-	-
Inventories of supplies	-	-	1,190,465	-
Prepaid and other assets	400,882	-	28,154	-
Restricted assets - investments	-	95,323,916	-	-
Total assets	<u>205,690,385</u>	<u>96,313,404</u>	<u>21,192,479</u>	<u>23,580,115</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts from the refunding of debt				
Deferred loss from sale-leaseback				
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	\$ 205,690,385	96,313,404	21,192,479	23,580,115
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 18,641,474	19,826,040	441,265	441,198
Accrued salaries and benefits	39,242,791	8,599	1,486,613	159,247
Contract retainages	-	12,381,384	-	-
Interfund payables	-	29,446,000	-	3,910,000
Unearned revenues	946,525	-	2,368,545	2,550,763
Performance and other deposits	-	2,704,809	-	-
Total liabilities	<u>58,830,790</u>	<u>64,366,832</u>	<u>4,296,423</u>	<u>7,061,208</u>
DEFERRED INFLOWS OF RESOURCES				
Total deferred inflows of resources	-	-	-	-
Total liabilities and deferred inflows of resources	58,830,790	64,366,832	4,296,423	7,061,208
FUND BALANCES				
Nonspendable	400,882	-	1,218,619	-
Restricted	-	31,946,572	15,677,437	16,518,907
Committed	55,181,843	-	-	-
Assigned	87,476,483	-	-	-
Unassigned	3,800,387	-	-	-
Total fund balances	<u>146,859,595</u>	<u>31,946,572</u>	<u>16,896,056</u>	<u>16,518,907</u>
Total liabilities, deferred inflows of resources, and fund balances	\$ 205,690,385	96,313,404	21,192,479	23,580,115

Reconciliation of the Balance Sheet to the Statement of Net Position

Fund balances - Total governmental funds	\$ 211,667,890
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental fund activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$4,398,312,468 and accumulated depreciation/amortization is \$1,933,230,568.	2,465,081,900
The net OPEB asset, resulting from contributions for other post employment benefits in excess of the annual required contribution, is not considered a financial asset and, therefore, is not reported in the governmental funds.	29,992,922
Intangible assets used in governmental fund activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$13,260,834 and accumulated amortization is \$5,959,528.	7,301,306
Internal service funds are used by management to provide certain goods and services to governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	62,991,456
Compensated absences and accrued interests on long-term debt related to governmental fund activities are not due and payable in the current periods, and therefore, are not reported in the funds.	(32,448,673)
Capital leases are not due and payable in the current periods and, therefore, are not reported in the funds.	(99,652,192)
Accrued interest on long-term debt	(804,718)
Accrued rent	(3,851,698)
Revisions of capital lease agreement resulting in a reduction of capital lease obligation are reported as deferred inflows in the Statement of Net Position.	(3,999,246)
Pension liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds. The deferred outflow related to pensions is \$861,879,242, and the net pension liability is \$3,760,102,728. The deferred inflow related to pension liability is \$234,693,471.	<u>(3,132,916,957)</u>
Net position of governmental activities	<u>\$ (496,638,010)</u>

EXHIBIT I

<u>Funds</u>			
<u>Funds</u>	Adult and Community Education	Total Governmental Funds	
			ASSETS
	102	164,666,916	Equity in pooled cash and temporary investments
	-	90,415	Cash with fiscal agents
			Receivables:
	185,600	264,633	Accounts
	8,907	40,157	Accrued interest
	29,547	50,975,927	Due from intergovernmental units
	-	332,074	Due from Primary Government
	-	33,687,000	Interfund receivables
	-	1,190,465	Inventories of supplies
	-	429,036	Prepaid and other assets
	-	95,323,916	Restricted assets - investments
	<u>224,156</u>	<u>347,000,539</u>	Total assets
			DEFERRED OUTFLOWS OF RESOURCES
	-	-	Deferred amounts from the refunding of debt
	-	-	Deferred loss from sale-leaseback
	-	-	Total deferred outflows of resources
	<u>224,156</u>	<u>347,000,539</u>	Total assets and deferred outflows of resources
			LIABILITIES AND FUND BALANCES
			Liabilities:
	8,168	39,358,145	Accounts payable and accrued liabilities
	347,666	41,244,916	Accrued salaries and benefits
	-	12,381,384	Contract retainages
	331,000	33,687,000	Interfund payables
	90,562	5,956,395	Unearned revenues
	-	2,704,809	Performance and other deposits
	<u>777,396</u>	<u>135,332,649</u>	Total liabilities
			DEFERRED INFLOWS OF RESOURCES
	-	-	Total deferred inflows of resources
	<u>777,396</u>	<u>135,332,649</u>	Total liabilities and deferred inflows of resources
			FUND BALANCES
	-	1,619,501	Nonspendable
	-	64,142,916	Restricted
	-	55,181,843	Committed
	-	87,476,483	Assigned
	(553,240)	3,247,147	Unassigned
	<u>(553,240)</u>	<u>211,667,890</u>	Total fund balances
	<u>224,156</u>	<u>347,000,539</u>	Total liabilities, deferred inflows of resources, and fund balances

COUNTY OF FAIRFAX, VIRGINIA
 Fairfax County Public Schools
 Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
 For the fiscal year ended June 30, 2017

	General Fund	Nonmajor Governmental		
		Capital Projects Fund	Food and Nutrition Services	Special Revenue Grants and Self-Supporting Programs
REVENUES				
Intergovernmental	\$ 2,568,955,442	175,899,729	39,083,698	52,812,058
Charges for services	9,331,322	-	41,658,550	2,395,018
Revenue from the use of money and property	3,968,942	-	70,389	26,129
Recovered costs	44,745,048	47,560	-	-
Other	13,041,826	7,314,788	711,072	819,746
Total revenues	2,640,042,580	183,262,077	81,523,709	56,052,951
EXPENDITURES				
Current:				
Education	2,572,852,182	20,746,893	77,430,012	69,350,129
Capital outlay	39,683,680	183,914,124	329,532	351,728
Debt service:				
Principal retirement	18,531,444	-	15,856	2,627
Interest and other charges	2,877,615	-	475	640
Total expenditures	2,633,944,921	204,661,017	77,775,875	69,705,124
Excess (deficiency) of revenues over (under) expenditures	6,097,659	(21,398,940)	3,747,834	(13,652,173)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	10,905,774	-	18,237,453
Transfers out	(29,378,227)	-	-	-
Capital leases and installment purchases	28,067,115	-	-	11,620
Total other financing sources (uses), net	(1,311,112)	10,905,774	-	18,249,073
Net change in fund balances	4,786,547	(10,493,166)	3,747,834	4,596,900
Fund balances, July 1, 2016	142,073,048	42,439,738	13,458,963	11,922,007
Decrease in reserve for inventories of supplies	-	-	(310,741)	-
Fund balances, June 30, 2017	\$ 146,859,595	31,946,572	16,896,056	16,518,907

EXHIBIT I-1

Funds		
Adult and Community Education	Total Governmental Funds	
REVENUES		
1,613,852	2,838,364,779	Intergovernmental
5,466,516	58,851,406	Charges for services
29,222	4,094,682	Revenue from the use of money and property
-	44,792,608	Recovered costs
292,091	22,179,523	Other
<u>7,401,681</u>	<u>2,968,282,998</u>	Total revenues
EXPENDITURES		
Current:		
8,214,464	2,748,593,680	Education
-	224,279,064	Capital outlay
Debt service:		
3,822	18,553,749	Principal retirement
126	2,878,856	Interest and other charges
<u>8,218,412</u>	<u>2,994,305,349</u>	Total expenditures
(816,731)	(26,022,351)	Deficiency of revenues over expenditures
OTHER FINANCING SOURCES (USES)		
235,000	29,378,227	Transfers in
-	(29,378,227)	Transfers out
-	28,078,735	Capital leases and installment purchases
<u>235,000</u>	<u>28,078,735</u>	Total other financing sources (uses), net
(581,731)	2,056,384	Net change in fund balances
28,491	209,922,247	Fund balances, July 1, 2016
-	(310,741)	Decrease in reserve for inventories of supplies
<u>(553,240)</u>	<u>211,667,890</u>	Fund balances, June 30, 2017

continued

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Public Schools
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the fiscal year ended June 30, 2017

EXHIBIT I-1
concluded

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

Net change in fund balances - Total governmental funds	\$ 2,056,384
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceed depreciation/amortization expense in the current period:	
Capital outlay	\$ 224,279,064
Less depreciation/amortization expense	<u>(140,292,024)</u>
	83,987,040
Donations of capital assets increase net position in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources.	745,643
Losses on the disposition of capital assets is reported in the Statement of Activities. However, in the governmental funds, only the proceeds from sales are reported. The difference is the net depreciated value of the disposed capital assets.	(474,140)
Capital lease obligation is reported as expenditure in governmental funds when they are due. In the government-wide statements, the effects of deferred inflows relating to capital lease obligation reductions is amortized over the life of each lease and expensed.	296,398
Principal payments on capital leases and installment purchases are reported as expenditures in governmental funds. However, the principal payments reduce the liabilities in the Statement of Net Position and do not result in an expense in the Statement of Activities.	18,157,470
Under the modified accrual basis of accounting used in the governmental funds, expenditures for compensated absences are not recognized until they mature. In the Statement of Activities, however, they are reported as expenses and liabilities as they accrue.	102,469
Internal service funds are used by management to provide certain goods and services to governmental funds. The change in net position of these funds is reported within governmental activities in the Statement of Activities.	11,803,197
Interest on capital leases and installment purchases is reported as expenditures in the governmental funds when it is due. However, in the Statement of Activities, interest is expensed as it accrues. This amount represents the net change in accrued interest on long-term debt.	(27,639)
Proceeds from the issuance of long-term debt are reported as other financing sources in the governmental funds, increasing fund balance. In the government-wide statements, new debt increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. This amount represents principal amounts of new capital leases and installment purchases.	(28,078,736)
Rent abatement charges reduce deferred rent in government-wide statements, but do not use current resources so are not reported in governmental funds.	(3,278,076)
Inventory changes impact net position in government-wide statements, but are recorded as expenditures when purchase in governmental fund statements.	(310,741)
OPEB costs are recognized as expenditures in the fund statements, but are deferred and amortized in the government-wide statements, resulting in a net difference.	(68,000)
Pension expense is reported as expenditure in governmental funds when they are due. In the government-wide statements, the effects of net pensions liability, deferred outflows and inflows relating to new pension accounting standards is expensed.	<u>(54,024,324)</u>
Change in net position of governmental activities	<u>\$ 30,886,945</u>

COUNTY OF FAIRFAX, VIRGINIA
 Fairfax County Public Schools
 Budgetary Comparison Schedule - General Fund (Budget Basis)
 For the fiscal year ended June 30, 2017

EXHIBIT I-2

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 652,682,942	657,715,795	654,836,540	(2,879,255)
Charges for services	8,823,095	8,823,095	9,331,322	508,227
Revenue from the use of money and property	3,346,259	3,346,259	3,968,942	622,683
Recovered costs	44,655,699	45,125,891	44,745,048	(380,843)
Other	7,997,160	7,997,160	13,041,826	5,044,666
Total revenues	717,505,155	723,008,200	725,923,678	2,915,478
EXPENDITURES				
Education	2,632,950,272	2,701,146,053	2,602,411,081	98,734,972
Total expenditures	2,632,950,272	2,701,146,053	2,602,411,081	98,734,972
Excess (deficiency) of revenues over (under) expenditures	(1,915,445,117)	(1,978,137,853)	(1,876,487,403)	101,650,450
OTHER FINANCING SOURCES (USES)				
Transfers in	1,914,118,902	1,914,118,902	1,914,118,902	-
Transfers out	(28,988,208)	(32,844,952)	(32,844,952)	-
Total other financing sources, net	1,885,130,694	1,881,273,950	1,881,273,950	-
Net change in fund balance	\$ (30,314,423)	(96,863,903)	4,786,547	101,650,450

COUNTY OF FAIRFAX, VIRGINIA
 Fairfax County Public Schools
 Budgetary Comparison Schedule - Food and Nutrition Services Fund (Budget Basis)
 For the fiscal year ended June 30, 2017

EXHIBIT I-3A

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 37,229,118	37,229,118	39,083,698	1,854,580
Charges for services	43,956,209	43,956,209	41,658,550	(2,297,659)
Revenue from the use of money and property	17,207	17,207	70,389	53,182
Other	-	111,072	711,072	600,000
Total revenues	81,202,534	81,313,606	81,523,709	210,103
EXPENDITURES				
Education	90,235,620	94,772,568	77,775,875	16,996,693
Total expenditures	90,235,620	94,772,568	77,775,875	16,996,693
Excess (deficiency) of revenues over (under) expenditures	(9,033,086)	(13,458,962)	3,747,834	17,206,796
Net change in fund balance	\$ (9,033,086)	(13,458,962)	3,747,834	17,206,796

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT I-3B

Fairfax County Public Schools

Budgetary Comparison Schedule - Grants and Self-Supporting Programs Fund (Budget Basis)

For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 46,542,884	64,008,103	49,192,186	(14,815,917)
Charges for services	2,406,205	2,406,205	2,395,018	(11,187)
Revenue from the use of money and property	-	-	26,129	26,129
Other	380,107	1,248,211	819,746	(428,465)
Total revenues	49,329,196	67,662,519	52,433,079	(15,229,440)
EXPENDITURES				
Education	73,737,489	101,441,850	69,693,504	31,748,346
Total expenditures	73,737,489	101,441,850	69,693,504	31,748,346
Excess (deficiency) of revenues over (under) expenditures	(24,408,293)	(33,779,331)	(17,260,425)	16,518,906
OTHER FINANCING SOURCES				
Transfers in from other governmental funds	18,237,453	18,237,453	18,237,453	-
Transfers in from Primary Government	3,619,872	3,619,872	3,619,872	-
Total other financing sources	21,857,325	21,857,325	21,857,325	-
Net change in fund balance	\$ (2,550,968)	(11,922,006)	4,596,900	16,518,906

COUNTY OF FAIRFAX, VIRGINIA
 Fairfax County Public Schools
 Budgetary Comparison Schedule - Adult and Community Education Fund (Budget Basis)
 For the fiscal year ended June 30, 2017

EXHIBIT I-3C

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental	\$ 2,203,025	2,486,670	1,613,852	(872,818)
Charges for services	6,412,348	6,157,486	5,466,516	(690,970)
Revenue from the use of money and property	4,286	4,286	29,222	24,936
Other	65,870	383,598	292,091	(91,507)
Total revenues	8,685,529	9,032,040	7,401,681	(1,630,359)
EXPENDITURES				
Education	8,565,710	8,379,367	8,218,412	160,955
Total expenditures	8,565,710	8,379,367	8,218,412	160,955
Excess (deficiency) of revenues over (under) expenditures	119,819	652,673	(816,731)	(1,469,404)
OTHER FINANCING SOURCES				
Transfers in	235,000	-	235,000	235,000
Total other financing sources	235,000	-	235,000	235,000
Net change in fund balance	\$ 354,819	652,673	(581,731)	(1,234,404)

COUNTY OF FAIRFAX, VIRGINIA
 Fairfax County Public Schools
 Combining Statement of Net Position - Internal Service Funds
 June 30, 2017

EXHIBIT I-4

	Health Benefits Trust	Insurance	Total Internal Service Funds
ASSETS			
Current assets:			
Equity in pooled cash and temporary investments	\$ 85,186,700	54,355,041	139,541,741
Accounts receivable	8,074,414	-	8,074,414
Accrued interest receivable	82,637	-	82,637
Total current assets	93,343,751	54,355,041	147,698,792
Long-term assets - Capital assets:			
Equipment	-	40,029	40,029
Accumulated depreciation	-	(40,029)	(40,029)
Total long-term assets	-	-	-
Total assets	93,343,751	54,355,041	147,698,792
DEFERRED OUTFLOW OF RESOURCES			
Total deferred outflows of resources	-	-	-
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	7,890,462	198,610	8,089,072
Compensated absences payable	101,351	28,670	130,021
Insurance and benefit claims payable	18,672,250	9,127,603	27,799,853
Unearned revenue	11,139,505	-	11,139,505
Total current liabilities	37,803,568	9,354,883	47,158,451
Long-term liabilities:			
Compensated absences payable	43,436	12,287	55,723
Insurance and benefit claims payable	982,750	36,510,412	37,493,162
Total long-term liabilities	1,026,186	36,522,699	37,548,885
Total liabilities	38,829,754	45,877,582	84,707,336
DEFERRED INFLOWS OF RESOURCES			
Total deferred inflows of resources	-	-	-
NET POSITION			
Unrestricted	54,513,997	8,477,459	62,991,456
Net position	\$ 54,513,997	8,477,459	62,991,456

COUNTY OF FAIRFAX, VIRGINIA
 Fairfax County Public Schools
 Combining Statement of Revenues, Expenses, and Changes in Net Position - Internal Service Funds
 For the fiscal year ended June 30, 2017

EXHIBIT I-5

	Health Benefits Trust	Insurance	Total Internal Service Funds
OPERATING REVENUES:			
Charges for services	\$ 390,441,657	17,691,092	408,132,749
Total operating revenues	390,441,657	17,691,092	408,132,749
OPERATING EXPENSES:			
Personnel services	2,650,675	902,957	3,553,632
Claims and benefit payments	360,669,804	19,159,330	379,829,134
Professional consultant and contractual services	11,548,497	1,428,786	12,977,283
Other	30,793	306,766	337,559
Total operating expenses	374,899,769	21,797,839	396,697,608
Operating gain / (loss)	15,541,888	(4,106,747)	11,435,141
NONOPERATING REVENUES:			
Interest revenue	368,056	-	368,056
Total nonoperating revenues	368,056	-	368,056
Change in net position	15,909,944	(4,106,747)	11,803,197
Net position, July 1, 2016	38,604,053	12,584,206	51,188,259
Net position, June 30, 2017	\$ 54,513,997	8,477,459	62,991,456

COUNTY OF FAIRFAX, VIRGINIA
 Fairfax County Public Schools
 Combining Statement of Cash Flows - Internal Service Funds
 For the fiscal year ended June 30, 2017

EXHIBIT I-6

	Health Benefits Trust	Insurance	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 400,906,300	17,691,092	418,597,392
Payments to employees	(2,650,675)	(902,957)	(3,553,632)
Claims and benefits paid	(363,431,996)	(13,034,973)	(376,466,969)
Payments for professional services	(8,625,155)	(1,343,557)	(9,968,712)
Payments for other operating expenses	(30,793)	(306,766)	(337,559)
Net cash provided by (used in) operating activities	26,167,681	2,102,839	28,270,520
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	314,965	-	314,965
Net cash provided by investing activities	314,965	-	314,965
Net increase in cash and cash equivalents	26,482,646	2,102,839	28,585,485
Cash and cash equivalents, July 1, 2016	58,704,054	52,252,202	110,956,256
Cash and cash equivalents, June 30, 2017	85,186,700	54,355,041	139,541,741
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating gain (loss)	15,541,888	(4,106,747)	11,435,141
Adjustments to reconcile operating income to net cash provided by operating activities:			
Change in assets and liabilities:			
Decrease in accounts receivable	9,989,241	-	9,989,241
Decrease in accounts payable and accrued liabilities	2,923,342	85,229	3,008,571
Increase (Decrease) in actuarial claims payable	(2,759,000)	6,147,040	3,388,040
Increase in unearned revenues	475,402	-	475,402
Decrease in compensated absences	(3,192)	(22,683)	(25,875)
Total adjustments to operating loss	10,625,793	6,209,586	16,835,379
Net cash provided by (used in) operating activities	\$ 26,167,681	2,102,839	28,270,520
Noncash capital activities:			
Capital contributions - capital assets			-

COUNTY OF FAIRFAX, VIRGINIA
 Fairfax County Public Schools
 Statement of Fiduciary Net Position
 June 30, 2017

EXHIBIT I-7

	Pension Trust Fund - Educational Employees' Supplementary Retirement System	OPEB Trust Fund	Total Pension and OPEB Trust Funds
ASSETS			
Equity in pooled cash and temporary investments	\$ 907,452	-	907,452
Cash with fiscal agents	715,724	-	715,724
Cash collateral for securities lending	170,713,805	-	170,713,805
Short-term investments	33,852,955	-	33,852,955
Accrued interest and dividends receivable	2,963,524	-	2,963,524
Receivable from sale of pension investments	6,731,606	188,491	6,920,097
Investments:			
U.S. government obligations	18,415,390	-	18,415,390
Mortgage-backed securities	107,303,732	-	107,303,732
Common and preferred stock	681,120,596	39,117,708	720,238,304
Real estate	180,237,145	-	180,237,145
Global asset allocation	236,687,821	-	236,687,821
Better beta derivatives	112,371,447	-	112,371,447
Hedge funds	90,512,487	11,635,494	102,147,981
Private Equity Mutual Partnership	68,818,151	-	68,818,151
Mutual funds	774,662,404	67,792,886	842,455,290
Equipment, net of depreciation	53,546	-	53,546
Total assets	<u>2,486,067,785</u>	<u>118,734,579</u>	<u>2,604,802,364</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total deferred outflows of resources	-	-	-
LIABILITIES			
Accounts payable and accrued liabilities	1,990,307	37,200	2,027,507
Payable for purchase of pension investments	9,060,028	-	9,060,028
Liabilities for collateral received under securities lending agreements	170,713,805	-	170,713,805
Capital Leases	21,991	-	21,991
Total liabilities	<u>181,786,131</u>	<u>37,200</u>	<u>181,823,331</u>
DEFERRED INFLOWS OF RESOURCES			
Total deferred inflows of resources	-	-	-
NET POSITION			
Held in trust for pension/OPEB benefits	\$ 2,304,281,654	118,697,379	2,422,979,033

COUNTY OF FAIRFAX, VIRGINIA
 Fairfax County Public Schools
 Statement of Changes in Plan Net Position - Trust Funds
 For the fiscal year ended June 30, 2017

EXHIBIT I-8

	Pension Trust Fund - Educational Employees' Supplementary Retirement System	OPEB Trust Fund	Total Pension and OPEB Trust Funds
ADDITIONS			
Contributions:			
Employer	\$ 80,094,538	22,404,000	102,498,538
Plan members	43,062,632	-	43,062,632
Total contributions	123,157,170	22,404,000	145,561,170
Investment income:			
From investment activities:			
Net depreciation in fair value of investments	223,619,057	13,288,242	236,907,299
Interest and dividends	33,416,321	565	33,416,886
Real estate income	6,580,592	-	6,580,592
Total loss from investment activities	263,615,970	13,288,807	276,904,777
Less investment activities expenses:			
Management fees	12,633,978	83,037	12,717,015
Other	864,038	500	864,538
Total investment activities expenses	13,498,016	83,537	13,581,553
Net loss from investment activities	250,117,954	13,205,270	263,323,224
From securities lending activities:			
Securities lending income	1,795,875	-	1,795,875
Less securities lending expenses:			
Management fees	(932,052)	-	(932,052)
Total securities lending activities expenses	(932,052)	-	(932,052)
Net income from securities lending activities	863,823	-	863,823
Net investment loss	250,981,777	13,205,270	264,187,047
Total additions	374,138,947	35,609,270	409,748,217
DEDUCTIONS			
Benefits payments	168,783,718	17,404,000	186,187,718
Refunds of contributions	4,601,865	-	4,601,865
Administrative expenses	4,059,408	-	4,059,408
Total deductions	177,444,991	17,404,000	194,848,991
Net increase	196,693,956	18,205,270	214,899,226
Net position, July 1, 2016	2,107,587,698	100,492,109	2,208,079,807
Net position, June 30, 2017	\$ 2,304,281,654	118,697,379	2,422,979,033

COUNTY OF FAIRFAX, VIRGINIA
 Fairfax County Public Schools
 Statement of Changes in Assets and Liabilities - Agency Fund
 For the fiscal year ended June 30, 2017

EXHIBIT I-9

	Balances			Balances
	June 30, 2016	Additions	Deductions	June 30, 2017
Student Activity Fund:				
Assets:				
Cash with fiscal agents	\$ 20,850,022	53,808,401	(52,417,371)	22,241,052
Accounts receivable	458,410	307,416	(429,900)	335,926
Total assets	21,308,432	54,115,817	(52,847,271)	22,576,978
Liabilities:				
Accounts payable and accrued liabilities	498,998	473,411	230,837	741,572
Due to student groups	20,809,434	9,201,974	8,176,002	21,835,406
Total liabilities	\$ 21,308,432	9,675,385	8,406,839	22,576,978

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

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

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

COUNTY OF FAIRFAX, VIRGINIA
 Fairfax County Redevelopment and Housing Authority
 Statement of Net Position
 June 30, 2017

EXHIBIT J

	Housing Authority	Component Units	Total Entity
ASSETS			
Current assets:			
Equity in pooled cash and temporary investments	\$ 23,159,255	-	23,159,255
Cash in banks	21,193,874	3,878,566	25,072,440
Investments	4,945,000	-	4,945,000
Receivables (net of allowances):			
Accounts	2,746,082	18,404	2,764,486
Accrued interest	544,351	-	544,351
Notes	404,395	6,748	411,143
Property held for sale	559,194	-	559,194
Prepaid and other assets	6,076,534	220,435	6,296,969
Restricted assets:			
Performance and other deposits	4,341,966	266,144	4,608,110
Investments	3,082,400	-	3,082,400
Total current assets	67,053,051	4,390,297	71,443,348
Long-term assets:			
Restricted assets:			
Cash reserves	15,087,721	3,715,144	18,802,865
Total restricted assets	15,087,721	3,715,144	18,802,865
Capital assets:			
Non-depreciable/non-amortizable:			
Land	36,195,374	6,271,521	42,466,895
Construction in progress	520,835	-	520,835
Depreciable/amortizable:			
Equipment	1,135,719	1,129,437	2,265,156
Buildings and improvements	182,359,430	48,062,304	230,421,734
Accumulated depreciation/amortization	(126,824,781)	(17,241,281)	(144,066,062)
Total capital assets, net	93,386,577	38,221,981	131,608,558
Other long-term assets:			
Notes receivable	22,527,016	-	22,527,016
Prepaid and other assets	606,458	53,338	659,796
Total other long-term assets	23,133,474	53,338	23,186,812
Total long-term assets	131,607,772	41,990,463	173,598,235
Total assets	198,660,823	46,380,760	245,041,583
DEFERRED OUTFLOWS OF RESOURCES			
Total deferred outflows of resources	8,324,595	-	8,324,595
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	2,518,622	1,773,414	4,292,036
Accrued salaries and benefits	973,649	-	973,649
Unearned revenues	2,253,242	30,443	2,283,685
Performance and other deposits	2,052,277	221,079	2,273,356
Loans, notes and bonds payable, net of deferred financing fees	1,086,288	1,159,381	2,245,669
Compensated absences payable	566,596	-	566,596
Total current liabilities	9,450,674	3,184,317	12,634,991
Long-term liabilities:			
Loans, notes and bonds payable, net of deferred financing fees	40,444,792	35,355,376	75,800,168
Compensated absences payable	653,095	-	653,095
Net pension liability	24,644,244	-	24,644,244
Other accrued long-term interest	5,530,687	4,775,321	10,306,008
Total long-term liabilities	71,272,818	40,130,697	111,403,515
Total liabilities	80,723,492	43,315,014	124,038,506
DEFERRED INFLOWS OF RESOURCES			
Total deferred inflows of resources	2,352,314	-	2,352,314
NET POSITION			
Net investment in capital assets	72,589,385	-	72,589,385
Restricted	20,435,627	3,065,746	23,501,373
Unrestricted	30,884,600	-	30,884,600
Net Position	\$ 123,909,612	3,065,746	126,975,358

COUNTY OF FAIRFAX, VIRGINIA
 Fairfax County Redevelopment and Housing Authority
 Statement of Revenues, Expenses, and Changes in Net Position
 For the fiscal year ended June 30, 2017

EXHIBIT J-1

	Housing Authority	Component Units	Total Entity
OPERATING REVENUES:			
Dwelling rentals	\$ 34,337,020	3,934,361	38,271,381
Other	3,115,558	493,990	3,609,548
Total operating revenues	37,452,578	4,428,351	41,880,929
OPERATING EXPENSES:			
Personnel services	18,526,541	919,126	19,445,667
Materials and supplies	6,327,374	1,581,025	7,908,399
Repairs and maintenance	8,380,508	867,691	9,248,199
Housing assistance payments	56,390,037	-	56,390,037
Depreciation and amortization	4,591,232	1,511,108	6,102,340
Contractual services	298,185	72,215	370,400
Utilities	4,882,500	370,754	5,253,254
Total operating expenses	99,396,377	5,321,919	104,718,296
Operating income (loss)	(61,943,799)	(893,568)	(62,837,367)
NONOPERATING REVENUES (EXPENSES):			
Intergovernmental revenue	66,603,227	1,786,713	68,389,940
Owner Distribution	(20,000)	-	(20,000)
Interest revenue	439,151	4,552	443,703
Interest expense	(1,048,720)	(2,017,754)	(3,066,474)
Total nonoperating revenues (expenses), net	65,973,658	(226,489)	65,747,169
Income (loss) before contributions	4,029,859	(1,120,057)	2,909,802
CONTRIBUTIONS:			
HUD capital contributions	1,453,063	-	1,453,063
Total capital contributions	1,453,063	-	1,453,063
Change in net position	5,482,922	(1,120,057)	4,362,865
Net Position, July 1, 2016	118,426,690	4,185,803	122,612,493
Net Position, June 30, 2017	\$ 123,909,612	3,065,746	126,975,358

COUNTY OF FAIRFAX, VIRGINIA
 Fairfax County Redevelopment and Housing Authority
 Statement of Cash Flows
 For the fiscal year ended June 30, 2017

EXHIBIT J-2

	Housing Authority	Component Units	Total Entity
CASH FLOWS FROM OPERATING ACTIVITIES			
Rental receipts	\$ 33,018,843	3,937,924	36,956,767
Other operating cash receipts	(2,829,303)	493,990	(2,335,313)
Payments to employees for services	(16,856,748)	(919,126)	(17,775,874)
Payments made for housing assistance	(60,876,908)	-	(60,876,908)
Payments to suppliers for goods and services	(15,858,998)	(2,843,614)	(18,702,612)
Purchase of property held for sale	(996,480)	-	(996,480)
Receipts from sale of property held for sale	1,341,356	-	1,341,356
Net cash provided (used) by operating activities	(63,058,238)	669,174	(62,389,064)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Owner Distribution	(20,000)	-	(20,000)
Intergovernmental revenue received	66,603,227	1,786,713	68,389,940
Net cash provided by noncapital financing activities	66,583,227	1,786,713	68,369,940
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(1,739,209)	(121,841)	(1,861,050)
Interest payments	(864,276)	(1,638,972)	(2,503,248)
Debt principal payments	(1,403,097)	(100,762)	(1,503,859)
HUD debt service and capital contributions	1,453,063	-	1,453,063
Net cash used in capital and related financing activities	(2,553,519)	(1,861,575)	(4,415,094)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of loan and advance repayments	844,580	-	844,580
Maturity of investments	(38,266)	-	(38,266)
Acquisition of investments	(980,000)	-	(980,000)
Interest received	439,151	4,552	443,703
Net cash provided by investing activities	265,465	4,552	270,017
Net increase in cash and cash equivalents	1,236,935	598,864	1,835,799
Cash and cash equivalents, July 1, 2016	62,545,881	7,260,990	69,806,871
Cash and cash equivalents, June 30, 2017	\$ 63,782,816	7,859,854	71,642,670
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (61,943,799)	(893,568)	(62,837,367)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	4,591,232	1,503,863	6,095,095
Provision for doubtful accounts	259,029	-	259,029
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(1,975,304)	12,202	(1,963,102)
Increase in prepaid and other assets	(4,970,822)	(106,564)	(5,077,386)
Net Pension Liability and related outflows/inflows	156,664	-	156,664
Increase in accounts payable and accrued liabilities	475,549	164,713	640,262
Decrease in performance and other deposits	(48,741)	(2,833)	(51,574)
Unearned revenues	397,954	(8,639)	389,315
Total adjustments to operating income	(1,114,439)	1,562,742	448,303
Net cash provided by (used in) operating activities	\$ (63,058,238)	669,174	(62,389,064)

The **Fairfax County Park Authority** (Park Authority) was created by the Board of Supervisors of the County on December 6, 1950, to maintain and operate the public parks and recreational facilities located in the County. The Board appoints the Park Authority's Board members, and a substantial portion of the cost of the Park Authority's operations is funded by the County.

General Fund (Financed from County General Fund) is used to account for the operations of the park facilities that are funded by the County.

Park Revenue Fund is a special revenue fund used to account for the operations of the park facilities that are funded from park operating revenues.

Financed from County Construction Fund is a capital projects fund used to account for specific maintenance projects for park facilities that are funded by the County's Construction Fund.

Park Construction Bond Fund is a capital projects fund used to account for all construction projects and capital improvements of the Park Authority financed by County general obligation bonds.

Park Capital Improvement Fund is a capital projects fund used to account for all Park Authority construction projects and capital improvements financed through interest earned and transfers from the Park Revenue and Operating Fund.

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Park Authority
Balance Sheet
June 30, 2017

	General Fund (Financed from County General Fund)	Major Governmental	
		Special Revenue Fund - Park Revenue	Capital Financed from County Construction Fund
ASSETS			
Equity in pooled cash and temporary investments	\$ -	12,053,541	-
Cash with fiscal agents	-	544,291	-
Receivables:			
Accounts	-	35,096	117,513
Accrued interest	-	1,939	-
Due from primary government	1,880,653	-	779,965
Due from intergovernmental units	-	-	-
Prepaid and other asset	-	310,169	64,293
Restricted assets:			
Equity in pooled cash and temporary investments	-	-	-
Total assets	<u>1,880,653</u>	<u>12,945,036</u>	<u>961,771</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	\$ 1,880,653	12,945,036	961,771
LIABILITIES			
Accounts payable and accrued liabilities	\$ 299,817	995,785	902,877
Accrued salaries and benefits	1,580,836	2,033,165	-
Contract retainages	-	-	58,894
Unearned revenues	-	5,747,925	-
Performance and other deposits	-	60,193	-
Total liabilities	<u>1,880,653</u>	<u>8,837,068</u>	<u>961,771</u>
DEFERRED INFLOWS OF RESOURCES			
Total deferred inflows of resources	-	-	-
Total liabilities and deferred inflows of resources	1,880,653	8,837,068	961,771
FUND BALANCES			
Nonspendable:			
Inventory	-	310,169	-
E.C.Lawrence Trust	-	-	-
Restricted for:			
Capital projects	-	-	-
Repair and replacement	-	-	-
Committed to:			
Revenue and operating fund stabilization	-	2,213,677	-
Donation	-	1,350,000	-
Debt service	-	544,291	-
Other capital projects	-	-	-
Unassigned:	-	(310,169)	-
Total fund balances	-	<u>4,107,968</u>	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,880,653	12,945,036	961,771
Reconciliation of the Balance Sheet to the Statement of Net Position			
Fund balances - Total governmental funds			\$ 29,645,787
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$854,150,238 and the accumulated depreciation is \$229,405,712.			624,744,526
For debt refundings resulting in defeasance of debt, the difference between the reacquisition price and carrying amount of the old debt should be reported as deferred outflow of resources.			233,952
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:			
Revenue bonds payable, net	\$ (3,103,198)		
Compensated absences payable	(4,694,674)		
Loan from Primary Government	(11,604,900)		
Accrued interest payable	<u>(33,733)</u>		(19,436,505)
Pension liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds. The deferred outflow related to pensions is \$17,747,283, and the net pension liability is \$52,081,396. The deferred inflow related to pension liability is \$5,658,977.			<u>(39,993,090)</u>
Net position of governmental activities			<u>\$ 595,194,670</u>

EXHIBIT K

Funds			
Projects Funds			
Park Construction Bond	Park Capital Improvement	Total Governmental Funds	
-	19,661,384	31,714,925	ASSETS
-	-	544,291	Equity in pooled cash and temporary investments
-	-	152,609	Cash with fiscal agents
-	50,458	52,397	Receivables:
-	-	2,660,618	Accounts
833,179	3,509	836,688	Accrued interest
-	-	374,462	Due from primary government
5,092,813	2,207,926	7,300,739	Due from intergovernmental units
5,925,992	21,923,277	43,636,729	Prepaid and other asset
			Restricted assets:
			Equity in pooled cash and temporary investments
			Total assets
			DEFERRED OUTFLOWS OF RESOURCES
			Total deferred outflows of resources
5,925,992	21,923,277	43,636,729	Total assets and deferred outflows of resources
			LIABILITIES
750,132	294,351	3,242,962	Accounts payable and accrued liabilities
-	-	3,614,001	Accrued salaries and benefits
204,729	-	263,623	Contract retainages
-	269,317	6,017,242	Unearned revenues
-	792,921	853,114	Performance and other deposits
954,861	1,356,589	13,990,942	Total liabilities
			DEFERRED INFLOWS OF RESOURCES
			Total deferred inflows of resources
954,861	1,356,589	13,990,942	Total liabilities and deferred inflows of resources
			FUND BALANCES
			Nonspendable:
-	-	310,169	Inventory
-	1,507,926	1,507,926	E.C.Lawrence Trust
			Restricted for:
4,971,131	10,422,641	15,393,772	Capital projects
-	700,000	700,000	Repair and replacement
			Committed to:
-	-	2,213,677	Revenue and operating fund stabilization
-	-	1,350,000	Donation
-	-	544,291	Debt service
-	7,936,121	7,936,121	Other capital projects
-	-	(310,169)	Unassigned:
4,971,131	20,566,688	29,645,787	Total fund balances
5,925,992	21,923,277	43,636,729	Total liabilities, deferred inflows of resources, and fund balances

COUNTY OF FAIRFAX, VIRGINIA
 Fairfax County Park Authority
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the fiscal year ended June 30, 2017

	General Fund (Financed from County General Fund)	Major Governmental	
		Special Revenue Fund - Park Revenue	Capital Financed from County Construction Fund
REVENUES			
Intergovernmental	\$ 33,129,930	-	12,947,792
Charges for services	705,800	43,853,912	-
Developers' contributions	-	-	-
Revenue from the use of money and property	-	2,552,846	-
Gifts, donations, and contributions	-	627,106	117,510
Other	-	251,450	-
Total revenues	33,835,730	47,285,314	13,065,302
EXPENDITURES			
Current:			
Parks, recreation, and cultural	33,713,528	44,470,588	7,822,339
Intergovernmental	-	820,000	-
Capital outlay	122,202	25,205	5,242,963
Debt service:			
Principal retirement	-	1,027,600	-
Interest and other charges	-	606,583	-
Total expenditures	33,835,730	46,949,976	13,065,302
Excess (deficiency) of revenues over (under) expenditures	-	335,338	-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	(580,000)	-
Total other financing sources (uses), net	-	(580,000)	-
Net change in fund balances	-	(244,662)	-
Fund balances, July 1, 2016	-	4,042,461	-
Increase in reserve for Inventories	-	310,169	-
Fund balances, June 30, 2017	\$ -	4,107,968	-

EXHIBIT K-1

Funds			
Projects Funds			
Construction Bond	Park Capital Improvement	Total Governmental Funds	
			REVENUES
17,833,179	10,519	63,921,420	Intergovernmental
-	25	44,559,737	Charges for services
-	1,043,198	1,043,198	Developers' contributions
-	1,110,986	3,663,832	Revenue from the use of money and property
-	1,152,653	1,897,269	Gifts, donations and contributions
-	-	251,450	Other
17,833,179	3,317,381	115,336,906	Total revenues
			EXPENDITURES
			Current:
1,159,610	1,315,202	88,481,267	Parks, recreation, and cultural
-	-	820,000	Intergovernmental
14,914,042	2,494,334	22,798,746	Capital outlay
			Debt service:
-	-	1,027,600	Principal retirement
-	-	606,583	Interest and other charges
16,073,652	3,809,536	113,734,196	Total expenditures
			Excess (deficiency) of revenues over
1,759,527	(492,155)	1,602,710	(under) expenditures
			OTHER FINANCING SOURCES (USES)
-	580,000	580,000	Transfers in
-	-	(580,000)	Transfers out
-	580,000	-	Total other financing sources (uses), net
1,759,527	87,845	1,602,710	Net change in fund balances
3,211,604	20,478,843	27,732,908	Fund balances, July 1, 2016
-	-	310,169	Increase in reserve for Inventories
4,971,131	20,566,688	29,645,787	Fund balances, June 30, 2017

continued

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Park Authority
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to
the Statement of Activities
For the fiscal year ended June 30, 2017

EXHIBIT K-1
concluded

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

Net change in fund balances - Total governmental funds		\$ 1,602,710
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.		
Capital outlays	\$ 22,798,746	
Depreciation expense	<u>(13,712,654)</u>	9,086,092
Donations of capital assets increase net position in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources.		
		4,419,054
In the Statement of Activities, the gain or loss on the disposition of capital assets is reported. However, in the governmental funds only the proceeds from sales are reported, which increases fund balance. Thus, the difference is the depreciated cost of the capital assets dispositions.		
		(1,056,213)
Increase/decrease in fund balance reserve		
		310,169
Repayment of the principal amount of long-term debt is reported as an expenditure or as an other financing use when debt is refunded in governmental funds and thus, reduces fund balance. However, the principal payment reduces the liabilities in the Statement of Net Position and do not result in the Statement of Activities.		
Principal payments of bonds and notes		
		1,027,600
Interest on long-term debt is reported as an expenditure in the governmental funds when it is due. In the Statement of Activities, however, interest expense is affected as this interest accrues and as bond-related item as are amortized. This difference in interest reporting is as follows:		
Interest expense	\$ 5,574	
Amortized premium and deferred loss	<u>28,186</u>	33,760
Under the modified accrual basis of accounting used in the governmental funds, expenditures for the following are not recognized until they mature. In the Statement of Activities, however, they are reported as expenses and liabilities as they accrue. The timing differences are as follows:		
Compensated absences		
		(86,399)
Pension liability does not require the use of current financial resources and, therefore, is not reported in governmental funds:		
Pension expense		
		(418,999)
Change in net position of governmental activities		<u>\$ 14,917,774</u>

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT K-2A

Fairfax County Park Authority

Budgetary Comparison Schedule - General Fund (Financed from County General Fund) (Budget Basis)

For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 23,241,948	23,803,509	23,537,004	(266,505)
Charges for services	900,953	807,981	705,800	(102,181)
Total revenues	24,142,901	24,611,490	24,242,804	(368,686)
EXPENDITURES				
Current:				
Parks, recreation, and cultural	24,142,901	24,611,490	24,242,804	368,686
Total expenditures	24,142,901	24,611,490	24,242,804	368,686
Net change in fund balance	\$ -	-	-	-

COUNTY OF FAIRFAX, VIRGINIA
 Fairfax County Park Authority
 Budgetary Comparison Schedule - Park Revenue Fund (Budget Basis)
 For the fiscal year ended June 30, 2017

EXHIBIT K-2B

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 44,886,902	44,886,902	43,853,912	(1,032,990)
Revenue from the use of money and property	2,541,678	2,541,678	2,525,607	(16,071)
Gifts, donations, and contributions	916,838	916,838	878,556	(38,282)
Other	32,459	32,459	27,238	(5,221)
Total revenues	48,377,877	48,377,877	47,285,313	(1,092,564)
EXPENDITURES				
Parks, recreation, and cultural	47,857,818	47,857,817	46,949,976	907,841
Nondepartmental				-
Total expenditures	47,857,818	47,857,817	46,949,976	907,841
Excess of revenues over expenditures	520,059	520,060	335,337	(184,723)
OTHER FINANCING USES				
Transfers out	-	(580,000)	(580,000)	-
Total other financing uses	-	(580,000)	(580,000)	-
Net change in fund balance	\$ 520,059	(59,940)	(244,663)	(184,723)

The **Fairfax County Economic Development Authority (EDA)** provides direct assistance to firms which intend to establish their operations within the County. The EDA's mission is to attract businesses to Fairfax County and to work with the existing businesses to retain them as they expand and create new jobs. The EDA is an independent authority, legally authorized by an enactment of the Virginia General Assembly and formally created by resolution of the County Board of Supervisors, which appoints the seven members of EDA's Commission and also appropriates funds annually for operating expenditures incurred in carrying out EDA's mission.

General Fund (Financed from County General Fund)
is used to account for the operations of the EDA, all of which are funded by the County.

COUNTY OF FAIRFAX, VIRGINIA
 Fairfax County Economic Development Authority
 Balance Sheet
 June 30, 2017

EXHIBIT L

	Governmental Fund (Financed from County General Fund)
ASSETS	
Due from Primary Government	\$ 354,879
Total assets	<u>354,879</u>
DEFERRED OUTFLOWS OF RESOURCES	
Total deferred outflows of resources	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 354,879</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 91,112
Accrued salaries and benefits	<u>263,767</u>
Total liabilities	<u>354,879</u>
DEFERRED INFLOWS OF RESOURCES	
Total deferred inflows of resources	<u>-</u>
Total liabilities and deferred inflows of resources	<u>354,879</u>
FUND BALANCE	
Unassigned	<u>-</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 354,879</u>
Reconciliation of the Balance Sheet to the Statement of Net Position	
Fund balance - General Fund	\$ -
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$803,165 and the accumulated depreciation and amortization is \$621,407.	181,758
Long-term liabilities, including compensated absences payable, \$389,927, and unearned rent, \$463,942, are not due and payable in the current period and, therefore, are not reported in the fund.	(853,869)
Pension liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds. The deferred outflow related to pensions is \$2,552,451 and the net pension liability is \$6,996,384. The deferred inflow related to pension liability is \$462,862.	<u>(4,906,795)</u>
Net position of governmental activities	<u>\$ (5,578,906)</u>

COUNTY OF FAIRFAX, VIRGINIA
 Fairfax County Economic Development Authority
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 For the fiscal year ended June 30, 2017

EXHIBIT L-1

	Governmental Fund (Financed from County General Fund)
REVENUES	
Intergovernmental	\$ 9,065,290
Total revenues	<u>9,065,290</u>
EXPENDITURES	
Current:	
Community development	<u>9,065,290</u>
Total expenditures	<u>9,065,290</u>
Excess of revenues over expenditures	-
Fund balance, July 1, 2016	-
Fund balance, June 30, 2017	<u>\$ -</u>

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities

Net change in fund balance - General Fund \$ -

Amounts reported for governmental activities in the Statement of Activities are different because:

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Capitalized equipment purchased	\$ 5,370	
Depreciation and amortization expense	(76,492)	
Increase in liability for compensated absences	(41,170)	
Unearned rent	161,893	
Pension Expense	<u>(212,725)</u>	<u>(163,124)</u>
Change in net position of governmental activities		<u>\$ (163,124)</u>

COUNTY OF FAIRFAX, VIRGINIA

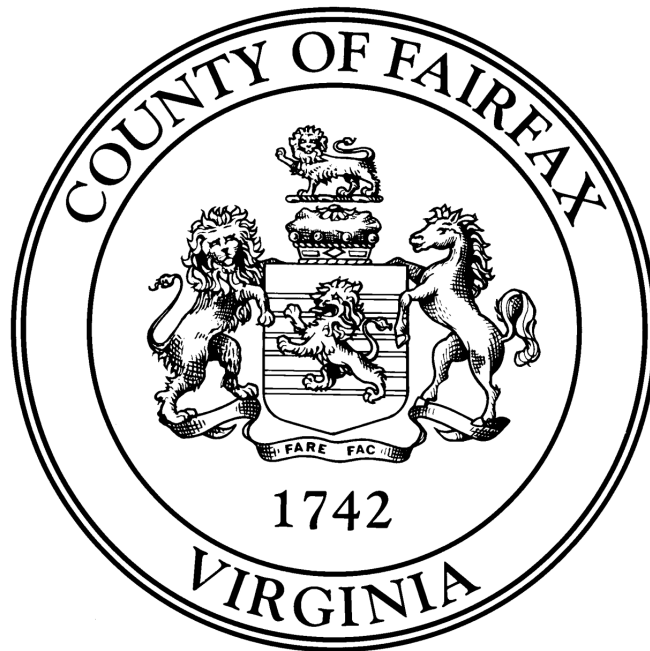
EXHIBIT L-2

Fairfax County Economic Development Authority

Budgetary Comparison Schedule - General Fund (Financed from County General Fund) (Budget Basis)

For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental	\$ 7,570,640	7,570,640	7,570,637	(3)
Total revenues	7,570,640	7,570,640	7,570,637	(3)
EXPENDITURES				
Community development	7,570,640	7,570,640	7,570,637	3
Total expenditures	7,570,640	7,570,640	7,570,637	3
Net change in fund balance	\$ -	-	-	-



1.0 - Financial trends information is intended to assist users in understanding and assessing how the County’s financial position has changed over time. There are four tables presented in this section.

COUNTY OF FAIRFAX, VA
TABLE 1.1 - Net Position by Component
Last Ten Fiscal Years

	Fiscal Year				
	2017	2016	2015	2014 ⁽³⁾	2013
<i>Governmental activities:</i>					
Net investment in capital assets	\$ 2,001,991,926	1,913,173,352	1,875,208,103	1,861,776,623	1,736,906,426
Restricted	388,129,831	355,513,953	318,966,582	286,196,280	214,950,085
Unrestricted ⁽¹⁾	(2,771,599,213)	(2,732,479,263)	(2,802,308,892)	(2,960,996,275)	(1,657,422,986)
Net position, governmental activities	\$ (381,477,456)	(463,791,958)	(608,134,207)	(813,023,372)	294,433,525
<i>Business-type activities:</i>					
Net investment in capital assets	\$ 1,003,960,254	940,641,576	892,414,328	843,276,715	778,825,722
Restricted	14,185,711	73,853,503	66,038,662	43,116,468	44,113,954
Unrestricted	91,631,746	38,417,623	66,651,531	100,358,086	147,119,567
Net position, business-type activities	\$ 1,109,777,711	1,052,912,702	1,025,104,521	986,751,269	970,059,243
<i>Total Primary government:</i>					
Net investment in capital assets	\$ 3,005,952,180	2,853,814,928	2,767,622,431	2,705,053,338	2,515,732,148
Restricted	402,315,542	429,367,456	385,005,244	329,312,748	259,064,039
Unrestricted	(2,679,967,467)	(2,694,061,640)	(2,735,657,361)	(2,860,638,189)	(1,510,303,419)
Net position, Primary Government	\$ 728,300,255	589,120,744	416,970,314	173,727,897	1,264,492,768

Source: Fairfax County Department of Finance

Notes:

(1) The County issues debt for the construction of Public Schools and Park Authority facilities. The County reports this debt; whereas, the Public Schools and Park Authority report the related capital assets and unspent bond proceeds. As a result, the debt reduces unrestricted net position for the primary government. The amount of this debt related to investments in capital assets and unspent bond proceeds for these component units that is outstanding for each fiscal year is as follows:

	Fiscal Year				
	2017	2016	2015	2014	2013
	\$ 1,715,069,179	1,674,949,073	1,616,079,489	1,625,585,624	1,596,333,283

(2) Fiscal Year 2012 net position restated in Fiscal Year 2013 due to the implementation of GASB statement 65.

(3) Fiscal Year 2014 net position restated in Fiscal Year 2015 due to the implementation of GASB statement 68.

Fiscal Year					
2012 ⁽²⁾	2011	2010	2009	2008	
					<i>Governmental activities:</i>
1,695,143,766	1,540,962,447	1,458,369,495	1,399,874,484	1,313,609,617	Net investment in capital assets
226,409,285	308,394,968	210,842,044	188,432,037	55,360,397	Restricted
(1,581,687,019)	(1,370,285,300)	(1,112,442,403)	(1,093,476,245)	(919,381,116)	Unrestricted ⁽¹⁾
<u>339,866,032</u>	<u>479,072,115</u>	<u>556,769,136</u>	<u>494,830,276</u>	<u>449,588,898</u>	Net position, governmental activities
					<i>Business-type activities:</i>
769,135,097	722,703,848	748,697,093	645,044,053	757,799,128	Net investment in capital assets
51,055,374	93,427,366	44,371,666	148,760,524	28,251,270	Restricted
116,578,189	81,180,178	76,855,173	84,277,881	109,530,192	Unrestricted
<u>936,768,660</u>	<u>897,311,392</u>	<u>869,923,932</u>	<u>878,082,458</u>	<u>895,580,590</u>	Net position, business-type activities
					<i>Total Primary government:</i>
2,464,278,863	2,263,666,295	2,207,066,588	2,044,918,537	2,071,408,745	Net investment in capital assets
277,464,659	401,822,334	255,213,710	337,192,561	83,611,667	Restricted
(1,465,108,830)	(1,289,105,122)	(1,035,587,230)	(1,009,198,364)	(809,850,924)	Unrestricted
<u>1,276,634,692</u>	<u>1,376,383,507</u>	<u>1,426,693,068</u>	<u>1,372,912,734</u>	<u>1,345,169,488</u>	Net position, Primary Government

Fiscal Year				
2012	2011	2010	2009	2008
<u>1,453,383,980</u>	<u>1,431,198,421</u>	<u>1,371,914,260</u>	<u>1,342,939,932</u>	<u>1,297,409,248</u>

COUNTY OF FAIRFAX, VA
TABLE 1.2 - Changes in Net Position
Last Ten Fiscal Years

	Fiscal Year				
	2017	2016	2015	2014	2013
Expenses					
<i>Governmental activities:</i>					
General government administration	\$ 199,163,586	188,767,791	183,647,484	201,180,941	201,445,282
Judicial administration	62,157,826	58,125,849	55,830,358	54,913,419	46,336,343
Public safety	743,811,404	702,043,058	670,432,665	695,690,761	658,186,021
Public works	220,029,595	204,873,695	204,114,861	195,014,404	185,250,816
Health and welfare	621,738,349	589,307,995	557,312,024	551,586,755	542,052,102
Community development	449,963,548	373,621,317	352,960,858	352,759,047	387,551,012
Parks, recreation, and cultural	124,438,465	112,957,367	112,338,852	107,762,594	112,057,718
Education - for Public Schools	2,085,926,217	1,998,723,980	1,936,673,334	1,883,055,936	1,843,611,090
Interest on long-term debt	108,077,416	94,644,722	101,276,354	109,563,020	117,251,705
Total expenses, governmental activities	4,615,306,406	4,323,065,774	4,174,586,790	4,151,526,877	4,093,742,089
<i>Business-type activities:</i>					
Public works - Sewer	\$ 177,630,559	183,076,813	174,932,128	174,845,675	169,212,487
Total expenses, business-type activities	177,630,559	183,076,813	174,932,128	174,845,675	169,212,487
Total expenses, Primary Government	4,792,936,965	4,506,142,587	4,349,518,918	4,326,372,552	4,262,954,576
Program Revenues					
<i>Governmental activities:</i>					
Charges for services:					
Public safety	\$ 70,562,165	70,934,542	71,729,966	58,202,390	58,883,550
Public works	129,171,598	139,528,323	141,711,640	131,355,271	117,037,898
Health and welfare	80,070,825	69,250,901	70,951,265	69,351,107	64,938,672
Other activities	335,242,533	301,673,838	309,689,155	334,124,545	287,013,174
Operating grants and contributions	264,019,862	250,208,494	243,282,980	222,115,446	239,536,892
Capital grants and contributions	22,209,405	29,020,526	34,407,375	22,578,476	22,312,264
Total program revenues, governmental activities	901,276,388	860,616,624	871,772,381	837,727,235	789,722,450
<i>Business-type activities:</i>					
Charges for services:					
Public works - Sewer	\$ 220,959,308	205,115,248	209,227,867	212,175,672	194,030,949
Capital grants and contributions	12,513,674	4,598,439	3,277,159	4,074,576	7,062,744
Total program revenues, business-type activities	233,472,982	209,713,687	212,505,026	216,250,248	201,093,693
Total program revenues, Primary Government	1,134,749,370	1,070,330,311	1,084,277,407	1,053,977,483	990,816,143
Net (Expense) Revenue					
Governmental activities	(3,714,030,018)	(3,462,449,150)	(3,302,814,409)	(3,313,799,642)	(3,304,019,639)
Business-type activities	55,842,423	26,636,874	37,572,898	41,404,573	31,881,206
Total Primary Government	\$ (3,658,187,595)	(3,435,812,276)	(3,265,241,511)	(3,272,395,069)	(3,272,138,433)

Fiscal Year					
2012	2011	2010	2009	2008	
					Expenses
					<i>Governmental activities:</i>
201,444,643 ⁽⁵⁾	138,976,659	148,730,289	160,696,700	155,387,589	General government administration
54,731,149	52,295,620	40,825,671	44,885,189	45,402,679	Judicial administration
621,850,677	618,789,976	604,822,717	624,257,988	614,837,542	Public safety
176,714,926	192,081,461	198,458,714	195,125,647	191,477,505	Public works
562,237,332	546,852,765	495,727,107	494,493,208	491,520,452	Health and welfare
393,528,633	378,565,455	232,156,056	273,649,566	206,158,826	Community development
114,767,984	105,293,977	123,549,652	140,802,569	182,268,495	Parks, recreation, and cultural
1,769,700,781	1,744,248,387	1,784,128,380	1,784,670,681	1,733,929,914	Education - for Public Schools
112,604,312	98,596,584	97,587,106	95,151,292	94,307,127	Interest on long-term debt
4,007,580,437	3,875,700,884	3,725,985,692	3,813,732,840	3,715,290,129	Total expenses, governmental activities
					<i>Business-type activities:</i>
163,955,907 ⁽⁵⁾	156,989,198	155,490,570	148,934,682	142,521,912	Public works - Sewer
163,955,907	156,989,198	155,490,570	148,934,682	142,521,912	Total expenses, business-type activities
4,171,536,344	4,032,690,082	3,881,476,262	3,962,667,522	3,857,812,041	Total expenses, Primary Government
					Program Revenues
					<i>Governmental activities:</i>
					Charges for services:
62,860,108	74,126,570	67,562,279	62,631,798	62,297,005	Public safety
110,804,240	113,296,977	95,740,931	88,943,909	88,692,491	Public works
68,152,942	70,834,601	63,641,537	60,789,511	56,173,288	Health and welfare
191,091,722	137,393,757	136,293,136	181,759,896	63,191,212	Other activities
256,182,164	292,921,660	440,962,393	247,996,754	260,367,949	Operating grants and contributions
29,696,488	17,033,448	45,298,191	30,537,124	32,540,001	Capital grants and contributions
718,787,664	705,607,013	849,498,467	672,658,992	563,261,946	Total program revenues, governmental activities
					<i>Business-type activities:</i>
					Charges for services:
188,917,214	154,118,716	137,350,273	120,184,626	114,206,818	Public works - Sewer
13,974,206	12,385,470	8,677,874	8,950,919	10,087,940	Capital grants and contributions
202,891,420	166,504,186	146,028,147	129,135,545	124,294,758	Total program revenues, business-type activities
921,679,084	872,111,199	995,526,614	801,794,537	687,556,704	Total program revenues, Primary Government
					Net (Expense) Revenue
(3,288,792,773)	(3,170,093,871)	(2,876,487,225)	(3,141,073,848)	(3,152,028,183)	Governmental activities
38,935,513	9,514,988	(9,462,423)	(19,799,137)	(18,227,154)	Business-type activities
(3,249,857,260)	(3,160,578,883)	(2,885,949,648)	(3,160,872,985)	(3,170,255,337)	Total Primary Government

(Continued)

COUNTY OF FAIRFAX, VA
TABLE 1.2 - Changes in Net Position (concluded)
Last Ten Fiscal Years

	Fiscal Year				
	2017	2016	2015	2014	2013
General Revenues and Other Changes in Net Position					
<i>Governmental activities:</i>					
Taxes:					
Real property	\$ 2,601,473,140	2,437,535,377	2,356,421,557	2,215,898,422	2,123,759,406
Personal property	403,229,884	380,123,202	368,390,092	362,772,805	353,275,799
Business licenses	160,711,944	158,380,380	154,681,661	158,619,113	158,768,484
Local sales and use	246,876,636	249,278,074	247,734,220	261,193,846	265,029,666
Consumers utility	104,327,491	102,181,691	100,484,941	74,633,997	73,450,331
Motor vehicle decals	-	-	-	-	-
Recordation	25,401,332	23,808,125	23,898,873	19,968,520	28,281,179
Occupancy, tobacco, and other	36,206,695	34,115,345	33,775,982	31,296,981	32,694,178
Unrestricted grants and contributions	211,464,000	211,423,471	211,423,648	230,920,811	209,291,717
Revenue from the use of money	6,653,142	9,945,734	10,892,600	8,577,857	9,836,372
Special item	-	-	-	-	4,200,000 ⁽³⁾
Total general revenues and other changes in net position, governmental activities	3,796,344,264	3,606,791,399	3,507,703,574	3,363,882,352	3,258,587,132
<i>Business-type activities:</i>					
Revenue from the use of money	\$ 1,022,586	1,171,307	780,354	484,332	1,409,377
Special item	-	-	-	-	-
Total general revenues and other changes in net position, business-type activities	1,022,586	1,171,307	780,354	484,332	1,409,377
Total general revenues and other changes in net position, Primary Government	3,797,366,850	3,607,962,706	3,508,483,928	3,364,366,684	3,259,996,509
Change in Net Position					
Governmental activities	82,314,246	144,342,249	204,889,165	50,082,710	(45,432,507)
Business-type activities	56,865,009	27,808,181	38,353,252	41,888,905	33,290,583
Total Primary Government	\$ 139,179,255	172,150,430	243,242,417	91,971,615	(12,141,924)

Source: Fairfax County Department of Finance
Notes:

- (1) In FY2007, Public Schools transferred 12 properties totaling 188.9 acres to the County valued at \$10,874,069. As part of this transfer, Public Schools is able to make an annual request of \$25 million in capital bond funding through fiscal year 2012.
- (2) In January 2008, the Sewer System sold purchased capacity to Prince William County Service Authority (2 MPG) and the City of Manassas (1 MPG) for \$50.6 million. As a result, a special item – Gain from sale of Purchased Capacity of \$10,954,572 was recognized.
- (3) In September 2010, Inova Health Systems transferred approximately 15 acres of land to the County. In exchange for this land, Inova will provide the County with an approximate 5 acre parcel, a \$15 million cash payment, and a 10 year lease of 40,000 square feet within the new Mid County Center building. The special items in the governmental activities, represent the installments on the \$15 million cash payment.
- (4) In April 2011, the Sewer System completed a sale of 2.0 MGD purchase capacity of its 17.68 MGD share of UOSA expansion (from 27 to 54 MGD) to Prince William Service Authority for \$39,807,586. As a result, a special item - Gain from sale of purchase capacity - of \$16,787,885 was recognized.
- (5) Fiscal Year 2012 expenses restated due to the implementation of GASB statement 65.

Fiscal Year					
2012	2011	2010	2009	2008	
					General Revenues and Other Changes in Net Position
					<i>Governmental activities:</i>
					Taxes:
2,057,935,398	2,028,435,622	2,126,498,175	2,093,518,885	2,020,779,749	Real property
316,966,006	301,272,265	296,610,992	316,717,991	307,572,072	Personal property
155,480,677	150,669,671	138,684,942	142,922,838	139,073,624	Business licenses
257,770,918	158,772,098	151,354,001	154,902,699	164,873,726	Local sales and use
65,254,197	113,731,677	117,882,816	113,556,023	122,378,380	Consumers utility
-	27,408,623	-	-	-	Motor vehicle decals
26,223,747	26,407,596	24,891,357	25,063,223	29,958,163	Recordation
33,360,801	47,946,003	47,772,667	40,122,826	40,827,006	Occupancy, tobacco, and other
218,287,716	211,818,969	366,331	211,981,020	212,546,890	Unrestricted grants and contributions
14,807,663	18,634,630	34,364,804	87,529,721	103,859,750	Revenue from the use of money
3,499,567 ⁽³⁾	7,299,696 ⁽³⁾	-	-	-	Special item
3,149,586,690	3,092,396,850	2,938,426,085	3,186,315,226	3,141,869,360	Total general revenues and other changes in net position, governmental activities
					<i>Business-type activities:</i>
521,755	1,084,587	1,303,897	2,301,005	5,127,079	Revenue from the use of money
-	16,787,885 ⁽⁴⁾	-	-	10,954,572 ⁽²⁾	Special item
521,755	17,872,472	1,303,897	2,301,005	16,081,651	Total general revenues and other changes in net position, business-type activities
3,150,108,445	3,110,269,322	2,939,729,982	3,188,616,231	3,157,951,011	Total general revenues and other changes in net position, Primary Government
					Change in Net Position
(139,206,083)	(77,697,021)	61,938,860	45,241,378	(10,158,823)	Governmental activities
39,457,268	27,387,460	(8,158,526)	(17,498,132)	(2,145,503)	Business-type activities
(99,748,815)	(50,309,561)	53,780,334	27,743,246	(12,304,326)	Total Primary Government

COUNTY OF FAIRFAX, VA
TABLE 1.3 - Fund Balances, Governmental Funds
Last Ten Fiscal Years

	Fiscal Year				
	2017	2016	2015	2014	2013
<i>General Fund:</i>					
Reserved	\$ -	-	-	-	-
Unreserved	-	-	-	-	-
Nonspendable	2,122,029	514,559	880,201	614,966	727,441
Restricted	-	-	-	-	-
Committed	318,449,966	271,363,898	237,696,440	220,628,054	216,879,261
Assigned	29,810,689	31,420,067	33,264,339	29,406,539	34,841,916
Unassigned	71,072,769	38,093,937	54,080,837	52,154,540	76,819,631
Total general fund	<u>\$ 421,455,453</u>	<u>341,392,461</u>	<u>325,921,817</u>	<u>302,804,099</u>	<u>329,268,249</u>
<i>All Other Governmental Funds:</i>					
Reserved	\$ -	-	-	-	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Nonspendable	502,104	369,676	385,364	457,598	748,799
Restricted	875,478,273	822,378,966	806,622,981	779,237,002	565,814,956
Committed	217,556,600	179,787,832	161,136,329	151,287,756	162,348,750
Assigned	-	-	-	-	-
Unassigned	-	(20,854)	-	-	(13,108,305)
Total all other governmental funds	<u>\$ 1,093,536,977</u>	<u>1,002,515,620</u>	<u>968,144,674</u>	<u>930,982,356</u>	<u>715,804,200</u>

Source: Fairfax County Department of Finance

- (1) GASB Statement No. 54 changed classifications used for fund balance reporting. These changes were not applied to years shown prior to fiscal year 2011.
- (2) 2010 balances recalculated to reflect reporting change for the Information Technology Fund.

		Fiscal Year					
2012	2011 ⁽¹⁾	2010 ⁽²⁾	2009	2008			
						<i>General Fund:</i>	
-	-	42,842,683	41,356,567	44,027,425		Reserved	
-	-	343,838,486	237,826,810	227,421,300		Unreserved	
1,129,586	308,818	-	-	-		Nonspendable	
-	-	-	-	-		Restricted	
213,718,785	206,627,013	-	-	-		Committed	
29,080,155	34,411,546	-	-	-		Assigned	
109,742,640	135,051,587	-	-	-		Unassigned	
<u>353,671,166</u>	<u>376,398,964</u>	<u>386,681,169</u>	<u>279,183,377</u>	<u>271,448,725</u>		Total general fund	
						<i>All Other Governmental Funds:</i>	
-	-	204,151,525	219,337,769	238,978,072		Reserved	
						Unreserved, reported in:	
-	-	327,654,603	342,552,944	219,078,434		Special revenue funds	
-	-	12,918,625	10,487,202	8,890,466		Debt service funds	
-	-	74,003,428	(64,900,755)	(3,629,250)		Capital projects funds	
48,513,721	51,702,443	-	-	-		Nonspendable	
569,803,909	566,941,106	-	-	-		Restricted	
155,083,147	158,420,964	-	-	-		Committed	
-	-	-	-	-		Assigned	
(2,604,408)	-	-	-	-		Unassigned	
<u>770,796,369</u>	<u>777,064,513</u>	<u>618,728,181</u>	<u>507,477,160</u>	<u>463,317,722</u>		Total all other governmental funds	

COUNTY OF FAIRFAX, VA
TABLE 1.4 - Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

	Fiscal Year				
	2017	2016	2015	2014	2013
Revenues					
Taxes	\$ 3,576,143,127	3,384,696,039	3,289,084,031	3,119,946,744	3,036,288,822
Permits, privilege fees, and regulatory licenses	78,789,135	74,165,960	71,026,501	63,886,989	62,411,104
Intergovernmental	588,060,996	565,562,122	559,309,630	609,843,183	554,886,927
Charges for services	373,123,236	367,293,019	387,763,613	351,597,808	337,660,061
Fines and forfeitures	16,172,236	14,675,893	16,437,938	16,817,313	16,842,952
Revenue from the use of money and property	45,195,094	39,360,901	31,080,667	31,544,136	34,239,413
Recovered costs	14,851,978	15,369,266	20,109,855	16,141,935	14,076,599
Contributions and other	2,822,015	8,571,664	12,221,739	3,408,767	2,337,036
Total revenues	4,695,157,817	4,469,694,864	4,387,033,974	4,213,186,875	4,058,742,914
Expenditures					
Current:					
General government administration	160,694,938	165,144,963	163,023,642	164,384,546	172,947,861
Judicial administration	57,242,859	55,337,889	53,183,629	50,760,212	45,751,873
Public safety	737,122,371	711,044,003	699,203,895	690,063,408	639,655,183
Public works	212,209,456	188,198,288	199,205,144	202,904,525	198,203,970
Health and welfare	614,513,160	598,715,227	568,675,553	553,250,576	542,814,370
Community development	243,788,329	226,958,426	230,287,575	193,976,264	192,000,269
Parks, recreation, and cultural	52,985,491	52,721,664	50,642,925	51,709,656	54,270,433
Intergovernmental: ⁽¹⁾					
Community development	190,913,914	134,236,475	111,031,149	146,812,410	178,024,166
Parks, recreation, and cultural	63,077,723	56,967,246	57,848,921	52,381,153	52,494,525
Education	2,085,926,217	1,998,723,980	1,936,673,334	1,878,460,936	1,843,611,090
Capital outlay	176,169,811	179,067,050	160,667,922	224,900,077	173,558,840
Debt service:					
Principal retirement	225,198,620	386,099,648	280,109,469	204,975,519	234,615,416
Interest and other charges	134,359,311	156,503,054	137,140,834	132,973,357	127,353,770
Total expenditures	4,954,202,200	4,909,717,913	4,647,693,992	4,547,552,639	4,455,301,766
Deficiency of revenues under expenditures	(259,044,383)	(440,023,049)	(260,660,018)	(334,365,764)	(396,558,852)
Other Financing Sources (Uses)					
Transfers in	610,776,813	587,755,580	555,297,170	581,375,596	525,335,599
Transfers out	(618,264,035)	(594,655,237)	(581,266,174)	(587,133,301)	(536,354,136)
Bonds issued	339,653,241	450,743,979	257,188,745	480,886,115	298,776,517
Refunding bonds issued	-	297,981,112	311,478,707	108,080,978	171,151,301
Payments to escrow agent	-	(338,948,636)	(270,710,041)	(107,703,910)	(145,945,515)
Capital leases, installment purchases, and other	97,962,713	86,987,841	48,951,647	47,574,292	-
Total other financing sources, net	430,128,732	489,864,639	320,940,054	523,079,770	312,963,766
Special Item	-	-	-	-	4,200,000
Net change in fund balances	\$ 171,084,349	49,841,590	60,280,036	188,714,006	(79,395,086)
Debt service as a percentage of noncapital expenditures	7.5%	11.5%	9.3%	7.8%	8.5%

Source: Fairfax County Department of Finance

Note:

(1) Intergovernmental expenditures represent payments to component units, including Public Schools, the Park Authority, and the Economic Development Authority, and certain other government authorities.

Fiscal Year					
2012	2011	2010	2009	2008	
2,907,905,803	2,857,920,425	2,899,801,062	2,888,968,005	2,822,785,575	Revenues
59,935,796	55,402,463	47,681,442	41,148,793	42,102,636	Taxes
500,063,928	516,260,179	482,379,557	476,787,036	486,912,629	Permits, privilege fees, and regulatory licenses
323,151,828	314,079,106	305,372,921	372,034,854	212,446,433	Intergovernmental
17,230,369	16,645,115	15,065,700	16,507,756	14,912,589	Charges for services
38,113,332	35,214,790	34,949,962	56,222,006	108,289,490	Fines and forfeitures
20,294,568	21,034,191	16,701,652	18,153,938	18,244,071	Revenue from the use of money and property
4,353,629	2,727,276	4,482,245	6,639,296	4,975,659	Recovered costs
3,871,049,253	3,819,283,545	3,806,434,541	3,876,461,684	3,710,669,082	Contributions and other
					Total revenues
					Expenditures
					Current:
142,882,772	131,833,676	133,726,104	149,274,890	149,122,282	General government administration
50,071,223	50,502,397	39,347,205	43,230,230	43,509,367	Judicial administration
594,264,731	573,559,767	565,403,962	583,525,248	569,302,568	Public safety
194,764,262	203,941,440	218,774,283	215,701,070	218,923,642	Public works
557,655,637	539,471,030	489,662,065	488,328,771	488,090,226	Health and welfare
185,214,980	166,588,005	150,881,980	148,394,752	145,834,184	Community development
51,248,180	45,300,724	65,451,624	71,536,790	73,762,142	Parks, recreation, and cultural
					Intergovernmental: ⁽¹⁾
195,414,873	196,331,575	64,962,498	111,546,162	53,272,255	Community development
56,373,285	51,963,744	50,660,393	57,753,807	97,512,863	Parks, recreation, and cultural
1,769,700,781	1,744,248,387	1,784,128,380	1,784,670,681	1,733,929,914	Education
215,858,520	126,573,819	108,546,444	103,631,142	269,431,452	Capital outlay
					Debt service:
199,199,649	192,553,364	180,329,456	181,248,484	172,491,889	Principal retirement
122,995,432	111,835,136	113,476,133	107,665,231	103,891,079	Interest and other charges
4,335,644,325	4,134,703,064	3,965,350,527	4,046,507,258	4,119,073,863	Total expenditures
(464,595,072)	(315,419,519)	(158,915,986)	(170,045,574)	(408,404,781)	Deficiency of revenues under expenditures
					Other Financing Sources (Uses)
547,558,731	485,495,544	515,765,999	519,572,088	493,747,382	Transfers in
(551,771,067)	(485,707,880)	(508,672,574)	(514,736,191)	(506,661,485)	Transfers out
434,761,982	449,668,535	370,806,378	211,699,021	250,487,439	Bonds issued
297,015,139	50,968,368	199,228,007	61,224,951	-	Refunding bonds issued
(295,465,222)	(50,785,617)	(198,007,662)	(61,085,125)	-	Payments to escrow agent
-	6,535,000	-	5,197,257	38,771,498	Capital leases, installment purchases, and other
432,099,563	456,173,950	379,120,148	221,872,001	276,344,834	Total other financing sources, net
3,499,567	3,499,567	-	-	-	Special Item
(28,995,942)	144,253,998	220,204,162	51,826,427	(132,059,947)	Net change in fund balances
7.8%	7.6%	7.6%	7.3%	7.2%	Debt service as a percentage of noncapital expenditures

2.0 - Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the County’s ability to generate its own-source revenues. There are four tables presented in this section.

COUNTY OF FAIRFAX, VA

**TABLE 2.1 - Assessed Value and Actual Value of Taxable Real Property ⁽¹⁾
Last Ten Fiscal Years**

Fiscal Year	Residential (000s)	Commercial (000s)	Public Service Corporations (000s)	Total Taxable Assessed Value (000s)	Tax-Exempt (000s)	Total Direct Tax Rate ⁽²⁾
2017	\$ 175,187,489	58,185,653	899,206	234,272,348	17,485,097	1.130
2016	171,409,697	55,199,289	892,919	227,501,905	16,791,394	1.090
2015	164,977,246	54,044,028	863,583	219,884,857	16,421,055	1.090
2014	154,104,662	52,968,482	876,142	207,949,286	15,866,827	1.085
2013	148,296,431	51,966,913	875,704	201,139,048	15,564,645	1.075
2012	146,877,992	47,040,882	839,163	194,758,037	14,689,068	1.07
2011	142,995,627	44,784,450	859,782	188,639,859	13,707,594	1.09
2010	151,207,936	55,600,077	1,187,930	207,995,943	14,960,334	1.04
2009	171,891,606	57,778,239	1,142,302	230,812,147	14,935,364	0.92
2008	176,497,713	52,001,524	1,025,674	229,524,911	12,972,693	0.89

Source: Fairfax County Department of Tax Administration

Notes:

- (1) Assessed value is the estimated actual value of taxable property and is shown for each period for which taxes are levied. Residential and Commercial properties are assessed as of January 1 and the properties of Public Service Corporations are assessed in October each year at the estimated fair market value of all land and improvements, with the resulting taxes being payable in the subsequent fiscal year.
- (2) Rates are per \$100 of assessed value, which is determined as of January 1 of the prior calendar year.

COUNTY OF FAIRFAX, VA

**TABLE 2.2 - Direct and Overlapping Real Property Tax Rates ⁽¹⁾
Last Ten Fiscal Years**

Fiscal Year	County Direct Rate ⁽²⁾	Overlapping Rates ⁽³⁾	
		Town of Herndon	Town of Vienna
2017	\$ 1.130	0.265	0.2250
2016	1.090	0.265	0.2250
2015	1.090	0.265	0.2288
2014	1.085	0.265	0.2288
2013	1.075	0.265	0.2421
2012	1.07	0.27	0.2420
2011	1.09	0.28	0.2450
2010	1.04	0.26	0.2280
2009	0.92	0.24	0.2090
2008	0.89	0.24	0.1970

Sources: Fairfax County Department of Tax Administration; Town of Herndon; Town of Vienna

Notes:

- (1) Rates are per \$100 of assessed value, which is determined as of January 1 of the prior calendar year.
- (2) Virginia law limits the annual tax increase to 2% unless public hearings are held. The County Board of Supervisors holds public hearings annually in conjunction with the budget process.
- (3) These overlapping rates only apply to property owners within these Towns, which lie entirely within the County.

COUNTY OF FAIRFAX, VA
TABLE 2.3 - Principal Real Property Taxpayers
Current Year and Nine Years Ago

Fiscal Year 2017			
Rank	Taxpayer	Taxable Assessed Value ⁽¹⁾	Pct. of Total Taxable Assessed Value ⁽²⁾
1	Tysons Corner Property Holdings LLC	\$ 1,366,631,700	0.59 %
2	Fairfax Company of Virginia LLC	460,727,210	0.20
3	PR Springfield Town Center LLC	452,237,390	0.19
4	Cesc Skyline LLC	386,413,480	0.17
5	Camden Summit Partnership LP	338,314,320	0.14
6	Capital One Bank	336,627,680	0.14
7	Washington Gas Light Co	320,797,401	0.14
8	Federal Home Loan Mortgage Corp	314,241,930	0.13
9	South of Market LLC	282,172,630	0.12
10	Homart Newco One Inc	277,281,870	0.12
Totals		<u>\$ 4,535,445,611</u>	<u>1.94 %</u>

Source: Fairfax County Department of Tax Administration

Notes:

- (1) Assessed values are as of January 1 of the prior calendar year.
- (2) Total taxable assessed value for fiscal year 2017 is \$233,373,141,270. Assessment excludes Public Service Corporations. Total taxable assessed value for fiscal year 2008 is \$228,499,236,560. Assessment excludes Public Service Corporations.

COUNTY OF FAIRFAX, VA
TABLE 2.4 - Real Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year Original Levy ⁽¹⁾	Collected within the Fiscal Year of the Levy		Adjustments to Original Levy in Subsequent Years ⁽²⁾	Total Adjusted Levy
		Amount	Pct. of Original Levy		
2017	\$ 2,614,861,824	2,607,565,912	99.72 %	-	2,614,861,824
2016	2,450,462,549	2,443,167,137	99.70	(1,061,597)	2,449,400,952
2015	2,367,484,875	2,360,588,850	99.71	(1,391,673)	2,366,093,202
2014	2,226,943,153	2,220,155,139	99.70	(1,402,268)	2,225,540,885
2013	2,132,072,324	2,124,865,909	99.66	(1,699,762)	2,130,372,562
2012	2,055,354,905	2,048,202,774	99.65	(1,368,146)	2,053,986,759
2011	2,024,903,008	2,017,592,586	99.64	(1,149,666)	2,023,753,342
2010	2,122,256,675	2,113,800,763	99.60	(2,460,270)	2,119,796,405
2009	2,088,602,937	2,078,433,868	99.51	(1,377,716)	2,087,225,221
2008	2,014,871,776	2,005,101,989	99.52	(1,462,458)	2,013,409,318

Source: Fairfax County Department of Tax Administration

Notes:

- (1) Taxes are levied on assessed property values as of January 1 of prior calendar year, i.e. FY2017, taxes are levied for calendar year 2016.
- (2) Adjustments to the original levy include exonerations, tax relief, and supplemental assessments.

Fiscal Year 2008

Rank	Taxpayer	Taxable Assessed Value ⁽¹⁾	Pct. of Total Taxable Assessed Value ⁽²⁾
1	Tyson's Corner Property Holdings LLC	\$ 774,874,740	0.34 %
2	Virginia Electric & Power Company	364,864,758	0.16
3	SRI Seven Fair Lakes LLC	339,933,260	0.15
4	Reston Town Center	308,788,510	0.14
5	Brandywine Acquisition Partners LP	304,604,090	0.13
6	Fairfax Company of	295,155,310	0.13
7	Home Properties	288,073,430	0.13
8	Franconia Two LP	256,252,110	0.11
9	West Park Portfolio LLC	240,275,080	0.11
10	Gannett CO Inc.	240,175,190	0.11
Totals		\$ 3,412,996,478	1.51 %

Collections in Subsequent Years	Total Collections to Date	
	Amount	Adjusted Levy ⁽³⁾
-	2,607,565,912	99.72 %
4,249,251	2,447,416,388	99.92
4,589,484	2,365,178,334	99.96
4,882,775	2,225,037,914	99.98
5,182,556	2,130,048,465	99.98
5,577,369	2,053,780,143	99.99
6,002,858	2,023,595,444	99.99
5,865,373	2,119,666,136	99.99
8,705,359	2,087,139,227	100.00
8,228,378	2,013,330,367	100.00

(3) This table includes real estate taxes only and does not include penalty and interest. There is a difference in the collection rate reported here and the rate reported in the County's Budget Overview document resulting from a difference in accounting basis. Taxes receivable reflects only the actual levy and collections and does not include the accrual of taxes.

3.0 - Debt capacity information is intended to assist users in understanding and assessing the County's debt burden and its ability to issue additional debt. There are five tables presented in this section.

COUNTY OF FAIRFAX, VA
TABLE 3.1 - Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities ⁽¹⁾					
	General Obligation Bonds (000s)	Revenue Bonds		Certificates of Participation ⁽³⁾ (000s)	Notes (000s)	Capital Leases (000s)
		Revenue- Backed Bonds ⁽⁶⁾ (000s)	Lease Revenue Bonds ^{(2) (6)} (000s)			
2017	\$ 2,450,071	458,552	445,445	-	236,239	21,504
2016	2,404,587	391,517	470,579	-	145,996	25,938
2015	2,367,801	406,207	495,338	-	75,736	23,218
2014	2,311,626	413,632	520,906	-	53,883	24,323
2013	2,226,884	420,949	348,712	-	32,713	3,478
2012	2,017,435	-	716,700	-	35,433	11,234
2011	1,996,210	-	557,841	-	38,258	15,025
2010	1,997,045	-	321,654	-	42,813	8,064
2009	1,895,765	-	209,653	25,855	45,958	8,339
2008	1,860,900	-	222,623	26,385	48,903	7,809

Source: Fairfax County Department of Finance

Notes:

- (1) Prior to fiscal year 2013, amounts for bonds are reported net, excluding premiums and/or discounts and deferred amounts on refundings. See Note J in Notes to the Financial Statements for additional information regarding the County's outstanding debt.
- (2) Lease revenue bonds have been issued by County component units, using receipt of lease payments as the revenue source. All outstanding lease revenue bonds have been identified as conduit debt of the county and the associated lease payments are made using general government resources.
- (3) The Certificates of Participation relate to the County's acquisition of the South County Government Center, which is reported as a capital lease in the financial statements. The lease was signed on November 1, 2000, and the first payment was due on October 15, 2002. The Certificates of Participation bonds were refunded on March 10, 2010 by EDA Series 2010 Revenue Bonds.
- (4) See Table 4.1 for personal income data. The percentage is calculated using personal income data for the prior calendar year.
- (5) See Table 4.1 for population data. The ratio is calculated using population data for the prior calendar year.
- (6) In fiscal years 2011 and 2012, the revenue-backed and lease revenue bonds were consolidated in lease revenue bonds. The outstanding debt for revenue-backed bonds in fiscal years 2011 and 2012 are \$252,685 and \$364,595, respectively. The two types of bonds are reported separately starting in fiscal year 2013.

HUD Section 108 Loan (000s)	State Literary Fund Loans (000s)	Business-type Activities ⁽¹⁾		Total Primary Government (000s)	Pct. of Personal Income ⁽⁴⁾	Debt Per Capita ⁽⁵⁾
		Revenue Bonds (000s)				
8,783	-	676,804		4,297,398	5.037 %	3,778
9,471	-	600,266		4,048,354	4.960	3,559
10,152	-	619,150		3,997,602	4.936	3,535
10,826	-	644,967		3,980,163	4.915	3,519
11,493	-	666,477		3,710,706	5.168	3,558
12,155	-	552,254		3,345,211	4.627	3,104
12,466	-	565,100		3,184,900	4.388	2,944
6,236	-	546,783		2,922,595	3.929	2,721
6,535	-	559,070		2,751,175	3.699	2,619
1,610	-	418,593		2,586,823	3.669	2,484

COUNTY OF FAIRFAX, VA
**TABLE 3.2 - Ratios of General Bonded Debt Outstanding
 Last Ten Fiscal Years**

Fiscal Year	General Bonded Debt Outstanding ⁽¹⁾					Pct. of Actual Taxable Value of Real Property ⁽³⁾	Debt Per Capita ⁽⁴⁾
	General Obligation Bonds (000s)	Lease Revenue Bonds ⁽²⁾⁽⁵⁾ (000s)	Certificates of Participation (000s)	State Literary Fund Loans (000s)	Total (000s)		
2017	\$ 2,450,071	445,445	-	-	2,895,516	1.24 %	2,543
2016	2,404,587	470,579	-	-	2,875,166	1.26 %	2,517
2015	2,367,801	495,338	-	-	2,863,139	1.30	2,517
2014	2,311,626	520,906	-	-	2,832,532	1.36	2,505
2013	2,226,884	348,712	-	-	2,575,596	1.28	2,303
2012	2,017,435	716,700	-	-	2,734,135	1.40	2,484
2011	1,996,210	557,841	-	-	2,554,051	1.35	2,361
2010	1,997,045	321,654	-	-	2,318,699	1.11	2,158
2009	1,895,765	209,653	25,855	-	2,131,273	0.92	2,029
2008	1,860,900	222,623	26,385	-	2,109,908	0.92	2,026

Source: Fairfax County Department of Finance

Notes:

- (1) Prior to fiscal year 2013, amounts for bonds are reported net, excluding premiums and/or discounts and deferred amounts on refundings. See Note J in Notes to the Financial Statements for additional information regarding the County's outstanding debt.
- (2) Lease revenue bonds have been issued by County component units, using receipt of lease payments as the revenue source. All outstanding lease revenue bonds have been identified as conduit debt of the County and the associated lease payments are made using general government resources.
- (3) See Table 2.1 for actual taxable value of real property data. This percentage is calculated using values for each fiscal year for which levied.
- (4) See Table 4.1 for population data. This ratio is calculated using population for the prior calendar year.
- (5) In fiscal years 2011 and 2012, the revenue-backed and lease revenue bonds were consolidated in lease revenue bonds. The outstanding debt for revenue-backed bonds in fiscal years 2011 and 2012 are \$252,685 and \$364,595, respectively. The two types of bonds are reported separately starting in fiscal year 2013.

COUNTY OF FAIRFAX, VA
TABLE 3.3 - Direct and Overlapping Governmental Activities Debt
 As of June 30, 2017

	Debt Outstanding (000s)	Percentage Applicable ⁽²⁾	Share of Overlapping Debt (000s) ⁽¹⁾
<i>Overlapping debt:</i>			
Town of Herndon			
General obligation bonds	\$ 12,180	100.0 %	\$ 12,180
Public Improvement notes	78	100.0	<u>78</u>
Total overlapping debt, Town of Herndon			<u>12,258</u>
Town of Vienna			
General obligation bonds	21,332	100.0	21,332
Capital leases	1,763	100.0	<u>1,763</u>
Total overlapping debt, Town of Vienna			<u>23,095</u>
Total overlapping debt			<u>35,353</u>
<i>County direct debt:</i> ⁽³⁾			
General obligation bonds			2,450,071
Revenue-Backed bonds			458,552
Lease Revenue bonds			445,445
Notes			236,239
Capital leases			21,504
HUD Section 108 loans			<u>8,783</u>
Total direct debt			<u>3,620,594</u>
Total direct and overlapping debt			<u>\$ 3,655,947</u>

Sources: Fairfax County Department of Finance; Town of Herndon; Town of Vienna

Notes:

- (1) Amounts for bonds are reported net of premiums and/or discounts.
- (2) The percentage of overlapping debt applicable is determined using taxable assessed property values. The Towns of Herndon and Vienna are situated entirely within the geographic boundaries of the County, and their residents and businesses bear the governmental activities debt burdens of both the County and their respective Towns.
- (3) The County's direct debt is also presented in Table 3.1.

COUNTY OF FAIRFAX, VA
TABLE 3.4 - Self-Imposed Debt Margin Information
Last Ten Fiscal Years

The Commonwealth of Virginia does not impose a legal limit on the amount of long-term indebtedness that the County can at any time incur or have outstanding. The Board of Supervisors, however, has imposed limits which provide that the County's (a) long-term general bonded debt should not exceed three percent of the total assessed value of taxable real and personal property in the County and (b) the annual debt service should not exceed ten percent of the annual general fund expenditures and transfers out, excluding capital leases and installment purchases in the year initiated. Relevant information pertaining to these self-imposed debt margins is provided below.

	Fiscal Year (000s)				
	2017	2016	2015	2014	2013
(a) Debt limit ⁽²⁾	\$ 7,551,723	7,331,913	7,092,110	6,731,089	6,513,757
Total debt applicable to limit ⁽³⁾	2,895,516	2,875,166	2,863,139	2,832,532	2,575,596
Self-imposed debt margin	\$ 4,656,207	4,456,747	4,228,971	3,898,557	3,938,161
Total debt applicable to limit as a percentage of debt limit	38.34%	39.21%	40.37%	42.08%	39.54%
Total debt applicable to limit as a percentage of assessed value	1.15%	1.18%	1.21%	1.26%	1.19%

Debt Margin Calculation for Fiscal Year 2017:

Assessed value ⁽²⁾	\$ 251,724,115
Debt limit (3% of assessed value)	7,551,723
Debt applicable to limit: ⁽³⁾	
General obligation bonds ⁽¹⁾	2,450,071
Lease Revenue bonds ⁽¹⁾	445,445
Total debt applicable to limit	2,895,516
Self-imposed debt margin	\$ 4,656,207

	Fiscal Year (000s)				
	2017	2016	2015	2014	2013
(b) Debt service limit	\$ 400,584	386,066	372,962	363,784	353,329
Total debt service requirements applicable to limit ⁽⁴⁾	313,389	323,859	313,969	295,451	289,714
Self-imposed debt service margin	\$ 87,195	62,207	58,993	68,333	63,615
Total debt service requirements applicable to limit as a percentage of the debt service limit	78.23%	83.89%	84.18%	81.22%	82.00%
Total debt service requirements applicable to limit as a percentage of annual General Fund expenditures and transfers	7.82%	8.39%	8.42%	8.12%	8.20%

Source: Fairfax County Department of Finance

Notes:

- (1) Amounts for bonds are reported net of premiums and/or discounts.
- (2) See Table 2.1 for assessed taxable value of real property data. The amounts used to determine debt limits include values for each period for which levied and include both real and personal property.
- (3) See Table 3.2 for debt applicable to limit amounts.
- (4) Debt service requirements exclude "bond issuance costs and other" expenditures recorded in the debt service funds and a current refunding of \$154.54 million in FY 2016.

Fiscal Year (000s)					
2012	2011	2010	2009	2008	
6,320,578	6,108,656	6,680,146	7,354,368	7,334,790	Debt limit ⁽²⁾
2,734,135	2,554,051	2,318,699	2,131,273	2,109,908	Total debt applicable to limit ⁽³⁾
3,586,443	3,554,605	4,361,447	5,223,095	5,224,882	Self-imposed debt margin
43.26%	41.81%	34.71%	28.98%	28.77%	Total debt applicable to limit as a percentage of debt limit
1.30%	1.25%	1.04%	0.87%	0.86%	Total debt applicable to limit as a percentage of assessed value

Fiscal Year (000s)					
2012	2011	2010	2009	2008	
341,854	334,490	330,895	335,364	332,217	Debt service limit
288,302	285,551	277,370	276,105	267,624	Total debt service requirements applicable to limit ⁽⁴⁾
53,552	48,939	53,525	59,259	64,593	Self-imposed debt service margin
84.33%	85.37%	83.82%	82.33%	80.56%	Total debt service requirements applicable to limit as a percentage of the debt service limit
8.43%	8.54%	8.38%	8.23%	8.06%	Total debt service requirements applicable to limit as a percentage of annual General Fund expenditures and transfers

COUNTY OF FAIRFAX, VA
**TABLE 3.5 - Pledged Revenue Coverage for the Integrated Sewer System
 Last Ten Fiscal Years**

Fiscal Year	Gross ⁽¹⁾	Operating ⁽²⁾	Net Available	Debt Service ⁽³⁾			Coverage
	Revenues (000s)			Expenses (000s)	Revenue (000s)	Principal (000s)	
2017	\$ 221,982	94,166	127,816	23,953	19,178	43,131	2.96 %
2016	206,287	92,453	113,834	23,070	24,046	47,116	2.42
2015	210,057	92,312	117,745	22,429	24,335	46,764	2.52
2014	212,782	91,111	121,671	20,872	27,125	47,997	2.53
2013	195,628	86,441	109,187	17,217	27,091	44,308	2.46
2012	189,447	85,455	103,992	16,445	25,418	41,863	2.48
2011	155,218	84,757	70,461	15,797	25,436	41,233	1.71
2010	138,702	83,112	55,590	12,287	22,892	35,179	1.58
2009	122,532	85,307	37,225	11,778	17,888	29,666	1.25
2008	119,395	79,870	39,525	11,341	17,042	28,383	1.39

Source: Fairfax County Department of Finance

Notes:

- (1) Gross revenues include all revenues, except the amortization of deferred gain on bond refundings.
- (2) Operating expenses do not include depreciation and amortization.
- (3) See Note J in the Notes to the Financial Statements for detailed information regarding the sewer revenue bonds issued by the Integrated Sewer System and Note K for the System's share of the revenue bonds issued by the Upper Occoquan Sewage Authority.

4.0 - Demographic and economic information is intended to assist users in understanding the socioeconomic environment within which a government operates and to provide information that facilitates comparisons of financial statement information over time and among governments. There are two tables presented in this section.

COUNTY OF FAIRFAX, VA
TABLE 4.1 - Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population ⁽¹⁾	Personal Income ⁽²⁾ (000s)	Per Capita Personal Income ⁽²⁾	Median Age (yrs) ⁽³⁾	Pct. of People ≥ 25 Years Old with a Bachelor's Degree ⁽³⁾	Public School Enrollment ⁽⁴⁾	Unemployment Rate ⁽⁵⁾
2016	1,138,652	85,311,224	74,923	38.0	59.9 %	185,979	3.2 %
2015	1,142,234	85,675,546	75,007	37.7	59.2	185,914	3.1
2014	1,137,538	81,620,627	71,752	37.6	58.6	183,895	3.5
2013	1,130,924	80,982,075	71,607	37.3	58.2	181,259	3.7
2012	1,118,602	77,012,392	68,847	37.6	59.3	177,918	4.4
2011	1,100,692	71,145,429	64,637	37.6	58.0	174,933	4.7
2010	1,081,726	72,577,324	67,094	37.5	56.1	172,391	5.1
2009	1,074,227	74,380,758	69,241	37.3	58.1	169,538	4.9
2008	1,050,315	74,385,409	70,822	39.4	58.5	166,307	2.8
2007	1,041,507	70,500,650	67,691	39.1	59.0	164,486	2.2

Notes:

- (1) Population data includes the Cities of Fairfax and Falls Church and is obtained from U.S. Census Bureau's American Fact Finder.
- (2) Personal income data is obtained from the Bureau of Economic Analysis, U.S. Department of Commerce and includes the Cities of Fairfax and Falls Church. Data for only Fairfax County is not available; however, it is believed that the inclusion of these Cities does not significantly affect the County's data. Fairfax County data for 2015 is estimated using percent change in per capita personal income from 2014.
- (3) Median age and educational attainment information are obtained from the U.S. Census Bureau's American Fact Finder.
- (4) Public school enrollment is obtained from Fairfax County Public Schools.
- (5) Unemployment rates are obtained from the Virginia Employment Commission, Annual Unemployment Statistics for the calendar year, not seasonally adjusted.

COUNTY OF FAIRFAX, VA
TABLE 4.2 - Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2017 ⁽¹⁾			Fiscal Year 2008 ⁽¹⁾		
	Number of ⁽²⁾		Pct. of Total ⁽³⁾	Number of ⁽²⁾		Pct. of Total ⁽³⁾
	Employees	Rank		County Employment	Rank	
Federal Government	24,970	1	4.02 %	15,087	2	2.56 %
Fairfax County Public Schools	24,688	2	3.97	22,994	1	3.91
Fairfax County Government	12,438	3	2.00	12,263	3	2.08
Inova Health System	7,000-10,000	4	1.37	7,000-10,000	4	1.45
George Mason University	7,000-10,000	5	1.37	-	-	-
Booz-Allen Hamilton	4,000-6,999	6	0.89	7,000-10,000	5	1.45
Federal Home Loan Mortgage	4,000-6,999	7	0.89	4,000-6,999	8	0.94
General Dynamics	4,000-6,999	8	0.89	-	-	-
Northrop Grumman	1,000-3,999	9	0.40	7,000-10,000	6	1.45
Science Applications International Corporation ⁽⁴⁾	1,000-3,999	10	0.40	4,000-6,999	7	0.94
Lockheed Martin	-	-	-	4,000-6,999	9	0.94
Sprint	-	-	-	4,000-6,999	10	0.94
Totals			<u>16.20 %</u>			<u>16.66 %</u>

Source: Fairfax County Economic Development Authority (using Virginia Employment Commission data); Fairfax County Public Schools; Fairfax County Department of Management and Budget

- Notes:
- (1) Employment information for fiscal year 2017, excluding data for Fairfax County Government and Fairfax County Public Schools, is from the 1st quarter of calendar year 2017 VEC. Employment information for fiscal year 2008 is as was presented 2008 Fairfax County CAFR.
 - (2) Employment estimates for separate facilities of the same firm have been combined to create company totals. Employment ranges for the private sector are given to ensure confidentiality.
 - (3) Percentages are based on the midpoint of the employment range. Average total County employment for fiscal year 2017 is estimated at 621,364 based on Virginia Employment Commission. Average total County employment for fiscal year 2008 was estimated at 588,192.
 - (4) Science Applications International Corporation employment reported prior to the September 2013 split into two independent companies (SAIC and Leidos).



5.0 - Operating information is intended to provide contextual information about a government’s operations and resources to assist readers in using financial statement information to understand and assess a government’s economic condition. There are three tables presented in this section.

COUNTY OF FAIRFAX, VA
**TABLE 5.1 - Full Time Equivalent County Government Employees by Function
 Last Ten Fiscal Years**

Function/Program	Full-Time Equivalent Employees as of June 30				
	2017	2016	2015	2014	2013
Primary Government:					
General government administration	2,259.0	2,259.0	2,258.0	2,251.0	2,254.0
Judicial administration	401.0	398.0	394.0	391.0	392.0
Public safety	4,459.0	4,398.0	4,390.0	4,318.0	4,330.0
Public works	566.0	551.0	538.0	520.0	511.0
Health and welfare	3,508.0	3,464.0	3,475.0	3,490.0	3,571.0
Community development	528.0	529.0	516.0	513.0	481.0
Parks, recreation, and cultural	717.0	736.0	755.0	757.0	763.0
Total	12,438.0	12,335.0	12,326.0	12,240.0	12,302.0
Component Units:					
<i>Public Schools:</i>					
Education	24,688.0	24,581.0	24,181.0	24,590.0	24,232.0
<i>Redevelopment and Housing Authority:</i>					
Community development	226.0	226.0	233.0	233.0	230.0
<i>Park Authority:</i>					
Parks, recreation, and cultural	575.0	582.0	595.0	600.0	598.0

Sources: Fairfax County Department of Management and Budget; Fairfax County Public Schools; Fairfax County Redevelopment and Housing Authority; Fairfax County Park Authority

Full-Time Equivalent Employees as of June 30					Function/Program
2012	2011	2010	2009	2008	
					<u>Primary Government:</u>
2,257.0	1,362.0	1,375.0	1,466.5	1,446.5	General government administration
390.0	386.0	386.0	391.0	384.0	Judicial administration
4,335.0	4,256.0	4,304.0	4,331.0	4,321.0	Public safety
481.0	972.0	970.5	1,118.5	1,129.5	Public works
3,571.0	2,976.0	2,865.8	2,913.3	2,922.3	Health and welfare
491.0	666.0	678.0	531.0	495.0	Community development
753.0	422.0	604.5	641.5	636.2	Parks, recreation, and cultural
<u>12,278.0</u>	<u>11,040.0</u>	<u>11,183.8</u>	<u>11,392.8</u>	<u>11,334.5</u>	Total
					<u>Component Units:</u>
					<i>Public Schools:</i>
<u>23,534.0</u>	<u>22,938.8</u>	<u>22,851.6</u>	<u>23,014.3</u>	<u>22,994.2</u>	Education
					<i>Redevelopment and Housing Authority:</i>
<u>230.0</u>	<u>228.0</u>	<u>228.0</u>	<u>238.0</u>	<u>238.0</u>	Community development
					<i>Park Authority:</i>
<u>605.0</u>	<u>603.0</u>	<u>600.0</u>	<u>620.0</u>	<u>618.0</u>	Parks, recreation, and cultural

COUNTY OF FAIRFAX, VA
TABLE 5.2 - Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2017	2016	2015	2014	2013
Primary Government:					
<i>General government administration:</i>					
Real property parcels assessed	360,617	360,495	359,265	359,099	358,555
Personal property vehicles assessed	986,610	980,114	979,836	979,424	970,361
Businesses licensed	49,408	49,309	49,063	48,202	47,454
Best qualified job applicants forwarded to departments	16,806	17,177	17,374	15,577	21,828
<i>Judicial administration:</i>					
Cases filed in General District Court	302,665	310,879	316,727	313,055	310,883
Booking transactions	36,820	37,537	40,248	43,543	43,857
General District Court probation program new adult enrollment	1,091	1,127	1,168	1,252	1,286
<i>Public safety:</i>					
Police:					
Recruits graduating					
Criminal Justice Academy ⁽³⁾	72	104	72	49	31
Total cases assigned ⁽⁴⁾	6,000	6,725	9,166	11,559	12,686
Total cases cleared ⁽⁴⁾	2,329	2,141	3,590	4,742	5,722
Parking tickets issued	46,886	45,775	48,645	59,097	52,182
Sheriff:					
Court cases heard annually	499,583	451,837	420,081	510,857	490,492
Average daily Adult Detention Center inmate population	1,029	1,038	1,062	1,228	1,220
Fire and rescue:					
Fire investigations conducted	335	350	386	283	329
Fire inspection activities conducted	19,981	20,520	20,943	21,920	18,024
EMS incidents	75,019	72,037	69,486	66,550	67,243
Animals impounded	4,311	4,354	4,553	4,090	3,228
<i>Public works:</i>					
Gross square feet of facilities maintained	10,838,046	10,799,658	10,652,102	8,590,360	8,688,860
Tons of County waste disposed	735,287	727,734	709,936	700,170	724,606
Total tons recycled	611,171	520,628	484,783	518,575	647,456
Total average daily wastewater flow treated (million gallons)	90.5	96.2	102.9	104.2	98.0
<i>Health and welfare:</i>					
Persons served through Community Services Board programs: ⁽¹⁾					
Mental Health Services	6,748	6,884	7,082	6,619	6,874
Substance Abuse Services	1,600	1,658	2,406	2,602	2,944
Developmental Services	2,104	1,969	1,901	1,910	1,645
Infant Toddler Connection	3,642	3,559	3,372	3,164	2,975
Emergency and Ancillary Services	16,587	15,154	14,245	13,442	13,248
Home and Congregate Meals for Older Adults ⁽⁵⁾	519,959	468,022	433,170	443,865	451,945
Food Stamp applications (SNAP)	21,260	18,469	18,466	17,416	18,725
Medicaid/FAMIS Applications	35,061	39,361	31,609	17,472	22,161
Primary care clinic visits	30,925	37,365	48,100	50,174	50,287
Child immunization vaccines given at clinics	37,659	31,559	34,417	30,590	27,849

Fiscal Year					Function/Program
2012	2011	2010	2009	2008	
Primary Government:					
<i>General government administration:</i>					
358,489	357,943	357,872	358,179	357,180	Real property parcels assessed
963,595	956,528	948,285	947,698	940,437	Personal property vehicles assessed
46,919	46,597	46,872	47,750	47,768	Businesses licensed
22,466	20,563	11,672	11,028	19,343	Best qualified job applicants forwarded to departments
<i>Judicial administration:</i>					
313,369	328,580	334,971	345,240	336,776	Cases filed in General District Court
42,290	48,569	49,784	55,806	54,134	Booking transactions
755	1,353	1,300	1,819	1,455	General District Court probation program new adult enrollment
<i>Public safety:</i>					
Police:					
					Recruits graduating
28	42	37	41	108	Criminal Justice Academy ⁽³⁾
12,549	12,661	9,103	11,078	11,200	Total cases assigned ⁽⁴⁾
5,234	4,339	3,039	6,158	7,850	Total cases cleared ⁽⁴⁾
58,550	61,252	64,079	66,003	66,962	Parking tickets issued
Sheriff:					
478,726	451,744	435,853	459,836	459,543	Court cases heard annually
1,257	1,226	1,279	1,309	1,155	Average daily Adult Detention Center inmate population
Fire and rescue:					
260	306	312	276	331	Fire investigations conducted
17,917	19,251	15,468	24,641	26,830	Fire inspection activities conducted
67,073	64,066	65,898	65,662	64,433	EMS incidents
4,323	4,365	4,087	5,176	5,899	Animals impounded
<i>Public works:</i>					
8,613,111	8,532,386	8,494,171	8,079,711	8,569,129	Gross square feet of facilities maintained
796,472	789,721	789,198	845,541	917,463	Tons of County waste disposed
571,116	472,646	445,625	491,113	488,240	Total tons recycled
102.7	100	107.7	101	99	Total average daily wastewater flow treated (million gallons)
<i>Health and welfare:</i>					
Persons served through Community Services Board programs: ⁽¹⁾					
6,736	12,390	11,447	11,318	12,006	Intellectual Disability Services (IDS)
3,281	5,153	5,115	5,136	5,397	Alcohol and drug services
2,087	2,319	2,297	2,685	2,808	Intellectual disability
2,803	2,801	2,448	2,374	2,044	Infant Toddler Connection
11,549	-	-	-	-	Emergency and Ancillary Services
479,555	504,093	584,942	624,745	624,745	Senior home-delivered meals
17,604	17,593	17,739	15,412	11,057	Food Stamp applications (SNAP)
20,544	19,711	17,760	18,700	17,298	Medicaid/FAMIS applications
54,336	56,018	51,447	50,012	50,054	Primary care clinic visits
29,365	31,152	65,725	36,062	39,587	Child immunization vaccines given at clinics

(continued)

COUNTY OF FAIRFAX, VA
TABLE 5.2 - Operating Indicators by Function (concluded)
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2017	2016	2015	2014	2013
<i>Community development:</i>					
Building inspections	158,289	153,055	156,331	148,587	150,877
Building permits issued	59,814	57,972	59,471	59,956	59,714
Zoning permits processed	19,990	21,513	19,223	19,163	17,982
Fairfax Connector bus passengers	8,631,906	8,984,180	9,764,166	10,655,021	10,650,401
<i>Parks, recreation, and cultural:</i>					
Senior Center attendance	361,270	302,637	296,883	277,342	284,392
Teen Center attendance	74,401	81,975	94,142	92,895	84,180
Community Center attendance	327,950	330,782	308,143	269,279	264,144
Library visits	4,633,327	4,727,927	4,814,043	4,990,860	5,221,226
Circulation of all library materials	11,405,157	12,042,565	12,095,926	12,881,013	13,091,690
<u>Component Units:</u>					
<i>Public Schools:</i>					
Combined SAT scores (6)	1,187	1,672	1,669	1,668	1,663
Number of lunches served daily	80,660	82,168	81,526	83,355	85,006
Number of breakfasts served daily	22,261	20,102	19,193	19,090	17,171
Student enrollment	187,484	185,979	185,914	183,895	181,259
Special education enrollment	25,697	25,740	25,490	25,358	25,114
ESOL enrollment	27,896	31,120	31,104	31,204	28,090
<i>Redevelopment and Housing Authority:</i>					
Residents housed through subsidized rental programs:					
Federal Public Housing	2,651	2,762	2,637	2,701	2,789
Federal Housing Choice Vouchers	9,541	9,917	9,327	9,530	9,636
County Rental Program-multifamily and seniors	5,789	6,034	6,223	6,202	6,224
Homes sold in First-Time Homebuyer Program	10	18	15	27	42
<i>Park Authority:</i>					
REC Center attendance	1,837,807	1,851,595	1,817,882	1,796,905	1,919,684
Golf course rounds	259,094	268,801	259,313	268,151	276,759
Visits to natural, cultural, historic and interpretive sites ⁽²⁾	1,997,855	1,813,942	1,601,690	1,324,432	791,038
Class, camp, and program participation	176,561	175,701	179,575	178,861	180,336

Sources: Fairfax County Department of Management and Budget, Fairfax County Public Schools, Fairfax County Redevelopment and Housing Authority, Fairfax County Park Authority

Notes:

- (1) In FY2012, the Virginia Department of Behavioral Health and Developmental Services revised reporting requirements related to individuals served. Prior to FY2012, individuals who received emergency and ancillary services were primarily reported as being served in mental health, substance abuse or developmental services. Individuals served reflects duplicated count as individuals may be served in more than one program area.
- (2) Prior to FY2014, the visitor numbers included only counted attendance for program visitation and outreach.
- (3) The increase in recruits graduating in FY2015 is due to increased academy class size and number of classes.
- (4) The data reflects cases assigned for further investigation and assigned cases closed or cleared.
- (5) In FY17 stats for the Nutritional Supplements Program were included. This program is provided to clients who need additional sources of nutrition and/or who cannot tolerate regular solid food.
- (6) In March 2016 the College Board implemented a new grading scale from the old 600 to 2400 to the new scale of 400 to 1600.

Fiscal Year					Function/Program
2012	2011	2010	2009	2008	
<i>Community development:</i>					
136,532	131,236	119,132	130,492	144,388	Building inspections
54,138	52,450	59,662	49,783	59,662	Building permits issued
15,000	15,768	14,791	14,379	18,435	Zoning permits processed
10,895,833	10,283,313	9,629,993	10,901,053	9,810,228	Fairfax Connector bus passengers
<i>Parks, recreation, and cultural:</i>					
260,943	258,359	254,830	278,054	276,326	Senior Center attendance
97,913	95,993	99,267	90,600	103,357	Teen Center attendance
224,163	219,768	211,637	211,781	190,397	Community Center attendance
5,246,854	5,439,426	5,685,827	6,128,289	5,794,036	Library visits
13,034,816	13,241,259	13,879,073	13,931,027	13,065,309	Circulation of all library materials
<u>Component Units:</u>					
<i>Public Schools:</i>					
1,659	1,654	1,664	1,664	1,654	Combined SAT scores
86,703	85,154	83,514	83,385	81,432	Number of lunches served daily
15,400	12,825	11,911	10,456	10,555	Number of breakfasts served daily
177,918	174,933	172,391	169,538	166,307	Student enrollment
24,807	24,489	14,157	14,071	13,499	Special education enrollment
27,944	22,650	19,222	22,001	21,783	ESOL enrollment
<i>Redevelopment and Housing Authority:</i>					
Residents housed through subsidized rental programs:					
2,818	2,839	2,866	2,863	2,878	Federal Public Housing
9,317	9,103	8,138	8,454	8,264	Federal Housing Choice Vouchers
6,166	6,006	6,113	6,398	4,941	County Rental Program-multifamily and seniors
32	51	63	120	152	Homes sold in First-Time Homebuyer Program
<i>Park Authority:</i>					
2,006,294	1,988,830	1,868,390	1,847,391	1,778,914	REC Center attendance
294,828	281,930	289,384	298,631	322,175	Golf course rounds
881,510	723,351	616,441	606,411	566,815	Visits to natural, cultural, historic and interpretive sites ⁽²⁾
176,240	166,430	152,002	157,590	161,213	Class, camp, and program participation

COUNTY OF FAIRFAX, VA
TABLE 5.3 - Capital Asset Statistics by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2017	2016	2015	2014	2013
Primary Government:					
<i>General government administration:</i>					
Government office buildings (square feet)	1,739,631	2,706,311	3,191,961	3,763,174	3,621,104
Vehicle maintenance facilities	3	3	3	3	3
<i>Judicial administration:</i>					
Correctional facilities (inmate capacity)	1,260	1,371	1,260	1,157	1,220
Courtrooms	44	44	44	44	44
<i>Public safety:</i>					
<i>Police:</i>					
Stations	8	8	8	8	8
Vehicles	1,456	1,441	1,498	1,491	1,486
Helicopters	2	2	2	2	2
Criminal justice academy (trainee capacity)	240	240	240	240	240
<i>Fire and rescue:</i>					
County-operated fire and rescue stations	30	30	30	29	29
Volunteer fire and rescue stations	8	8	8	9	9
Combination stations	4	4	4	4	4
Vehicles	502	502	502	502	502
Boats	2	2	2	2	2
Training facilities (trainee capacity)	186	186	186	186	186
Animal shelters (animal capacity)	153	153	153	153	137
<i>Public works:</i>					
Miles of sanitary sewer lines	3,242	3,430	3,425	3,420	3,412
Sewer pumping stations	61	59	59	59	59
Refuse collection, recycling, and disposal vehicles	229	229	239	244	263
Miles of stormwater drainage lines	1,662	1,653	1,641	1,633	1,621
Stormwater retention ponds	1,456	1,440	1,425	1,414	1,396
Landfills and transfer stations	3	3	3	3	3
<i>Health and welfare:</i>					
Health-related clinics	8	8	8	8	8
Shelters	6	6	6	6	6
Community Services Board Centers	7	7	7	10	10
<i>Community development:</i>					
Community centers	8	8	7	7	7
Bus shelters	534	563	557	410	375
Transit centers and park & ride lots	46	43	47	36	36
Fairfax Connector buses	302	302	284	278	278
<i>Parks, recreation, and cultural:</i>					
Libraries	23	23	23	23	23
Multi-Cultural centers	1	1	1	1	1
Trails and walkways (miles)	694	689	677	664	656

Fiscal Year					Function/Program
2012	2011	2010	2009	2008	
<i>Primary Government:</i>					
<i>General government administration:</i>					
3,605,182	3,792,927	3,630,519	3,836,771	3,393,794	Government office buildings (square feet)
4	4	4	4	4	Vehicle maintenance facilities
<i>Judicial administration:</i>					
1,257	1,260	1,260	1,260	1,260	Correctional facilities (inmate capacity)
44	40	39	35	34	Courtrooms
<i>Public safety:</i>					
<i>Police:</i>					
8	8	8	8	8	Stations
1,263	1,255	1,289	1,290	1,280	Vehicles
2	2	2	2	2	Helicopters
240	240	240	240	240	Criminal justice academy (trainee capacity)
<i>Fire and rescue:</i>					
28	28	27	26	24	County-operated fire and rescue stations
9	9	10	11	13	Volunteer fire and rescue stations
4	4	4	4	4	Combination stations
495	496	502	495	496	Vehicles
4	2	2	2	2	Boats
186	186	186	186	186	Training facilities (trainee capacity)
158	134	146	158	158	Animal shelters (animal capacity)
<i>Public works:</i>					
3,398	3,390	3,380	3,378	3,353	Miles of sanitary sewer lines
65	65	65	65	65	Sewer pumping stations
264	264	263	254	289	Refuse collection, recycling, and disposal vehicles
1,607	1,593	1,586	1,575	1,554	Miles of stormwater drainage lines
1,373	1,349	1,334	1,303	1,267	Stormwater retention ponds
3	3	3	3	3	Landfills and transfer stations
<i>Health and welfare:</i>					
8	5	5	5	5	Health-related clinics
6	6	6	6	4	Shelters
10	10	10	10	9	Community Services Board centers
<i>Community development:</i>					
7	7	7	7	5	Community centers
350	194	184	184	181	Bus shelters
38	45	51	51	48	Transit centers and park & ride lots
254	271	255	220	212	Fairfax Connector buses
<i>Parks, recreation, and cultural:</i>					
23	23	23	22	21	Libraries
2	2	2	2	3	Community centers
649	645	641	634	696	Trails and walkways (miles)

(Continued)

COUNTY OF FAIRFAX, VA
TABLE 5.3 - Capital Asset Statistics by Function (concluded)
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2017	2016	2015	2014	2013
Component Units:					
<i>Public Schools:</i>					
Elementary schools	141	139	139	139	139
Middle schools	23	23	23	23	23
High/secondary schools	25	25	25	25	25
Special education centers	7	7	7	7	7
Alternative high schools	2	2	2	2	2
<i>Redevelopment and Housing Authority:</i>					
Housing units owned under programs:					
Federal Public Housing	1,065	1,065	1,065	1,065	1,065
County Rental Program	1,471	1,467	1,458	1,456	1,420
Senior Housing Program	476	476	494	494	494
Partnership Program	695	690	779	779	779
<i>Park Authority:</i>					
Acres of park land	23,418	23,372	23,346	23,310	23,265
Athletic fields	263	268	268	272	272
Trail miles	326	324	324	324	320
Play areas and tot lots	210	212	210	209	205
Tennis courts	254	254	254	252	252
Multi-use courts	120	124	124	124	124
Recreational centers	9	9	9	9	9
Golf courses	9	9	9	9	9
Historic sites	68	68	68	68	68
Nature/visitor centers	7	7	7	7	7
Marinas	3	3	3	3	3

Sources: Fairfax County Department of Finance, Fairfax County Public Schools, Fairfax County Redevelopment and Housing Authority, Fairfax County Park Authority

Fiscal Year					Function/Program
2012	2011	2010	2009	2008	
<u>Component Units:</u>					
<i>Public Schools:</i>					
138	139	139	137	137	Elementary schools
22	22	22	22	22	Middle schools
25	25	25	25	25	High/secondary schools
7	8	8	9	10	Special education centers
2	2	3	3	3	Alternative high schools
<i>Redevelopment and Housing Authority:</i>					
Housing units owned under programs:					
1,065	1,065	1,065	1,065	1,065	Federal Public Housing
1,420	1,420	1,429	1,442	1,437	County Rental Program
494	494	494	494	494	Senior Housing Program
779	779	779	689	689	Partnership Program
<i>Park Authority:</i>					
23,196	22,894	22,524	24,277	24,149	Acres of park land
274	273	284	289	289	Athletic fields
320	317	314	312	299	Trail miles
205	204	201	201	201	Play areas and tot lots
227	229	229	229	229	Tennis courts
132	132	132	132	132	Multi-use courts
9	9	9	9	9	Recreational centers
9	9	9	9	9	Golf courses
68	68	67	67	64	Historic sites
7	7	7	7	7	Nature/visitor centers
3	3	3	3	3	Marinas





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