

# County of Fairfax, Virginia



## Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2018







### **Front Cover Photographs:**

**Background - Public Safety Headquarters**

**Top Right - Police Memorial\***

**Middle Right - Aerial photo Public Safety Headquarters**

**Lower Right - Fire and Rescue Memorial\***

*\* The police and fire memorials are prominently displayed in the front of the building to honor the men and women who have fallen in the line of duty.*

### **Inside Front Cover Photographs:**

**Far Left - Beginning construction Public Safety Headquarters**

**Top Center - Next phase of construction of Public Safety Headquarters**

**Far Right - Close to completion of Public Safety Headquarters**

**Lower Center - Completed building of Public Safety Headquarters**

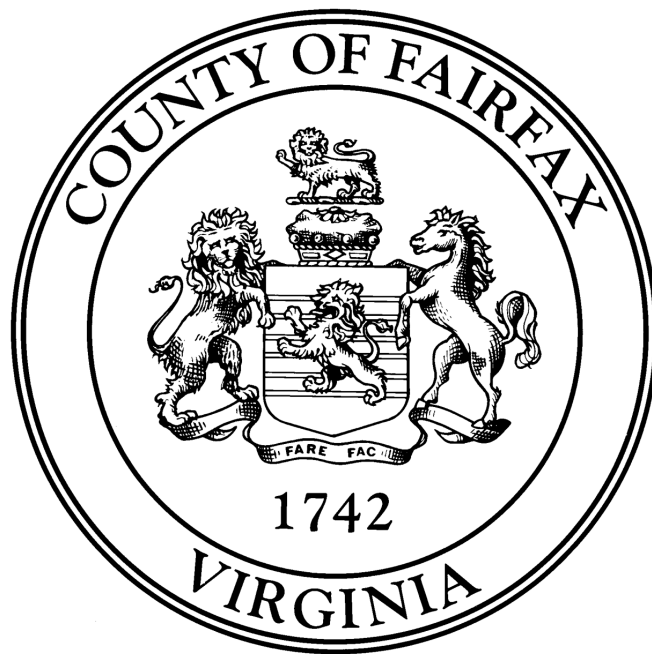
*Photographs courtesy of Fairfax County Police Department and Department of Public Works and Environmental Services.*

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2018



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**COUNTY OF FAIRFAX, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
 For the Fiscal Year Ended June 30, 2018  
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# County of Fairfax, Virginia

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

November 20, 2018

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) 2018 (July 1, 2017 - June 30, 2018) 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 XXIX.

## **ECONOMIC CONDITION AND OUTLOOK**

Fairfax County's Gross County Product, adjusted for inflation, increased at a rate of 1.5 percent in calendar year (CY) 2017, after essentially being level in CY 2016, according to economic forecasting conducted by IHS Markit Ltd. Growth is projected to accelerate into FY 2019. The positive outlook is supported by continued job growth, personal earnings growth and high consumer confidence.

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Recognizing that Fairfax County's projected revenue for FY 2020 is unlikely to support full funding of identified needs, a countywide strategic planning effort is underway. This effort will include collaboration with Fairfax County Public Schools (FCPS) and will involve the community from the outset. This strategic approach, with clearly defined and measurable goals, supplemented by a renewed focus on data, will be designed to frame future conversations about opportunities and how the budget will support them.

On the national level, potential risks for the future performance of the economy include the extended business cycle, which is in its ninth year of expansion, structural imbalances, volatility in the stock market and rising interest rates. Still, most economists expect an above average year for the U.S. economy.

### **The Local Economy**

Total employment in Fairfax County increased for a third consecutive year in CY 2017. It should be noted, however, the job growth in the Professional and Business Services sector continued to lag behind its peak level in CY 2012. Specifically, the CY 2017 level of employment in this sector was 8,000 jobs less than its peak in CY 2012. The lower employment in this sector was primarily due to the Federal sequestration in CY 2013 and CY 2014, and growth has averaged less than a percent annually since then.

Federal procurement spending in the County increased for a second consecutive year in FY 2017. This type of spending has a substantial impact on the local economy, so its continued growth is a positive sign. Total procurement contract awards were still 8.5 percent below the FY 2012 peak level, but the gap relative to the peak is closing.

In addition, the Federal budget deal approved in early February 2018 eliminated the threat of sequestration and increased Federal funding for the defense and domestic programs. It should pave the way for a measure of stability for the local economy through at least September 2019.

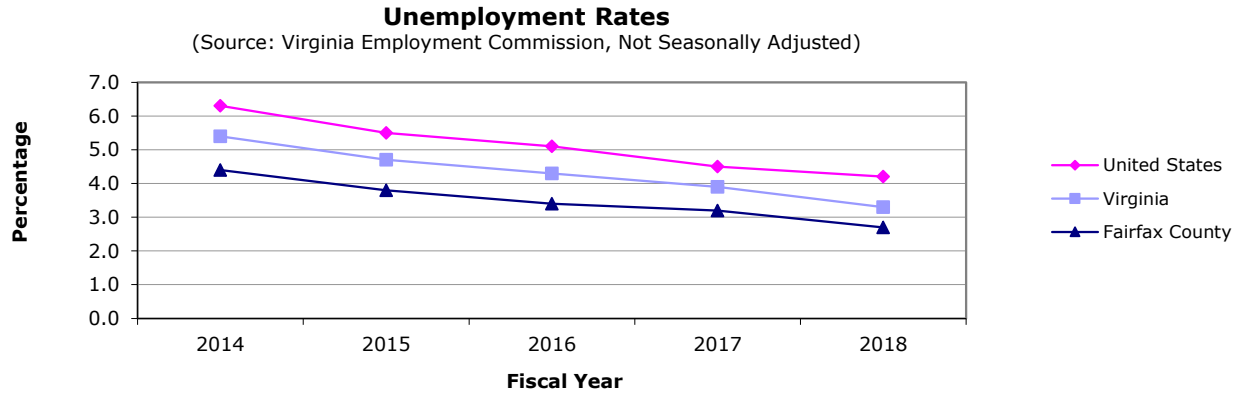
Business, Professional, and Occupational License (BPOL) and Sales Taxes are two revenue sources that are good indicators of economic activity in the County. BPOL receipts increased 4.4 percent over the previous year, which is the strongest growth since FY 2011. FY 2018 Sales Tax receipts were up 3.1 percent.

For the commercial real estate market, office vacancy rates continued to decrease. According to the Fairfax County Economic Development Authority (FCEDA), the direct office vacancy rate in the County decreased from 15.8 percent in 2016 to 15.5 percent as of CY-end 2017.

Based on information from the Metropolitan Regional Information System (MRIS), the average sales price of homes sold in Fairfax County rose 4.3 percent in CY 2017. Home prices continue to increase primarily as a result of tight inventory of homes for sale and low mortgage interest rates. Since 2009, the average home sales price has risen 36.1 percent, or an average annual growth of 3.9 percent. MRIS also reported that home sales in Fairfax County increased by 2.3 percent in CY 2017 compared to CY 2016.

As illustrated in the following chart, Fairfax County's unemployment rates, not seasonally adjusted, have consistently tracked well below both state and national percentages. Fairfax County's unemployment rate was 2.7%. The unemployment rates for the state of Virginia and the United States were 3.3% and 4.2% 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.

Economic development activities of the County are carried out through the FCEDA, which promotes Fairfax County as a preferred location for business start-up, expansion, relocation and capital investment. 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.

The FCEDA operates under the direction of seven commissioners appointed by the Board of Supervisors (the Board). FCEDA's mission statement is: "to 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 business community in Fairfax County is very diverse. In CY 2017, FCEDA assisted 36 foreign-owned businesses with their decision to expand operations in Fairfax County. There are 412 foreign-owned firms from 45 countries located in Fairfax County, more such firms than any other jurisdiction in the Washington, D.C. area.

**Online Resource:** <https://www.fairfaxcountyeda.org/sites/default/files/publications/ar17.pdf>

## Jobs

During calendar year 2017, the FCEDA worked with 164 companies adding nearly 8,200 jobs to Fairfax County's economy. The largest corporate announcements came from Amazon Web Services, which brought 1,500 jobs to its east coast campus in Herndon, and Favor TechConsulting LLC, a woman-owned, minority-owned, service-disabled, and veteran-owned company added 1,200 jobs in Tysons. Also in CY 2017, the Federal government announced that the Transportation Security Administration would relocate its headquarters to Springfield in 2020, adding more than 3,000 jobs to the County. 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 1.14 million County residents enjoy.

Of the 164 businesses making job announcements, 128 are U.S.-based. Among the U.S. firms, 15 are minority-owned, woman-owned or veteran-owned companies. Of international businesses, 36 companies with headquarters or parent companies overseas, announced expansions in Fairfax County in CY 2017.

**Online Resource:** <https://www.fairfaxcountyeda.org/sites/default/files/publications/ar17.pdf>

## Office Space

The total office space inventory in the County was 117.3 million square feet as of CY-end 2017, 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 38.7 million square feet. As of CY-end 2017, the direct vacancy rates for the office market and industrial/flex markets were 15.5 percent and 7.8 percent, respectively, and represented decreases from the 15.8 percent and 9.5 percent rates from 2016.

**Online Resource:** <https://www.fairfaxcountyeda.org/sites/default/files/publications/ar17.pdf>

## MAJOR INITIATIVES AND ACCOMPLISHMENTS



### Public Safety Headquarters

With a ribbon cutting ceremony on October 26, 2017, the County's new Public Safety Headquarters (PSHQ) officially opened. The nine-story, 274,000 square-foot facility accommodates both Police and Fire and Rescue departments' administrative staff to maximize shared resources among first responder agencies that often work together in the field. The building is located on a secure 9.3-acre portion of the Fairfax County Government Center campus and includes an 850-stall parking structure. The facility, designed to accommodate up to 700 employees by 2030, includes features such as central records, a press room, training rooms, an occupational health center, a fire marshal's office, exhibit areas and departmental memorials. The total project budget for the new facility was \$142 million.



PSHQ was recognized in May 2018 with a Project of the Year Award (Structures: \$75M-category) by the Mid-Atlantic chapter of the American Public Works Association. The awards program highlights the best infrastructure projects in the national capital region.

On June 28, 2018, PSHQ achieved Leadership in Energy and Environmental Design (LEED) Gold certification from the U.S. Green Building Council.

Certified buildings are resource efficient and less expensive to heat, cool, and maintain. The building is the

County's first large facility to use LED lighting throughout. With the addition of PSHQ, Fairfax County now has 15 LEED Gold certified and 15 LEED Silver municipal buildings.



The two memorials displayed on this page are prominently located in front of the PSHQ. On the left side of the page is the Police Memorial. It was carefully moved from the Rose Garden of the former public safety headquarters located in the City of Fairfax, Virginia. On the right side of the page is the new Fire and Rescue Memorial. Both of these memorials honor and remember the fallen men and women who made the ultimate sacrifice for the County in the line of duty.

**Online Resource:** <https://fcpdnews.wordpress.com/2017/10/26/a-new-era-in-fairfax-county-public-safety/>



## 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 prevent 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.



Emphasis in the first year of Diversion First was to divert individuals to assessment and treatment in lieu of arrest. This remains a priority, but for a broader systemic reach the County expanded the program's focus in 2017 to strengthen diversion at initial detention and in court hearings. Additional mental health assessments are now given during the regular booking process, and court and judicial staff are being trained in mental health first aid so that they can assist in recognizing potential diversion candidates. A housing component launched at the beginning of 2017 to provide stability and long-term self-sufficiency for people who may have been incarcerated previously. First responders also developed specific questions for their initial patient care reporting and screening to attempt identification of possible mental illness at the earliest possible contact.

Additional partners have been added to the County's Diversion First Leadership Team to help with expanded diversion efforts, including the Fire and Rescue Department, the Office to Prevent and End Homelessness and the Office of the County Attorney. Notably, the County has raised awareness and provided mental health training to more County employees and members of the community who may potentially come in contact with people eligible for diversion.

Work is in progress to expand mental health supports within the court system, as well as to expand partnerships with healthcare providers to streamline medical clearances for those needing hospitalization. A Circuit Drug Court was just approved by the Virginia Supreme Court and will be launched during FY 2019. A Veterans Docket has also been established.

To measure long-term diversion outcomes, the County's Department of Information Technology is developing a multi-organizational, interoperable system for collecting and reporting data that also assures adherence to confidentiality requirements. A pilot has launched that will identify data elements to include in the system. With reliable cross-system data, the county will be able to gauge system-wide return on investment of its diversion efforts and the impact on individual outcomes related to recidivism, treatment successes, housing, employment and other supports. The investment the County has made in Diversion First is already having an impact.

**Online Resource:** [www.fairfaxcounty.gov/topics/diversion-first/](http://www.fairfaxcounty.gov/topics/diversion-first/)

## 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: 60,500 followers and growing

Twitter: 236,437 followers and growing

Instagram: 4,296 followers and growing

## 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. During FY 2018, VA-TF1 deployed to help victims affected by Hurricanes Harvey, Irma, and Maria. 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:** <https://www.fairfaxcounty.gov/fire-ems/>

## Technology Initiatives

The Board and County Executive are committed to providing the necessary investment 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 at the best attainable cost efficiency. The strategy includes: leveraging common systems for enterprise-wide use and shared systems among County agencies; workforce mobility which enhances productivity; analytics and business intelligence harnessing the massive amount of data and information in the portfolio of the County business applications; financial transparency; energy-efficient data centers and enhanced infrastructure resiliency/information technology (IT) systems recovery; and information/cyber security.

Fairfax County Government and Fairfax County Public Schools (FCPS) are partners in shared services initiatives, delivering more value and technology operations cost efficiencies. One of the major, successful shared systems is the joint County and FCPS enterprise system known as the Fairfax County Unified System (FOCUS) which has resulted in higher levels of productivity and more efficient technology operational costs, as well as a responsive Financial Transparency application online.

The County promotes use of enterprise scale application platforms for processes that cut across County agencies for service delivery efficiency and reduction in time to market, in all business areas. Over nine County agencies are collaborating on a major strategic initiative to improve the speed, consistency, and predictability of the development review processes, and improve access to data and reporting. This multi-phase initiative will replace and consolidate numerous legacy land use systems supporting zoning and



development plan review, building permit/license issuance, code enforcement, inspection, and cashiering activities. The initiative supports County plans to advance economic development and competitiveness, enhance business processes, provide better customer service, and achieve increased reliability in plan review, approval, permitting, and inspections, and will significantly reduce technology operations.

Another related initiative is for the continued digitization of the electronic plans project which allows for the submission and review of building plans enabling architects, engineers and construction professionals to submit changes online by marking-up or editing drawings 24 hours a day, 7 days a week. This can be done 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 Health and Human Services (HHS) Integrative Strategy is designed to harness the enormous amount of data and facilitate efficiency in social and health services client support delivery and reporting across many programs. Utilizing the HHS strategy, the County's Health and Human Services agencies responsible for essential health care services are pursuing an interoperable electronic health record system for internal collaboration and coordination with community health care providers.

The tax systems modernization initiatives include transformation of the IT platforms, enhanced online self-service capabilities, and improved analytics and reporting capabilities. Supporting effectiveness in public safety, the Next Generation 9-1-1 (NG911) initiative, is a multi-phase effort to transition the County's core 911 system architecture to a supportable, interoperable and technologically modern platform and establish a technology foundation for NG911 capabilities such as text, video, and photographs. Modernizing the communications' platforms facilitates integration of other capabilities will deliver improved services and reduce 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, and is recognized for its technology governance and investments model, as well as 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. This multi-channel platform includes the County's website, Interactive Voice Response (IVR), mobile applications, emergency alerts, social media utilizing podcasts, RSS newsfeeds, moderated discussion sessions, Newswire, Fairfax County's presence on YouTube, Facebook, Twitter, and others, as well as specialized blogs as key public engagement tools for County agencies to reach extended audiences. Crowdsourcing and Alert notification allow for enhanced reporting of emergency information to and from the public. Integrated with Customer Relationship Management (CRM) technology, these programs that enhance public access and experience are cornerstones of the County's goals for information, services and engagement. The CRM platform was also used to develop an enterprise-wide capability to manage and track Freedom of Information Act (FOIA) requests for responsiveness and timeliness. This application is used by over 28 agencies and has streamlined and improved new compliance requirements.

A major effort and milestone achievement during FY 2018 was a multi-disciplinary team successfully launching the County's new Enterprise Web Content Management System that has search capabilities with a modern, responsive site design.



The award winning project delivered a redesign of the entire website information architecture with a more modern look, as shown above, and a “mobile first” approach, as well as improved search functionality with more topic-oriented structure, better information indexing, enhanced usability and elimination of data silos. The redesign provides the public with significantly increased one-stop options for Fairfax County-related information and prominently focuses on popular tasks, online services and search results.

Some additional achievements include the 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 App can be accessed on the County’s website: <https://www.fairfaxcounty.gov/topics/mobile>



### **Cloud Services and Cyber Security**



Fairfax County has 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 and co-location services with commercial high availability providers. The County’s shared services ‘cloud’ includes an App Store available for use by all employees, and in FY 2018, transitioned the on-premise email and messaging platform to Office 365. These changes added significant capacity for email use and storage, and coupled with optimizing the use of productivity suite licensing, has delivered necessary services better, managed growth and optimized existing budgets. To further environmental responsibility while also reducing energy consumption, the County has implemented server consolidation and virtualization, and implemented the automated power down for desk-top computers saving over 250,000 kilowatts per year.

The County’s IT security infrastructure uses a ‘defense in depth cyber security approach’ which includes Next Generation Firewalls, 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 timely processes when needed. The County was an early adopter in introducing artificial intelligence (AI) for cyber detection. The IT security program includes data privacy and in FY 2018 and FY 2019, the county enhanced its PCI (Payment Card Industry) Compliance program and technical profile for e-commerce transactions.

The County’s network and security strategies facilitate building automation systems environments, support facilities management goals, and also enable furtherance of Wi-Fi services for County sites. Fairfax County

Department Information Technology 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, and also supporting County Continuity of Operations (COOP) needs.

**Online Resource:** <https://www.fairfaxcounty.gov/informationtechnology/it-plan>

## Development Initiatives

### Tysons

On June 22, 2010, the Board adopted a new Comprehensive Plan (the 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 2017-2018 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 two new buildings;
- Approval of three major rezoning applications;
- Review and analysis of the Silver Line Metro Rail ridership and other modes of transportation; and
- Implementation progress on the Grid of Streets.

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, general news of interest in Tysons, planning efforts, and development applications submitted and approved within Tysons. The two newest buildings in Tysons are the Kingston, a residential building with 319 units, and the Capital One Headquarters building, a 32-story office building. There are currently eight major applications under review that propose a mix of uses, including office, residential, retail, and hotel.

**Online Resources:** <https://www.fairfaxcounty.gov/tysons/annual-report>

### Reston Transit Station Areas

In February 2014, the Board adopted an amendment to the Plan establishing the Reston Transit Station Areas (TSAs). The plan amendment represented a nearly four year planning effort led by a 45-member, Reston Master Plan Special Study Task Force in partnership with County staff. The Plan focuses on future growth around three new Silver Line Metrorail stations: Wiehle-Reston East, Reston Town Center, and Herndon stations along the Dulles Airport Access Road in Reston. The new Plan builds upon the foundation

established for Reston by its founder, Robert E. Simon, in the 1960s. It capitalizes on the framework originally envisioned for the new town by creating a transit-oriented development strategy that allows for Reston’s continued economic and physical growth, while maintaining its legacy of walkability, sustainability, innovation, and inclusiveness.

Since the adoption of the Plan in 2014, the Board has approved 26 applications resulting in an additional 4.2 million square feet of non-residential development and an additional 8.7 million square feet of residential development within the corridor. These approvals include, approximately, 3 million square feet of open space, 1.2 million square feet of park space, and more than \$30 million in proffered contributions to the Reston Road Fund. An additional 15 applications are in various stages of review by County staff and range in size from under an acre to 47 acres in size.

**Online Resources:** <https://www.fairfaxcounty.gov/transportation/projects/silver-line>  
<https://www.fairfaxcounty.gov/planning-zoning/comprehensive-plan/special-planning-areas>  
[http://www.fcrevite.org/programs/Reston\\_Guidelines.html](http://www.fcrevite.org/programs/Reston_Guidelines.html)

### **Inova Center for Personalized Health**

Northern Virginia’s largest hospital system and one of the largest employers in Fairfax County, Inova Health System (Inova) is remaking the 117-acre campus in Merrifield formerly occupied by Exxon Mobil. Located adjacent to its already-thriving medical cluster, Inova Fairfax Hospital, Inova is creating a true community campus with five main buildings housing the Inova Schar Cancer Institute, Inova Clinic, the Genomics and Bioinformatics Research Institute, a technology and innovation building, and a conference center. The intent is 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.

In November 2017, Inova launched its Personalized Health Accelerator (IPHA). IPHA is a customized development program that is bringing together health technology startups and investors in order to promote new initiatives, and position these startup firms for rapid growth. On March 15, 2018, there was a community open house at the Inova Center for Personalized Health to highlight how Inova is applying the latest innovations to improve the health and quality of life for the citizens of Fairfax County, Northern Virginia and the greater Washington D.C. area.

**Online Resource:** <https://www.fairfaxcountyleda.org/sites/default/files/publications/ar17.pdf>  
<https://www.inova.org/inova-center-for-personalized-health/about/openhouse>

### **Capital Project Summary Reports (interactive map)**

The Department of Public Works and Environment Services (DPWES) has an interactive map available to the public that provides information on the Capital Project Summary Reports.

**Online Resource:** <https://www.fairfaxcounty.gov/publicworks/capital-projects/capital-project-summary-reports>

### **Land Development Services**

In FY 2018, Land Development Services (LDS) became an independent department in the County’s government organization. LDS is committed to fulfilling the mission of the Fairfax First Initiative by improving speed, consistency and predictability within the development review process. During the fiscal year, LDS staff continued to work on new and innovative ways to report processes, set timelines, and shorten the overall Time to Market (TTM) for development projects in the County. Specifically, during FY 2018, LDS served more than 30,000 customers, issued over 63,000 building permits (6% increase over FY 2017), and issued almost 5,000 site-related permits (10% increase over FY 2017). Going forward, LDS seeks to further refine the entire plan review process, particularly on setting due dates and shortening the plan review process time in collaboration with our customers. LDS is doing this to set identifiable and measurable TTM targets. LDS aims to be the best possible partner to all of its customers during the development process and will continue to develop, publish, and discuss the metrics and targets, so that those who want to build in Fairfax County know what to expect, and when to expect it.



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## 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 - FY 2020 and includes about 220 projects, including new roads, transit projects, sidewalks, and bike facilities. These projects, in addition to the Metrorail Silver Line and new I-66 and I-395 Express Lanes, 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.

At the regional level, the Northern Virginia Transportation Authority (NVTA) recently adopted its FY 2018 - FY 2023 Six Year Program. NVTA's program included funding for several projects in Fairfax County including:

- Richmond Highway Widening (Mt. Vernon Memorial Hwy to Napper Road) - \$127 million
- Richmond Highway Bus Rapid Transit (BRT) - \$250 million
- Frontier Drive Extension - \$25 million
- Route 28 Widening (Route 29 to Prince William County Line) - \$16 million
- Richmond Highway/CSX Underpass - \$12 million
- Rolling Road (Hunter Village Dr. to Old Keene Mill) - \$11.1 million
- Fairfax County Parkway (Ox Road to Lee Highway, including Popes Head Interchange) - \$67 million
- Rock Hill Road Bridge - \$20.6 million
- Town of Vienna Mill Street NE Parking Garage - \$2.3 million

On February 28, 2017, the Board approved the Reston Transportation Funding Plan. This 40-year plan includes nearly \$2.3 billion in transportation infrastructure improvements. Funding for this plan includes a Reston Transportation Service District, which in addition to an advisory board, was established by the Board on April 4, 2017. The advisory board provides the Board with recommendations on the transportation service district tax rate. An initial meeting with the Reston Transportation Service District Advisory Board was held on November 30, 2017. The advisory board met in spring 2018 to discuss the status of transportation projects and development in Reston, as well as options for the FY 2019 service district tax rate. The Board set the FY 2019 rate at \$0.021/\$100 of assessed value, and is consistent with the Reston Transportation Funding Plan.

The Tysons Transportation Service District Advisory Board met during the spring of 2018 to discuss potential service district rates for FY 2019. On April 4, 2018, the advisory board voted to recommend to the Board of Supervisors that the FY 2019 tax rate remain at \$0.05/\$100 of assessed value for FY 2019. The Board of Supervisors adopted the FY 2019 budget for the County that included a service district tax rate of \$0.05, which is consistent with the Tysons Transportation Plan adopted by the Board on January 8, 2013.

### **Metrorail Capital Improvement Projects**

The Metro Capital Funding Agreement (CFA), which supports Metro's Capital Improvement Program (CIP), includes funding for maintenance and safety, new rail cars, power upgrades for running eight car trains, and additional buses for operating Priority Corridor Networks. The Washington Area Metro Transit Authority (WMATA) and the member jurisdictions approved two one-year extensions for FY 2017 and FY 2018. A third extension is now being signed by all jurisdictions for FY 2019. The WMATA Board has started working on the FY 2020 Budget, and discussions will be taking place about whether the region should approve a new long term agreement or just another extension of the current CFA to allow the purchase of new railcars and other capital projects to continue, as well as the sale of bonds, during FY 2020 and beyond.

**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 implemented tolling inside the Beltway with High Occupancy Vehicle (HOV) 2+ toll free in December 2017 and this will change to HOV3+ toll free when express lanes open on I-66 outside the Beltway. Also, construction of the eastbound widening between the Dulles Connector Road and Fairfax Drive began in July 2018. This new lane 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 the I-66/Route 28 Interchange, as a part of one of the four FY 2017 key transportation priorities. Design and construction activities are underway and the project is expected to be completed in summer of 2022.

**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 \$314 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. VDOT released a Request for Proposals (RFP) in November 2017, and the Commonwealth Transportation Board (CTB) approved the award of a contract on July 18, 2018, to Shirley Contracting Company, LLC, in the amount approximately equal to \$253 million for design and construction of the project. Construction is scheduled to start in spring 2019.

**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 Northern Virginia Transportation Authority (NVTA). \$250 million is being provided to this project over the next several years and it is being implemented by VDOT.

In Fairfax County, Route 28 was widened on the northbound lanes of Route 28 from McLearn 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 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. The County expects to initiate a design build procurement for this project by the end of 2018.

**Online Resource:**

[http://www.virginiadot.org/newsroom/northern\\_virginia/2017/route\\_28\\_improvements\\_complete118743.asp](http://www.virginiadot.org/newsroom/northern_virginia/2017/route_28_improvements_complete118743.asp)

**Fairfax County Parkway Widening**

The Fairfax County Parkway will be widened from four to six lanes, from Route 123 to Route 29. In addition, Pope Heads Road intersection will be converted to an interchange.

**Online Resource:** <http://www.thenovaauthority.org/planning-programming/fy2017-program/>

**Richmond Highway Bus Rapid Transit (BRT)**

The County is proceeding with implementing a BRT system along the Richmond Highway corridor, from Huntington Metrorail Station to Fort Belvoir. A Project Management Consultant with BRT specialized expertise was selected to assist in all aspects of the project to include environmental clearance, and Federal Transit Administration 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:** <https://www.fairfaxcounty.gov/transportation/richmond-hwy-brt>

**Route 29 Widening, Phase 3**

This project provides a continuous third travel lane and pedestrian walkway on northbound 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. This project was completed in November of 2017.

**Richmond Highway Corridor Improvements**

The County is working with VDOT to widen the three-mile section of Route 1 from Jeff Todd Way/Mount Vernon Memorial Highway to Napper Road, from four to six lanes. This Richmond Highway Corridor Improvements project is being administered by VDOT with support from the County. This is the last remaining four-lane section of Richmond Highway between Fort Belvoir and Alexandria. The project will provide continuous pedestrian and bicycle facilities within this three-mile section. The project will also construct a median to accommodate the future BRT system that will be implemented as part of the County's separate Richmond Highway BRT project. Construction for the Richmond Highway Corridor Improvements project is expected to begin in 2023 with completion in 2026.

**Online Resource:** [http://www.virginiadot.org/projects/northernvirginia/richmond\\_highway.asp](http://www.virginiadot.org/projects/northernvirginia/richmond_highway.asp)

**Jones Branch Connector**

The Jones Branch Connector project has been planned to meet the goals of Fairfax County in the Tysons area, including the development of a grid of streets that is pedestrian friendly, and to support multimodal forms of transportation. The project will provide an alternative route between Tysons East (Route 123) and West (Jones Branch Drive), bypassing the I-495/Route 123 Interchange. This project will extend and widen the existing Jones Branch Connector that provides access to the I-495 Express Lanes eastward along Scotts Crossing Road, ending at Route 123 adjacent to the McLean Metro Station. The project includes federal, state, and local funding. The total cost estimate for engineering, right of way acquisition, and construction is approximately \$60 million. The project is currently under construction, scheduled to open one lane to traffic in each direction from Route 123 to Jones Branch Drive by December 2018. Total project completion is scheduled for the fall of 2019.

**Online Resource:** <https://www.fairfaxcounty.gov/transportation/projects/jones-branch>

**Environmental Vision**

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/environment/environmental-vision>



### **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, the



County’s Comprehensive Plan and the newly adopted Fairfax County Operational Energy Strategy.

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:** <https://www.fairfaxcounty.gov/environment/sustainability-initiatives>  
<https://www.fairfaxcounty.gov/energy/energy-strategy>

### **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 Environmental Coordinating Committee (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 EIP projects are 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 2019 EIP projects selected were: the Invasive Plant Removal Program; the Green Purchasing Program; the Watershed Protection and Energy Conservation Matching Grant Program; the Green Spring Outreach Program; LED solar parking lot lighting at Green Briar Park; the installation of automated water and heating controls at various unmanned park facilities; stream bank and meadow restorations at various park locations and the purchase of a no-till seed drill for planting native grasses and wildflower seeds; the purchase of propane extraction equipment to recover unused propane from cylinders that are disposed of as part of the County’s Household Hazardous Waste Program; 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:** <https://www.fairfaxcounty.gov/environment/sustainability-initiatives>



## **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, victims of domestic violence 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 Fairfax County Office for Women, 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 was made to Northern Virginia Family Service (NVFS) to provide long-term rental subsidies to homeless individuals and families, domestic violence victims and those on the County's waiting lists over a two-year period. As of the end of June 2018, a total of 541 households have leased up through the Bridging Affordability Program. In FY 2018, 55 households left Bridging Affordability, including 36 households that moved to fair market rate housing. Approximately eighty-five percent of those that have left Bridging Affordability moved to sustainable housing. The average income served in the program in FY 2018 was \$22,835.

### **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. At the end of FY 2018, a total of 2,791 (1,385 rentals and 1,406 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. At the end of FY 2018, over 8,000 Workforce Dwelling Units (WDU) were committed by private developers in rezoning actions approved by the Board, and 1,199 rental WDUs have been constructed.

**Online Resource:** <https://www.fairfaxcounty.gov/housing>

### **FCRHA Rental Assistance Demonstration (RAD) Program**

In FY 2018, the FCRHA converted its entire portfolio of 1,060 public housing units to project-based vouchers under the U.S. Department of Housing and Urban Development's (HUD) RAD program. Converting Public Housing units under RAD gives the FCRHA access to more stable funding from HUD to make needed improvements to properties. The program makes it easier to borrow money and use low income housing tax credits (LIHTCs) as well as other forms of financing to help preserve these important affordable housing communities.

**Murraygate Village Apartments**

The rehabilitation of Murraygate Village Apartments, located off of the Route 1 corridor of Alexandria in the Lee District consists of 204-units (200 rentable) in eight buildings. The Property was originally built in 1971 and purchased by FCRHA in 1991. The rehabilitation of this property is comprehensive in nature and will promote long-term sustainability and energy efficiency. The FCRHA will provide approximately \$3.7 million in Housing Blueprint Funds and \$20 million in tax-exempt bonds for this project. In addition, funds will be utilized from FHA financing and tax credit equity, through the Low-Income Housing Tax Credit Program.

**Wedgewood**

The Wedgewood Apartments complex (Wedgewood), built in the 1960's, is a garden-style multifamily rental community located on Little River Turnpike and McWhorter Road in Annandale, Virginia (Mason District). It was purchased by the Board in 2007 for a purchase price of \$107.5 million. The property sits on approximately 35 acres and consist of 672 units of affordable housing (56 multifamily buildings and 15 rental townhomes). Limited renovations were being done in FY 2018 to further preserve the property for a total cost of approximately \$7.4 million.

**Virginia Public-Private Education Facilities and Infrastructure Act of 2002 (PPEA)**

Through PPEAs, Fairfax County is able to create new affordable housing opportunities for little to no cost for the local County taxpayer:

- The North Hill project is being developed using the PPEA model. North Hill, a 35-acre vacant lot off of Richmond Highway in Alexandria, is slated to become a mixed income, affordable and market rate housing community comprised of:
  - 219 affordable and workforce apartments
  - 60 affordable independent living units for seniors
  - 175 market rate townhomes
  - 12 acre public park
- The Fallstead at Lewinsville Center in McLean is comprised of:
  - 82 units of senior independent housing
  - one adult day health care facility
  - one senior center
  - two privately owned child day-care centers

**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 427 parks totaling more than 23,512 acres of park land, or approximately 46% of open space in Fairfax County. This parkland includes 269 athletic fields and synthetic turf fields, playgrounds, hundreds of miles of trails, nine indoor recreation centers, nine golf courses (two at Twin Lakes), several lakes and eight distinctive 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 Park Authority adopted several different plans, completed studies and put in place a host of new initiatives to prepare for the future. At the core of this effort was the Park Authority Board's adoption of the agency's first Parks and Recreation system master plan. With a ten-year time horizon, *The Great Parks,*

*Great Communities Parks and Recreation System Master Plan* will guide the agency towards meeting expanding and changing community needs, as well as ensuring this agency meets national accreditation standards. In June, 2018, the Park Authority also approved a new Strategic Plan for Fiscal Years 2019-2023. This five year plan provides a roadmap to further community priorities. It also provides a platform for revision of the agency's mission and mission which emphasizes health, equity and inclusion while also reinforcing the Park Authority's longstanding focus on stewardship and recreation.

The *RECenter Sustainability Study*, built on results of the *2017 Parks Count Needs Assessment* found Fairfax County residents place a high priority on recreational facilities, and also noted a critical need for updates across the park system. In response, a system-wide sustainability plan for the nine Park Authority RECenters was created by a consultant and now serves as a strategic guide for future capital improvements.

With its dual mission firmly in place, the Park Authority continued to make progress with adoption of a new *Natural Resource Management Plan* (NRMP) as well as a new *Cultural Resource Management Plan* (CRMP). NRMP highlights include deer browse assessments at two dozen parks, expansion of the removal of non-native invasive vegetation and the planned creation of a geodatabase of all parks and flora. The CRMP envisions a streamlined approach to archaeology and historic preservation. Four goals include the tenets of resource protection, conservation, preservation, and interpretation.

The Resident Curator Program designed, to preserve Fairfax County's historic buildings by offering long-term leases, without charge, to private citizens or organizations in exchange for their financial commitment to rehabilitate and maintain the property in accordance with established preservation standards, let its first lease with a curator at Stempson House in Lorton. During FY 2018, public information meetings and open houses were hosted for the Ash Grove and Lahey Lost Valley properties in Vienna. Program staff continue to prepare additional properties for curatorship, undertaking infrastructure improvements, archaeological surveys, and the completion of historic structure reports.

From a customer service perspective, a new and long-awaited class registration system went live, and social media and web-based resources and content were updated and expanded to increase communication with the public. The Park Board's Public Forum hosted increased participation and park visitation topped 17 million during the calendar year.

The Park Authority continues to aim towards excellence with pending national re-accreditation from the Commission for Accreditation of Park and Recreation Agencies (CAPRA) anticipated in November 2018, and receipt of American Alliance of Museums accreditation at several historic sites during summer 2018.

## **Library**

More than 420,000 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 2018 included a Library Comic-Con, Girls Who Code Club (as shown on the left), Hour of Code events, an award-winning series on accuracy in media and civility in public discourse, the 1,000 Books Before Kindergarten initiative, and many other technology, entertainment, literary and learning opportunities.



The library launched Memory Depot at two regional libraries in FY 2018. This technology allows residents to digitize photos, tapes and other media for free. The library also added three new non-traditional items to its collection including a hands-on history kit about the Revolutionary War, Starlings (devices that help parents track the number of words pre-kindergarteners hear) and STEAM book kits for early learners. A partnership with Energy Action Fairfax resulted in thousands of free, energy-saving LED lightbulbs being distributed at library branches. The library also coordinated the distribution of backpacks with books and other materials to school age children in county homeless shelters. The library received a grant in FY 2018 to participate in the PBS-sponsored Great American Read and launched My Perfect Read, a new online readers advisor service.

More than 11 million items were borrowed from the library's collection of over 2 million traditional and digital books, CDs, DVDs, magazines and other items, including thermal imaging cameras and nature backpacks. There were 4.5 million visits to the library's 23 branches and 3.3 million visits to the library's website. With funding from the Fairfax Library Foundation, the library's early literacy program gave away more than 31,000 books to children. The renovated Tysons-Pimmit Regional Library reopened in October 2017, and the John Marshall Library is currently 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**

There are 37,300 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.

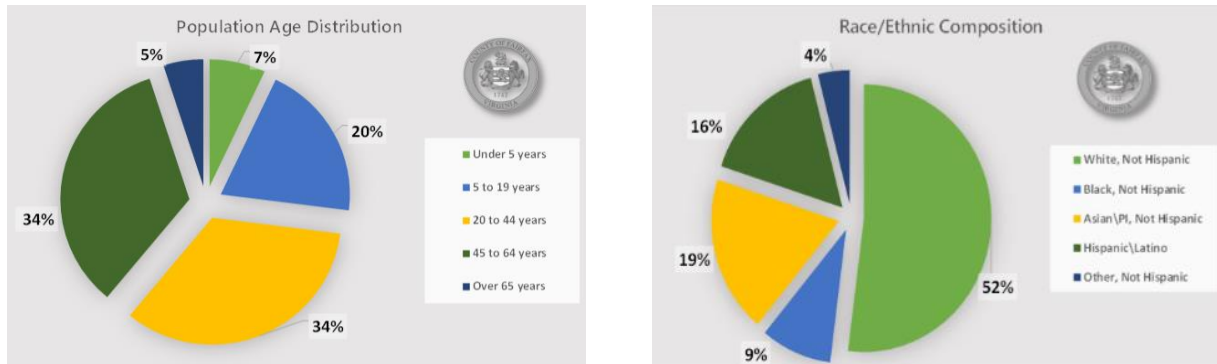
- Fairfax County companies annually appear on a number of prestigious regional and national “best of business” lists in an array of categories that reflect the diversity and strength of Fairfax County’s vibrant business community. The 2017 Inc. 5000 list of the nation’s fastest-growing firms, most of them were in technology and professional services fields, included 158 Fairfax County companies.
- Nine Fairfax County based companies made the 2017 Fortune 500 list including Freddie Mac, General Dynamics, Capital One Financial, Northrop Grumman, Hilton Worldwide, Computer Sciences Corporation, Leidos, NVR, and Booz Allen Hamilton.
- Twenty-one Fairfax County firms made the Washington Business Journal’s 2017 list of the 50 fastest-growing companies in the Washington area.
- Four Fairfax County companies were on the 2017 Fortune list of the “100 Best Companies to Work for in the United States”.

**Online Resource:** <https://www.fairfaxcountyeda.org/sites/default/files/publications/ar17.pdf>

## **Demographic Information**

Based on the latest Fairfax County Department of Management and Budget’s Economic, Demographic and Statistical Research (EDSR) data for 2017, the County’s estimated population was 1.14 million. Approximately 37.9 percent of all County residents, five years or older spoke a language other than English at home. Fairfax County had approximately 26.4 percent of its population under the age of 20, while about 39.2 percent were 45 years of age and older. More than 47 percent of the County’s population consisted of racial/ethnic minorities. Additionally, EDSR projects that the population of Fairfax will grow to 1.2 million by the year 2025.

The following charts illustrates the County’s population age distribution and its racial/ethnic composition based on data for 2017.



As reported in the 2017 American Community Survey, Fairfax County had an estimated annual median household income of \$118,279 compared to \$71,535 in the Commonwealth of Virginia and \$60,336 in the United States.

**Online Resources:** <https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>  
<https://www.fairfaxcounty.gov/demographics/fairfax-county-general-overview>

## Public Schools

As the 10th largest school division in the U.S. with 198 schools and centers, Fairfax County Public Schools (FCPS) serves a diverse student population of more than 190,000 (projected) students in grades prekindergarten through 12. More than 54,000 (29 percent of the total population) of those students are eligible for free and reduced-price meals; more than 26,000 (14 percent of the total population) receive special education services and more than 54,000 (29 percent of the total population) receive English for speakers of other languages (ESOL) services. Demographically, 38.7 percent of FCPS students are White, 25.8 percent are Hispanic, 19.6 percent are Asian, 10.1 percent are Black, 5.4 percent are two or more races, 0.3 percent are American Indian, and 0.1 percent are Native Hawaiian (Source: 2017 Fall Membership by Subgroup as reported in the Virginia Department of Education School Quality Profile).

Nearly 92 percent of FCPS students graduate on time (in four years of high school), and more than 89 percent plan to pursue post-secondary education. FCPS students can take Advanced Placement (AP) or International Baccalaureate (IB) classes in high school; the school system offers the IB middle years program and the IB primary years program in select schools. Fairfax County high schools have been recognized annually by the Washington Post as being among the most challenging high schools in the U.S. The class of 2018 had 223 National Merit Semifinalists. It was recently announced that the class of 2019 has 254 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.

There are nine colleges and universities based in Fairfax County. Among the larger institutions are George Mason University (GMU) which is Virginia’s largest public university, and Northern Virginia Community College (NVCC) which is one of the nation’s largest community colleges. GMU is ranked among the top 95

universities in the United States for the 2018 rankings and top 300 in the world. Per Shanghai Ranking consultancy, GMU was one of only four schools in Virginia and four in the Washington region to be included among the 2018 “Academic Rankings of World Universities”. Combined, GMU and NVCC serve approximately 110,000 students across fifteen campuses or locations. Additionally, the County is home to satellite campuses for the University of Virginia, Virginia Tech and The Commonwealth Graduate Engineering Program.

**Online Resource:** [https://www.fairfaxcountypedu.org/sites/default/files/pdf/colleges\\_universities.pdf](https://www.fairfaxcountypedu.org/sites/default/files/pdf/colleges_universities.pdf)

## 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 FY 2016, 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 policy is 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.  
**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 FY 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 is five percent of General Fund disbursements, and the target level of the Managed Reserve is 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 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, 2018, the Revenue Stabilization Fund and Managed Reserve balances were \$206,722,398 and \$136,934,428 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.

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 2018, only 12 of 50 states, 46 of 3,143 counties, and 32 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 the County with the Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report (CAFR) for FY 2017. 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.

### ***Award for Outstanding Achievement in Popular Annual Financial Reporting***

GFOA also awarded the County with the Award for Outstanding Achievement in Popular Annual Financial Reporting for its inaugural issue of the Popular Annual Financial Report (PAFR) for FY 2017. To meet the varied needs of Fairfax County citizens, legislative and oversight bodies, financial managers, investors and others, the CAFR presents a large and complex volume of financial information presented at an extremely detailed level. Conversely, the PAFR is designed to offer those with a general interest in the County's financial activities a less detailed glimpse at selected data from the CAFR, presented in a highly readable format. The GFOA PAFR award program annually recognizes high quality reports that meet the GFOA's criteria for reader appeal, understandability, dissemination and other related requirements.

### ***Park Authority Honored for Excellence in Financial Reporting***

The Fairfax County Park Authority received a Certificate of Achievement for Excellence in Financial Reporting by GFOA for its 2017 Fiscal Year Comprehensive Annual Financial Report. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting. In recognizing the Park Authority, GFOA noted that they had "satisfied the high standards of the program."

### ***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 2018, the County was one of only 29 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 1998.

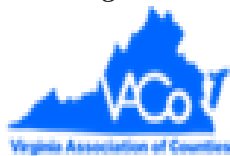
**National Association of Counties (NACo) 2018 Achievement Awards**

Fairfax County received four National Association of Counties 2018 Achievement Awards, recognizing effective and innovative programs that contribute to and enhance county government in the United States.

- **Revitalize, Restore, Replant (R3)\* (Civic Education and Public Information)** - This free-of-charge program transforms existing stormwater facilities on Fairfax County Public School campuses into real-world teaching tools. Stream ecologists from the Department of Public Works and Environmental Services introduce students to stormwater and watershed ecosystems management through hands-on native plant installations in existing bio-retention or dry pond facilities.

\*In addition to the NACo award, this program also received a 2018 Virginia Association of Counties Achievement Award.

- **Silver Shield Anti-Scam Education Program (Civic Education and Public Information)** - In 2017, more than 37 percent of all fraud committed in Fairfax County involved victims over the age of 50. Identity fraud, credit card fraud and selling goods and services under false pretenses are just a few of the types of cases seen daily in Fairfax County. The Silver Shield campaign shares critical information to help older adults avoid scams. It builds on the education programs provided by various County agencies, allowing for consistent countywide messaging, efficient use of resources and creative methods of reaching older adult communities.
- **Taking a Citizen First Approach to Website Redesign (Civic Education and Public Information)** - The Fairfax County website supports the County's goal of a "government without walls, doors or clocks," providing essential information about County programs and resources, along with over 125 online services. The site reflects the beauty of Northern Virginia, while also corralling content from more than 50 governmental agencies, presenting it in an intuitive way. The newly imagined site demonstrates how cooperation, technology and design can bring the strengths of modern web applications to benefit a wide array of users.
- **Customizing Data for Health and Human Services Planning (Human Services)** - The Medallion Program enhances capital improvement planning and targets service delivery in County Health and Human Services (HHS). For the first time, consistent, detailed, sub-county level data is available for HHS staff to analyze how environmental conditions impact service demands for specific communities. The program transforms disparate data into actionable information and provides a common dataset to support collaboration and coordination with the Department of Planning and Zoning to foster improvements in the design phase and better design infrastructure based on demographic, economic, and other social characteristics.

**2018 Virginia Association of Counties Achievement Award (VACo)**

Fairfax County is the recipient of a 2018 VACo Award for its **Next Generation Security Program**. The County's IT Security program protects businesses and residents' data with regards to taxes, sensitive personal information, business permits, land, critical infrastructure, health and human services and public safety. The Next Generation Security Program is part of the main Cyber Security program. Its mission is to protect citizen's data, develop and enforce security policies and use technology

that best protect data assets that will be on pace with modern and emerging security threats to maintain the County's no data breach, business continuity and service delivery performance record. The program follows a security defense in depth architecture approach by deploying NextGen application aware security technologies to detect, block and alert threats where data moves both inside and outside the network.

### ***Digital Counties Survey & Technology Awards***



The County was ranked in the Top 3 for the Center for Digital Government's 2018 Digital Counties Survey, as a technological innovator, in the category of jurisdictions with populations greater than 1,000,000. The survey identifies the best technology practices among U.S. counties, including initiatives that streamline delivery of government services; encourage open data, collaboration and shared services; enhance cyber security; and contribute to disaster response and recovery efforts. Fairfax County has been in the top ten as a technology innovator for the past 15 years.



### ***Public Technologies, Inc. 2018 Solutions Awards:***

- **GIS Winner:** *NCR Regional GIS Data NG9-1-1 Preparation Project*
- **Public Safety and Emergency Management, Community Resiliency Winner:** *Regional, locally-managed identity management solution for public safety in the National Capital Region*
- **Significant Achievement – Web:** *Leveraging Open Source Web Content Management System (CMS) Offers Unlimited Opportunities*

### ***Fairfax County Honored for Innovative Use of Open Data***

Fairfax County was once again honored for innovation with the 2017 Governor's Technology Award for innovative use of big data and analytics in recognition of the County's Democratizing Open Data Program which aims to make data more accessible to the public. This was a collaborative effort spearheaded by the Economic, Demographic and Statistical Research unit of the Department of Management and Budget and the Department of Information Technology.

### ***National Association of Government Communicators Recognizes Park Authority***

The Fairfax County Park Authority earned eight Blue Pencil and Gold Screen Awards for communications work ranging from the agency annual report and social media posting to individual writer portfolios. The awards recognized human interest stories in the Parktakes magazine; the agency's blog, Our Stories and Perspectives; the 2017 Strategic Plan and Annual Report; the Calendar for Healthy Strides 2018; promotional campaign for the new Burke Lake Golf Center; Golf Fairfax E-Newsletter; #WhereIsLordFairfax social media campaign to promote the 2017 Discovery Trail Map; and a Web article on leash laws.

### ***Clubhouse Program Recognized for More than 20 Years of Technology Programming Excellence***

For more than 20 years, the Department of Neighborhood and Community Services' technology programs have educated, empowered and engaged young people across Fairfax County through the use of new and emerging technologies. Those efforts were honored with a 2018 Kudos Award for Sustainability and Longevity by the Clubhouse Network which provides an international arena for youth to share ideas and projects, and to put their technology skills to the test against teens from all over the world.

### ***Fairfax County Earns Tree City USA Designation for 35<sup>th</sup> Consecutive Year***

Each year since its inception in 1976, thousands of urban foresters across the country submit applications to receive this designation from the Arbor Day Foundation. This national movement provides the necessary framework for communities to manage and expand their public trees. Fairfax County's commitment to these goals has earned the foundation's Tree City USA designation for the 35<sup>th</sup> consecutive year.

### ***National Association of County Park and Recreation Officials (NACPRO) Award***



The Lee District Family Recreation Area was honored with a 2018 NACPRO Award in the Park and Recreation Facility category for agencies with a population service area over 500,000. This facility provides fully accessible play features that allow children of all abilities to play together. It features Our Special Harbor sprayground, an accessible Tree House, Chessie's Big Backyard playground, a carousel with a Chesapeake Bay theme, and Chessie's Trail, an interactive trail designed especially for children.

***Embark Richmond Highway Plan Wins Prestigious Planning Award***

Fairfax County's ambitious planning effort called Embark Richmond Highway won the 2018 Commonwealth Plan of the Year Award from the American Planning Association's Virginia Chapter. Embark is a sweeping, new land-use plan that supports walking, biking and bus rapid transit (BRT) along Richmond Highway. The plan, which was adopted in March 2018, transforms the 7.5 mile corridor into a multi-modal destination, featuring a series of vibrant, mixed-use places that are connected with continuous walking and bike paths in addition to the BRT system.

***Office of Public Private Partnerships Earns First Place at Outstanding Citizenship Awards***

The Northern Virginia Chamber of Commerce awarded the Fairfax County Office of Public Private Partnerships (OP3) its 2018 Outstanding Corporate Citizenship Award for the Public Sector. OP3 was recognized for successful growth in individual volunteer and employee engagement; promotion of ways to give and get involved in Fairfax County; facilitation of effective cross-sector partnerships; and fostering corporate social responsibility for Fairfax County government and companies that operate in the County.

***Land Development Services Receives High Rating for Building Code Effectiveness***

The Land Development Services' Building Division was awarded the highest achievable rating for building code effectiveness under the current Virginia Uniform Statewide Building Code. The division earned a 1/2 (commercial/residential) rating by Insurance Services Offices, Inc. (ISO) on the Building Code Effectiveness Grading Schedule (BCEGS). Working on behalf of insurance companies, ISO uses the BCEGS to evaluate a jurisdiction's current building codes and how they are enforced. The evaluations place special emphasis on mitigation of losses from fire and natural disasters.

***"Reach Out – Find Hope" Campaign Earns Award***

Fairfax County's youth suicide prevention campaign was recognized with a Berreth Award for Excellence in Public Health Communication by the National Public Health Information Coalition. The "Reach Out - Find Hope" campaign was a collaboration between the Fairfax County Health Department, the Department of Neighborhood and Community Services, and the Fairfax-Falls Church Community Services Board.

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

For the 20th 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. This was due to the plant achieving perfect compliance with its National Pollutant Discharge Elimination System permit.

***Residences at Government Center Nationally Recognized for Public-Private Partnership Innovation***

The Residences at Government Center, a 270-unit workforce housing community located on the Fairfax County Government Center Campus was selected by the National Council for Public-Private Partnerships for the 2017 Outstanding Project Innovation Award. This award highlights public and private sector organizations that have collaborated and implemented a unique innovative project using a public-private partnership.

## 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,



Bryan J. Hill  
County Executive



Joseph M. Mondoro  
Chief Financial Officer



Christopher J. Pietsch  
Director of Finance



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**COUNTY OF FAIRFAX,  
VIRGINIA**

Urban County Executive Form of Government  
As of June 30, 2018

**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**

Bryan J. Hill

**DEPUTY COUNTY EXECUTIVES**

Tisha Deeghan

David M. Rohrer

Robert A. Stalzer

**DEPARTMENT OF MANAGEMENT AND BUDGET**

Joseph M. Mondoro, Chief Financial Officer

**DEPARTMENT OF FINANCE**

Christopher J. Pietsch, Director

**DEPARTMENT OF TAX ADMINISTRATION**

Jaydeep Doshi, Director

**PROCUREMENT AND MATERIAL MANAGEMENT**

Cathy A. Muse, Director

**OFFICE OF THE COUNTY ATTORNEY**

Elizabeth D. Teare, County Attorney

**OFFICE OF PUBLIC AFFAIRS**

Tony Castrilli, Director

**OFFICE OF THE INTERNAL AUDITOR**

Sharon A. Pribadi, Director

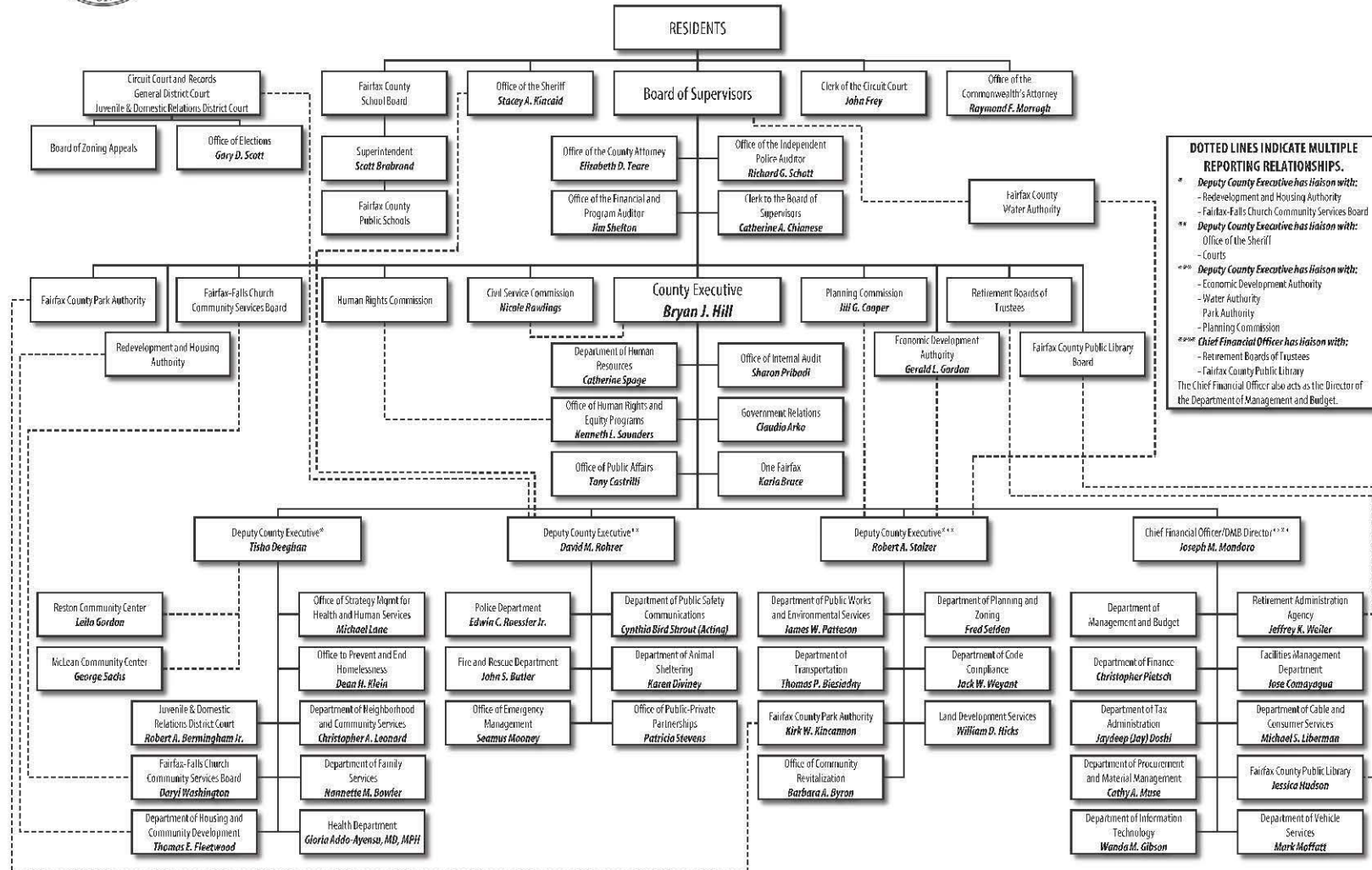
**INDEPENDENT AUDITOR**

Cherry Bekaert LLP





# ORGANIZATION OF FAIRFAX COUNTY GOVERNMENT



**DOTTED LINES INDICATE MULTIPLE REPORTING RELATIONSHIPS.**

- \* Deputy County Executive has liaison with:
  - Redevelopment and Housing Authority
  - Fairfax-Falls Church Community Services Board
- \*\* Deputy County Executive has liaison with:
  - Office of the Sheriff
  - Courts
- \*\*\* Deputy County Executive has liaison with:
  - Economic Development Authority
  - Water Authority
  - Park Authority
  - Planning Commission
- \*\*\*\* Chief Financial Officer has liaison with:
  - Retirement Boards of Trustees
  - Fairfax County Public Library

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

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

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Christopher J. Pietsch, CPFO, CIA, CBA

**DEPUTY DIRECTOR**

Deirdre M. Finneran, CPFO

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Lisa Halsted, MBA  
John Ji  
Regina S. Magalong  
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Nanette A. Velasco  
Amy Wang

With the support and assistance of many others.

Special Thanks to Jason Chia, Department of Finance  
for his help with the cover and other assistance he 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, 2017. 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 40 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, 2017**

*Christopher P. Morill*

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, 2018, 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, 2018, 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.

## ***Emphasis of Matters***

### *Prior Period Restatement*

As discussed in Note N to the financial statements, the net position of the aggregate discretely presented component units as of June 30, 2017 has been restated from the previously issued financial statements to reflect the correction of an error. Our opinions are not modified with respect to this matter.

### *Change in Accounting Principle*

As discussed in Note M to the financial statements, the County adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective July 1, 2017. As a result, related net position as of June 30, 2017 has been restated. Our opinions are not modified with respect to this matter.

## ***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 17 and the required supplementary information and notes to the required supplementary information on pages 147 to 160 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 20, 2018, 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 Bekant* LLP

Tysons Corner, Virginia  
November 20, 2018



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

This section of the County of Fairfax, Virginia's (the County) Comprehensive Annual Financial Report (CAFR) presents our discussion and analysis of the County's financial performance during the fiscal year that ended on June 30, 2018. 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 \$638.1 million on a government-wide basis at June 30, 2018.
- For the fiscal year, taxes and other revenues of the County's governmental activities amounted to \$4,848.3 million. Expenses amounted to \$4,874.6 million.
- For the fiscal year, revenues of the County's business-type activities were \$235.9 million, and expenses were \$188.2 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 \$71.4 million for fiscal year 2018, compared to an increase of \$171.1 million for fiscal year 2017.
- The County's General Fund reported a fund balance of \$478.8 million, an increase of \$57.4 million, or 13.6 percent, from June 30, 2017.

#### General Financial Highlights

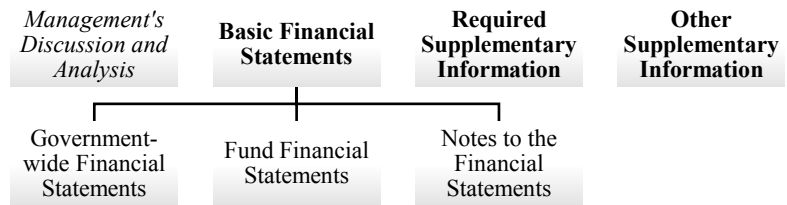
- In August 2017, the Economic Development Authority issued \$19.1 million of Facilities Revenue Bonds Series 2017A and \$31.2 million of Facilities Revenue Refunding Bonds Series 2017B. The 2017A County Facilities Projects Bonds were issued to finance the costs of the construction and improvement of certain property to be used by the County as an adult day care facility, child day care centers, and a senior center or for other County approved purposes. The 2017B County Facilities Projects Refunding Bonds were issued to refund certain outstanding maturities of the 2012 Economic Development Authority Revenue Bonds in order to save \$5.4 million in future debt service payments with a \$2.5 million net present value. Savings on future debt service payments also take into account the use of other County funds toward the pay down of the aforementioned outstanding maturities.
- In January 2018, the County issued \$219.6 million of Series 2018A General Obligation Public Improvement Bonds. Bond proceeds from this issue are being used to finance school, park, public safety, and other general County improvements.

- In February 2018, the Fairfax County Redevelopment and Housing Authority issued \$11.2 million of Series 2018A (Federally Taxable) Revenue Bonds, which together with other County funds refinanced the Fairfax County Redevelopment and Housing Authority direct loan agreement with Bank of America, N.A.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

The County’s basic financial statements consist of two kinds of statements, each with a different view of the County’s finances. The government-wide financial statements provide both long- and short-term information about the County’s overall financial status. The fund financial statements focus on major aspects of the County’s operations, reporting those operations in more detail than the government-wide statements. The basic financial statements also include notes to explain information in the financial statements and provide more detailed data.



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, 2018 and 2017:

Summary of Net Position As of June 30 (\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017**	2018	2017**	2018	2017**
Assets:						
Current and other assets	\$ 5,666.5	\$ 5,417.9	\$ 271.4	\$ 280.5	\$ 5,937.9	\$ 5,698.4
Capital assets (net)	2,866.9	2,797.0	1,569.6	1,531.1	4,436.5	4,328.1
Total assets	8,533.4	8,214.9	1,841.0	1,811.6	10,374.4	10,026.5
Deferred outflow of resources:	667.3	744.5	35.9	37.0	703.2	781.5
Liabilities:						
Current liabilities	351.5	344.4	26.5	20.4	378.0	364.8
Long-term liabilities	5,756.2	5,680.0	688.0	713.8	6,444.3	6,393.8
Total liabilities	6,107.7	6,024.4	714.5	734.2	6,822.3	6,758.6
Deferred inflow of resources:	3,610.8	3,426.6	6.4	6.1	3,617.2	3,432.7
Net position:						
Net investment in capital assets	2,070.9	2,002.0	1,038.4	1,004.0	3,109.2	3,006.0
Restricted	456.3	388.1	18.2	14.2	474.5	402.3
Unrestricted (deficit)	(3,045.0)	(2,881.7)	99.4	90.1	(2,945.6)	(2,791.6)
Net position	\$ (517.8)	\$ (491.6)	\$ 1,156.0	\$ 1,108.3	\$ 638.1	\$ 616.7

Summary of Net Position- continued								
As of June 30								
(\$ in millions)								
	Total Primary Government		Component Units		Reclassifications*		Total Reporting Entity	
	2018	2017**	2018	2017**	2018	2017**	2018	2017**
Assets:								
Current and other assets	\$ 5,937.9	5,698.4	\$ 657.7	\$ 618.4	\$ -	\$ -	\$ 6,595.6	\$ 6,316.8
Capital assets (net)	4,436.5	4,328.1	3,277.8	3,228.9	-	-	7,714.3	7,557.0
Total assets	10,374.4	10,026.5	3,935.5	3,847.3	-	-	14,309.9	13,873.8
Deferred outflow of resources:	703.2	781.5	870.3	975.6	-	-	1,573.5	1,757.1
Liabilities:								
Current liabilities	378.0	364.8	161.4	156.1	-	-	539.4	520.9
Long-term liabilities	6,444.3	6,393.8	4,306.7	4,801.0	-	-	10,751.0	11,194.8
Total liabilities	6,822.3	6,758.6	4,468.1	4,957.1	-	-	11,290.4	11,715.7
Deferred inflow of resources:	3,617.2	3,432.7	596.5	247.2	-	-	4,213.7	3,679.9
Net position:								
Net investment in capital assets	3,109.2	3,006.0	3,121.3	3,055.9	(1,635.7)	(1,615.5)	4,594.8	4,446.4
Restricted	474.5	402.3	127.6	105.2	(90.6)	(99.6)	511.5	407.9
Unrestricted (deficit)	(2,945.6)	(2,791.6)	(3,507.7)	(3,542.5)	1,726.3	1,715.1	(4,727.0)	(4,619.0)
Net position	\$ 638.1	616.7	\$ (258.8)	\$ (381.4)	\$ -	\$ -	\$ 379.3	\$ 235.3

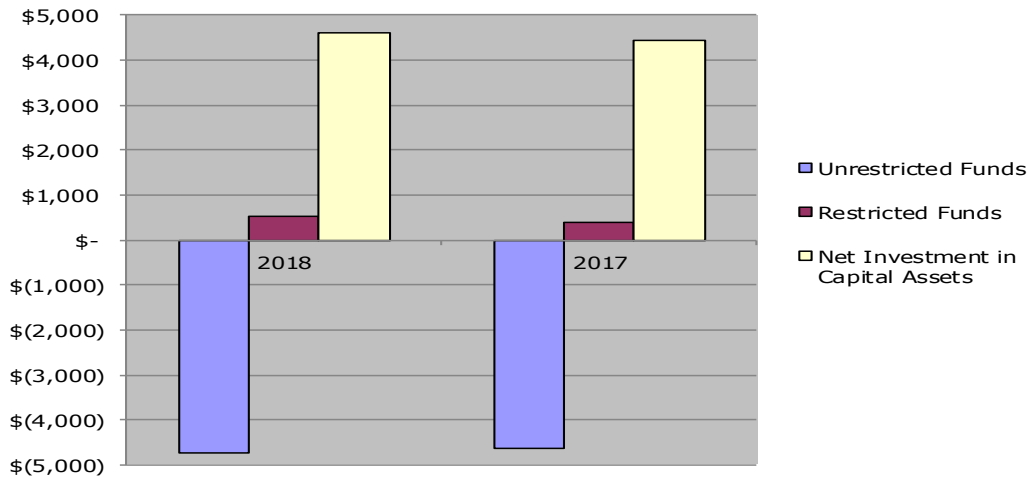
\*Reclassification represents County issued debt for Schools and Parks facilities. See Note A - 13 for more information.

\*\*Fiscal Year 2017 amounts restated due to the implementation of GASB statement 75. See Note M 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.

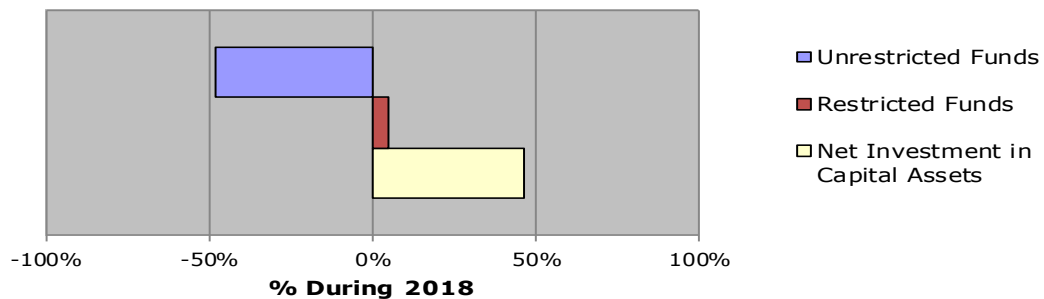
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the reporting entity, assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$379.2 million at the end of fiscal year 2018, representing an increase of \$144.0 million from the restated net position at June 30, 2017, as shown above. The significant decrease in fiscal year 2017 net position was due to the implementation of GASB Statement No.75. However, net position has improved over the course of the fiscal year.

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



As shown below, the largest portion of net position is unrestricted closely followed by 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 (\$89.7 million), community centers (\$14.7 million), and transportation (\$392.8 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, 2018 and 2017:

<b>Summary of Changes in Net Position For the Fiscal Years Ended June 30 (\$ in millions)</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2018</b>	<b>2017**</b>	<b>2018</b>	<b>2017**</b>	<b>2018</b>	<b>2017**</b>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 655.8	\$ 615.0	\$ 225.7	\$ 221.0	\$ 881.5	\$ 836.0
Operating grants and contributions	273.0	264.0	-	-	273.0	264.0
Capital grants and contributions	49.3	22.2	7.7	12.6	57.0	34.8
General revenues:						
Real property tax	2,652.3	2,601.6	-	-	2,652.3	2,601.6
Personal property tax	412.3	403.2	-	-	412.3	403.2
Business licenses tax	167.8	160.7	-	-	167.8	160.7
Local sales and use tax	252.0	246.9	-	-	252.0	246.9
Consumers utility tax	104.8	104.3	-	-	104.8	104.3
Other taxes	60.6	61.6	-	-	60.6	61.6
Unrestricted grants and contributions	211.4	211.5	-	-	211.4	211.5
Revenue from the use of money	9.0	6.7	2.5	0.9	11.5	7.6
<b>Total revenues</b>	<b>4,848.3</b>	<b>4,697.7</b>	<b>235.9</b>	<b>234.5</b>	<b>5,084.2</b>	<b>4,932.2</b>
<b>Expenses:</b>						
General government administration	191.0	199.2	-	-	191.0	199.2
Judicial administration	64.0	62.2	-	-	64.0	62.2
Public safety	783.3	743.9	-	-	783.3	743.9
Public works	255.8	220.0	188.2	177.6	444.1	397.6
Health and welfare	641.6	621.7	-	-	641.6	621.7
Community development	553.9	450.0	-	-	553.9	450.0
Parks, recreation, and cultural	132.4	124.4	-	-	132.4	124.4
Education	2,139.2	2,085.9	-	-	2,139.2	2,085.9
Interest on long-term debt *	113.3	108.1	-	-	113.3	108.1
<b>Total expenses</b>	<b>4,874.5</b>	<b>4,615.4</b>	<b>188.2</b>	<b>177.6</b>	<b>5,062.8</b>	<b>4,793.0</b>
Increase (decrease) in net position	(26.2)	82.3	47.7	56.9	21.4	139.2
Beginning net position	(491.6)	(463.8)	1,108.3	1,052.9	616.7	589.1
GASB 75 Adjustment for FY17 restatement**	-	(110.1)	-	(1.5)	-	(111.6)
<b>Ending net position</b>	<b>\$ (517.8)</b>	<b>\$ (491.6)</b>	<b>\$ 1,156.0</b>	<b>\$ 1,108.3</b>	<b>\$ 638.1</b>	<b>\$ 616.7</b>

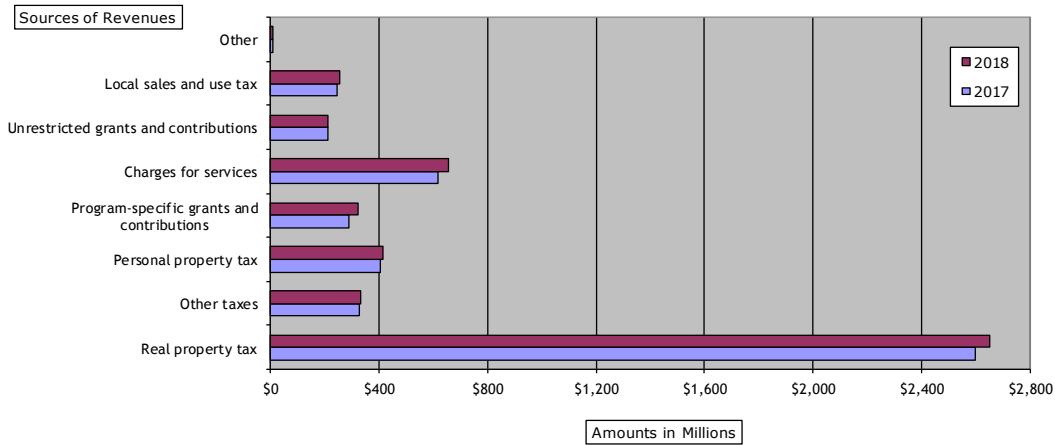
\* For business-type activities, interest on long-term debt is included in the functional expense category.

\*\*Fiscal Year 2017 amounts restated due to the implementation of GASB Statement No. 75. See Note M for more information.

Governmental Activities

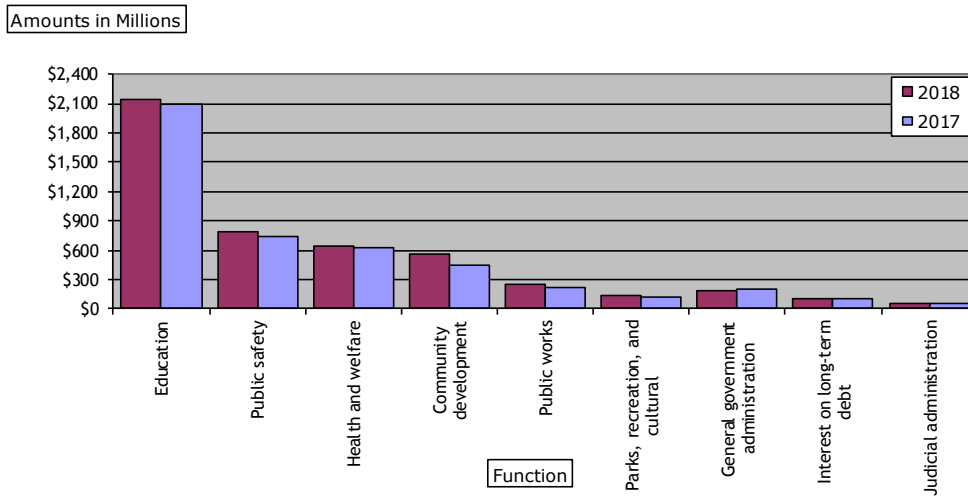
Revenue for the County's governmental activities was \$4,848.3 million for fiscal year 2018, representing an increase of \$150.6 million over fiscal year 2017. Sources of revenue for fiscal years 2018 and 2017 are shown below:

**Governmental Activities - Revenues by Source**  
For the Fiscal Years Ended June 30, 2018 and 2017



Taxes constitute the largest source of County revenues, amounting to \$3,649.8 million for fiscal year 2018, an increase of \$71.5 million over fiscal year 2017, primarily due to real property taxes. Real property taxes (\$2,652.3 million) represent 72.7 percent of total taxes and over half of all revenues combined. The real estate base tax rate remained the same in fiscal year 2018, non-residential assessments rose resulting in the increased revenue. Unrestricted grants and contributions include \$211.4 million in revenue from the Commonwealth of Virginia to reimburse Fairfax County as part of the Personal Property Tax Relief Act (see Note C to the financial statements).

**Governmental Activities - Expenses by Function**  
For the Fiscal Years Ended June 30, 2018 and 2017





The total cost of all of the County's governmental activities for fiscal year 2018 was \$4,874.6 million, representing an increase of \$259.2 million over fiscal year 2017. As the chart below indicates, education continues to be the County's largest program. Education expense totaled more than \$2.1 billion in fiscal year 2018, supporting school operations and to service debt for bond-funded projects to build new schools and renew older facilities. Community Development increased by \$103.9 million in total cost of services compared to fiscal year 2017. A significant portion of this arises from an increase in transportation project related expenses.

The table below 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 \$655.8 million. Other governments and organizations subsidized certain programs with grants and contributions totaling \$322.3 million. Of the \$3,896.2 million net cost of services, the amount that taxpayers paid for these programs through County taxes was \$3,649.8 million.

<b>Net Cost of County's Governmental Activities For the Fiscal Years Ended June 30 (\$ in millions)</b>				
<b>Functions/Programs</b>	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Education	\$ 2,139.2	2,085.9	\$ 2,139.1	2,085.8
Public safety	783.3	743.9	660.9	625.2
Health and welfare	641.6	621.7	402.8	382.1
Community development	553.9	450.0	265.6	172.7
Public works	255.8	220.0	80.3	77.2
General government administration	191.0	199.2	92.4	131.9
Other	309.8	294.7	255.1	239.1
<b>Total</b>	<b>\$ 4,874.6</b>	<b>4,615.4</b>	<b>\$ 3,896.2</b>	<b>3,714.0</b>

Business-type Activities

The Sewer System recovers its costs primarily through user service charges and availability fees. For fiscal year 2018, the Sewer System reported an increase in net position of \$47.7 million. Total revenues of the Sewer System increased \$1.4 million from fiscal year 2017. This increase was primarily the result of an increase in the sewer base charges.

Total expenses of the Sewer System for fiscal year 2018 were \$188.2 million, increasing by \$10.6 million from fiscal year 2017. This increase was primarily the result of increases in contractual services and interest expense.

## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

As of June 30, 2018, the County's governmental funds had a combined fund balance of \$1,586.3 million, compared with \$1,515.0 million at June 30, 2017. Of the fiscal year 2018 fund balance, \$29.3 million is assigned in the General Fund, indicating that it is not available for new spending because it has already been committed for items such as existing purchase orders, construction contracts and loan repayments. Approximately 13.9 percent (\$66.6 million) of the total 2018 General Fund balance is unassigned, representing resources not associated with a specified purpose. With regards to the nonmajor fund balance, as a portion of the total governmental funds fund balance, 69.8 percent (\$1,107.2 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 0.14 percent (\$2.3 million) of the total fund balance. At June 30, 2018, \$343.7 million of the General Fund's committed fund balance of \$381.0 million is designated for the managed reserve and revenue stabilization fund based on fiscal year 2018 actuals.

For the fiscal year ended June 30, 2018, fund balances for all governmental funds increased by \$71.3 million, compared with the \$171.1 million increase for fiscal year ended June 30, 2017. Total revenues and other financing sources were \$5,954.4 million, total expenditures and other financing uses were \$5,883.1 million, resulting in the increase to the fund balances. Although total revenues were less than expenditures in fiscal year 2018, the total other financing sources and uses exceeded the deficiency of revenues over expenditures. In comparison to fiscal year 2017, total revenues increased by \$111.3 million mainly due to the rise in real estate assessments and interest income. However, the increase in revenue was offset by the rise in expenditures which increased by \$188.4 million compared to fiscal year 2017. The increase was due to a combination of increases in employee pay and the funding provided to FCPS.

The General Fund is the main operating fund of the County. At the end of the current fiscal year, the unassigned fund balance was \$66.6 million, which represents approximately 1.9 percent of the General Fund's total expenditures. Revenues of \$4,153.5 million, less expenditures of \$3,538.2 million and other financing uses of \$558.0 million, resulted in a net increase in fund balance of \$57.3 million. This increase was primarily attributed to both the increases in vehicle levy and BPOL taxes.

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 and 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 15.9 percent of total General Fund receipts (including revenues and transfers from other funds) as shown in the table on the following page.

<b>Fund Reserves</b>	
<b>For the Fiscal Years Ended June 30, 2018</b>	
<b>(\$ in millions)</b>	
General fund committed reserves <sup>(1)</sup> :	
Revenue stabilization fund reserve	\$ 206.7
Managed reserve	136.9
Information Technology and others	37.3
Total committed	380.9
General fund assigned reserves (encumbrances)	29.3
General fund unassigned reserves	66.6
General fund supported reserves <sup>(2)</sup> :	
Community services board	29.5
Internal service fund reserves <sup>(3)</sup> :	
Vehicle related reserves	52.2
Technology related reserves	12.8
Self insurance reserves	92.9
Total reserves funded by and available to the general fund	664.2
General fund revenues and transfers in <sup>(4)</sup> :	
General fund revenues	4,153.5
Transfers in	16.4
Total general fund revenues and transfers in	\$ 4,169.9
Total available reserves as % of general fund revenues	15.9%

(1) Exhibit A-2  
(2) Exhibit D

(3) Exhibit G  
(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 \$105.5 million or 2.6 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 \$14.6 million or 0.4 percent, primarily due to higher than projected Personal Property taxes, Revenue from the use of Money and Property and Intergovernmental revenue.

Actual revenues exceeded final budget amounts by \$30.9 million, while actual expenditures were \$77.0 million less than final budget amounts. Highlights of the comparison of final budget to actual figures for the fiscal year ended June 30, 2018, include the following:

- Tax revenues exceeded budgeted amounts by \$22.5 million. The increase is primarily due to increases in Personal Property Tax and Business Licenses receipts.
- Intergovernmental revenue was \$4.3 million more than budgeted amounts primarily associated with reimbursable expenditures for public assistance programs.

- General government administration expenditures were \$7.0 million, or 6.1 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 \$20.3 million, or 4.1 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 \$17.3 million, or 5.3 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 \$20.5 million, or 5.3 percent, less than budgeted amounts primarily due to unspent reserve balances carried forward to the next fiscal year and savings in employer contributions to group health insurance and the County Retirement Systems.

**CAPITAL ASSETS AND LONG-TERM DEBT**

**Capital Assets**

The County’s investment in capital assets as of June 30, 2018, amounted to \$4.4 billion, which represents an increase of \$108.5 million, or 2.5 percent, over last year. Capital assets as of June 30, 2018 and 2017, are summarized below:

	<b>Capital Assets As of June 30 (\$ in millions)</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Land and easements	\$ 439.5	422.4	\$ 18.0	18.0	\$ 457.5	440.4
Buildings, improvements, and infrastructure	2,824.1	2,781.8	1,439.7	1,380.8	4,263.8	4,162.6
Software	123.9	114.9	-	-	123.9	114.9
Equipment and library collections	588.0	576.6	14.8	14.7	602.8	591.3
Construction in progress	318.1	224.3	122.8	93.7	440.9	318.0
Equipment under construction	26.4	21.1	-	-	26.4	21.1
Software in development	16.8	13.1	-	-	16.8	13.1
Purchased capacity	-	-	1,070.4	1,057.1	1,070.4	1,057.1
Total capital assets	4,336.8	4,154.3	2,665.7	2,564.3	7,002.5	6,718.5
Less: Accumulated depreciation and amortization	(1,469.8)	(1,357.3)	(1,096.2)	(1,033.2)	(2,566.0)	(2,390.5)
Total capital assets, net	\$ 2,867.0	2,797.0	\$ 1,569.5	1,531.1	\$ 4,436.5	4,328.0

The major capital asset activities for fiscal year 2018 included the following:

- Developers’ contributions of sewer lines and manholes totaled \$2.3 million; contributions of stormwater and pedestrian walkway related totaled \$10.5 million.
- The purchase of library books and audio/video materials totaled \$4.1 million, funded through general operating revenues.
- Improvements to transportation, including bus and rail service, totaled \$9.4 million.
- Expenditures related to construction of the Huntington Flood Mitigation, Lewinsville Redevelopment, and Public Safety Headquarters were \$19.4 million, \$8.2 million, and \$6.7 million, respectively.

- The Sewer System’s share of the upgrade and operating costs of the District of Columbia’s wastewater treatment facilities, which provide service to certain County residents, was \$16.6 million.
- The acquisition of Software increased by \$12.5 million for improving general government administration function.

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 2018, these percentages were 1.14 percent and 8.20 percent, respectively.

In January 2018, the County issued \$219.6 million of Series 2018A General Obligation Public Improvement with a true interest cost of 2.67 percent and a premium of \$33.2 million. Proceeds of \$219.6 million are being used to fund new facilities and improvements, as follows (in millions):

County facilities:	
Transportation Improvements.....	\$ 16.0
Public safety facilities.....	7.0
Other purposes .....	17.5
Park facilities .....	20.1
Transportation facilities .....	23.9
Public Schools facilities.....	<u>135.1</u>
Total bonds issued for new projects.....	<u>\$219.6</u>

In August 2017, the Economic Development Authority issued \$19.1 million of Facilities Revenue Bonds Series 2017A and \$31.2 million of Facilities Revenue Refunding Bonds Series 2017B. The 2017A County Facilities Projects Bonds were issued to finance the costs of the construction and improvement of certain property to be used by the County as an adult day care facility, child day care centers, and a senior center or for other County approved purposes. The 2017B County Facilities Projects Refunding Bonds were issued to refund certain outstanding maturities of the 2012 Economic Development Authority Revenue Bonds in order to save \$5.4 million in future debt service payments with a \$2.5 million net present value. Savings on future debt service payments also take into account the use of other County funds toward the pay down of the aforementioned outstanding maturities.



In February 2018, the Fairfax County Redevelopment and Housing Authority issued \$11.2 million of Series 2018A (Federally Taxable) Revenue Bonds, which together with other County funds refinanced the Fairfax County Redevelopment and Housing Authority direct loan agreement with Bank of America, N.A.

The following is a summary of the County's gross outstanding long-term debt as of June 30, 2018 and 2017:

Outstanding Long-term Debt As of June 30 (\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
General obligation bonds issued for:						
County facilities	\$ 847.1	832.8	\$ -	-	\$ 847.1	832.8
Public Schools facilities	1,403.8	1,390.6	-	-	1,403.8	1,390.6
Revenue bonds	826.0	838.3	-	-	826.0	838.3
Sewer revenue bonds	-	-	598.1	622.9	598.1	622.9
Capital leases and other	394.5	282.4	-	-	394.5	282.4
Total County outstanding debt	\$ 3,471.4	3,344.1	\$ 598.1	622.9	\$ 4,069.5	3,967.0

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 2019:

- The assessed value of all real property increased by \$8.5 billion, or 3.59 percent, over the fiscal year 2018 value. This resulted from a moderate increase in existing non-residential property values.
- Equalized residential property assessments increased 2.17 percent and non-residential equalization increased 3.79 percent for fiscal year 2019. Existing residential property values have remained positive in each of the last six years indicating the continued stabilization of the residential housing market.
- Personal property tax revenue is projected to increase 1.6 percent in fiscal year 2019 over the fiscal year 2018 revised budget. The total vehicle volume is forecast to increase 0.6 percent in fiscal year 2019.

The fiscal year 2019 Adopted Budget includes revenues of \$4.28 billion, or a 4.04 percent increase over the fiscal year 2018 Revised Budget Plan. Real and personal property taxes represent the majority of budgeted revenues, comprising approximately 79.7 percent of the fiscal year 2019 General Fund revenues. Revenue from real property taxes alone makes up 65.2 percent of total revenues, as compared with approximately 64.6 percent in the fiscal year 2018 Adopted Budget.

Budgeted disbursements, which include expenditures and transfers out, total \$4.28 billion, a 1.63 percent increase from the fiscal year 2018 Revised Budget Plan. County funding for Public Schools is \$2.26 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 increased by \$20.2 million, or 1.29 percent, over fiscal year 2018.

The following tax rates and fees were approved for fiscal year 2019:

- Real estate tax rate increases from \$1.13 to \$1.15 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 \$0.15 to \$0.13 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 \$6.75 to \$7.00 per 1,000 gallons of water consumption and the Sewer Availability Charge for new single family homes remains at \$8,100 per unit. The Sewer Base Charge increases from \$27.62 to \$30.38 per quarter.
- Refuse collection rate for County collection sanitation districts increases from \$345 to \$350 per household and the refuse disposal rate increases from \$64 to \$66 per ton.
- The Stormwater Services rate increases from \$0.0300 to \$0.0325 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 remains 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 2019 Adopted Budget Plan to continue to address the County's commitment to achieving the strategic priorities of a strong investment in education; public safety and gang prevention; affordable housing; environmental protection; transportation improvements; and revenue diversification to reduce the burden on the homeowner.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

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





**COUNTY OF FAIRFAX, VIRGINIA**  
**Statement of Net Position**  
**June 30, 2018**

	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Equity in pooled cash and temporary investments	\$ 824,072,715	101,259,206	925,331,921
Cash in banks/with fiscal agents	-	-	-
Investments	996,277,319	-	996,277,319
Receivables (net of allowances):			
Accounts	36,049,046	2,652,772	38,701,818
Accrued interest	4,995,293	-	4,995,293
Property taxes:			
Delinquent	23,222,145	-	23,222,145
Not yet due	3,122,470,353	-	3,122,470,353
Business license taxes - delinquent	4,564,607	-	4,564,607
Loans	61,290,595	-	61,290,595
Notes	-	-	-
Due from intergovernmental units (net of allowances):			
Property tax relief:			
Property tax relief - not yet due	211,313,944	-	211,313,944
Other	95,690,405	50,118,033	145,808,438
Due from primary government	-	-	-
Due from component units	24,422	-	24,422
Loan to component unit	11,182,600	-	11,182,600
Lease to component unit	39,740,000	-	39,740,000
Inventories of supplies	3,143,325	405,847	3,549,172
Prepaid and other assets	2,289,647	-	2,289,647
Restricted assets:			
Equity in pooled cash and temporary investments	73,042,140	76,293,792	149,335,932
Cash and temporary investments with fiscal agents	157,208,960	18,178,132	175,387,092
Certificates of deposit - performance bonds	-	-	-
Investments	-	22,528,545	22,528,545
Land held for sale	-	-	-
Capital assets:			
Non-depreciable/non-amortizable:			
Land and easements	439,484,145	18,024,686	457,508,831
Construction in progress	318,149,895	122,760,500	440,910,395
Equipment under construction	26,351,525	-	26,351,525
Software in development	16,766,540	-	16,766,540
Depreciable/amortizable:			
Equipment	481,025,356	14,810,738	495,836,094
Software	123,872,742	-	123,872,742
Library collections	106,956,956	-	106,956,956
Purchased capacity	-	1,070,403,023	1,070,403,023
Buildings and improvements	1,843,002,580	88,455,704	1,931,458,284
Infrastructure	981,127,072	1,351,280,455	2,332,407,527
Accumulated depreciation	(1,426,218,638)	(691,185,122)	(2,117,403,760)
Accumulated amortization	(43,626,068)	(404,999,490)	(448,625,558)
Total assets	8,533,469,621	1,840,986,821	10,374,456,442
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflow for pension contributions subsequent to the measurement date	235,545,919	4,044,590	239,590,509
Deferred outflow for change in proportion (pensions)	9,488,956	1,014,408	10,503,364
Deferred outflow for differences between expected and actual experience (pensions)	60,169,096	1,309,165	61,478,261
Deferred outflow of recognition of pension investments	230,933,138	5,167,548	236,100,686
Deferred outflow for changes in assumptions (pensions)	51,424,441	998,180	52,422,621
Deferred outflow for OPEB contributions subsequent to the measurement date	22,266,301	580,001	22,846,302
Deferred outflow for differences between expected and actual experience (OPEB)	3,093,827	82,369	3,176,196
Deferred amounts from the refunding of debt	54,370,197	22,691,621	77,061,818
<b>Total deferred outflows of resources</b>	<b>\$ 667,291,875</b>	<b>35,887,882</b>	<b>703,179,757</b>

See accompanying notes to the financial statements.



EXHIBIT A

Total Component Units	Reclassifications (See Note A-13)	Total Reporting Entity	
			<b>ASSETS</b>
403,792,658	-	1,329,124,579	Equity in pooled cash and temporary investments
35,191,678	-	35,191,678	Cash in banks/with fiscal agents
4,655,000	-	1,000,932,319	Investments
			Receivables (net of allowances):
10,520,358	-	49,222,176	Accounts
1,126,802	-	6,122,095	Accrued interest
			Property taxes:
-	-	23,222,145	Delinquent
-	-	3,122,470,353	Not yet due
-	-	4,564,607	Business license taxes - delinquent
-	-	61,290,595	Loans
22,735,960	-	22,735,960	Notes
			Due from intergovernmental units (net of allowances):
			Property tax relief:
-	-	211,313,944	Property tax relief - not yet due
46,993,570	-	192,802,008	Other
3,762,540	-	3,762,540	Due from primary government
-	-	24,422	Due from component units
-	-	11,182,600	Loan to component unit
-	-	39,740,000	Lease to component unit
1,133,347	-	4,682,519	Inventories of supplies
2,980,054	-	5,269,701	Prepaid and other assets
			Restricted assets:
92,860,462	-	242,196,394	Equity in pooled cash and temporary investments
25,969,818	-	201,356,910	Cash with fiscal agents
2,493,104	-	2,493,104	Certificates of deposit - performance bonds
2,645,313	-	25,173,858	Investments
848,942	-	848,942	Land held for sale
			Capital assets:
			Non-depreciable/non-amortizable:
476,026,404	-	933,535,235	Land and easements
359,220,387	-	800,130,782	Construction in progress
-	-	26,351,525	Equipment under construction
-	-	16,766,540	Software in development
			Depreciable/amortizable:
351,348,769	-	847,184,863	Equipment
13,260,834	-	137,133,576	Software
24,657,995	-	131,614,951	Library collections
-	-	1,070,403,023	Purchased capacity
4,495,401,144	-	6,426,859,428	Buildings and improvements
-	-	2,332,407,527	Infrastructure
(2,434,651,341)	-	(4,552,055,101)	Accumulated depreciation
(7,459,329)	-	(456,084,887)	Accumulated amortization
3,935,514,469	-	14,309,970,911	Total assets
			<b>DEFERRED OUTFLOWS OF RESOURCES</b>
393,111,024	-	632,701,533	Deferred outflow for pension contributions subsequent to the measurement date
44,047,078	-	54,550,442	Deferred outflow for change in proportion (pensions)
			Deferred outflow for differences between expected and actual experience (pensions)
36,525,293	-	98,003,554	Deferred outflow of recognition of pension investments
236,333,312	-	472,433,998	Deferred outflow for changes in assumptions (pensions)
99,284,658	-	151,707,279	Deferred outflow for OPEB contributions subsequent to the measurement date
			Deferred outflow for differences between expected and actual experience (OPEB)
27,310,770	-	50,157,072	Deferred amounts from the refunding of debt
29,164,270	-	32,340,466	
155,968	-	77,217,786	
870,299,373	-	1,573,479,130	Total deferred outflows of resources

continued

**COUNTY OF FAIRFAX, VIRGINIA**  
**Statement of Net Position**  
**June 30, 2018**

	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 92,191,804	830,983	93,022,787
Accrued salaries and benefits	74,339,723	1,590,548	75,930,271
Contract retainages	11,964,556	17,043,668	29,008,224
Accrued interest payable	39,804,160	7,015,429	46,819,589
Due to intergovernmental units	5,451,383	-	5,451,383
Due to primary government	-	-	-
Due to component units	3,762,540	-	3,762,540
Unearned revenue	-	-	-
Other	29,579,812	-	29,579,812
Performance and other deposits	94,438,345	-	94,438,345
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds payable, net	235,507,956	-	235,507,956
Revenue bonds payable, net	48,989,528	29,461,773	78,451,301
Notes payable, net	7,645,000	-	7,645,000
Compensated absences payable	69,657,882	1,459,927	71,117,809
Obligations under capital leases and installment purchases	5,410,898	-	5,410,898
Insurance and benefit claims payable	24,723,000	-	24,723,000
Loan from primary government	-	-	-
Unearned Rent	-	-	-
Other	1,557,916	-	1,557,916
Portion due or payable after one year:			
General obligation bonds payable, net	2,239,150,826	-	2,239,150,826
Revenue bonds payable, net	839,200,817	620,110,331	1,459,311,148
Notes payable, net	345,216,013	-	345,216,013
Compensated absences payable	51,199,577	642,266	51,841,843
Landfill closure and postclosure obligation	46,937,182	-	46,937,182
Obligations under capital leases and installment purchases	13,124,363	-	13,124,363
Insurance and benefit claims payable	51,710,000	-	51,710,000
Net pension liability	1,715,637,567	35,335,899	1,750,973,466
Net OPEB liability	39,054,883	1,039,781	40,094,664
Loan from primary government	-	-	-
Unearned Rent	-	-	-
Other	21,524,076	-	21,524,076
Total liabilities	<u>6,107,779,807</u>	<u>714,530,605</u>	<u>6,822,310,412</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred tax revenue	3,439,969,622	-	3,439,969,622
Deferred revenue - other	4,927,284	-	4,927,284
Deferred gain on refunding	753,560	3,132,266	3,885,826
Deferred inflow related to differences between actual and expected experience (pensions)	114,645,620	1,592,910	116,238,530
Deferred inflow of recognition of pension investments	-	-	-
Deferred inflow for change in proportion (pensions)	1,797,883	410,310	2,208,193
Deferred recognition of OPEB investments	28,036,150	746,423	28,782,573
Deferred inflow for change in assumptions (OPEB)	20,696,413	551,013	21,247,426
Reduction of capital lease	-	-	-
Total deferred inflows of resources	<u>3,610,826,532</u>	<u>6,432,922</u>	<u>3,617,259,454</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,070,863,206	1,038,360,082	3,109,223,288
Restricted for:			
Grant programs	48,770,031	-	48,770,031
Repair and replacement	-	-	-
Community centers	14,727,550	-	14,727,550
Housing	-	-	-
Transportation	392,823,435	-	392,823,435
Capital projects	-	-	-
Debt service	-	18,178,132	18,178,132
Unrestricted (deficit)	<u>(3,045,029,065)</u>	<u>99,372,962</u>	<u>(2,945,656,103)</u>
Net position	<u>\$ (517,844,843)</u>	<u>1,155,911,176</u>	<u>638,066,333</u>

See accompanying notes to the financial statements.

EXHIBIT A  
concluded

Total Component Units	Reclassifications (See Note A-13)	Total Reporting Entity	
			<b>LIABILITIES</b>
55,093,196	-	148,115,983	Accounts payable and accrued liabilities
48,763,538	-	124,693,809	Accrued salaries and benefits
12,087,974	-	41,096,198	Contract retainages
11,152,212	-	57,971,801	Accrued interest payable
-	-	5,451,383	Due to intergovernmental units
24,422	-	24,422	Due to primary government
-	-	3,762,540	Due to component units
26,332,629	-	26,332,629	Unearned revenue
-	-	29,579,812	Other
7,938,693	-	102,377,038	Performance and other deposits
			Long-term liabilities:
-	-	235,507,956	Portion due or payable within one year:
1,404,411	-	79,855,712	General obligation bonds payable, net
800,447	-	8,445,447	Revenue bonds payable, net
26,847,145	-	97,964,954	Notes payable, net
20,690,798	-	26,101,696	Compensated absences payable
27,303,542	-	52,026,542	Obligations under capital leases and installment purchases
471,400	-	471,400	Insurance and benefit claims payable
263,260	-	263,260	Loan from primary government
-	-	1,557,916	Unearned Rent
-	-	-	Other
-	-	2,239,150,826	Portion due or payable after one year:
23,006,054	-	1,482,317,202	General obligation bonds payable, net
52,319,778	-	397,535,791	Revenue bonds payable, net
13,242,860	-	65,084,703	Notes payable, net
-	-	46,937,182	Compensated absences payable
66,342,648	-	79,467,011	Landfill closure and postclosure obligation
36,014,170	-	87,724,170	Obligations under capital leases and installment purchases
3,553,379,106	-	5,304,352,572	Insurance and benefit claims payable
469,377,103	-	509,471,767	Net pension liability
10,711,200	-	10,711,200	Net OPEB liability
4,558,156	-	4,558,156	Loan from primary government
-	-	21,524,076	Unearned Rent
4,468,124,742	-	11,290,435,154	Other
			Total liabilities
			<b>DEFERRED INFLOWS OF RESOURCES</b>
-	-	3,439,969,622	Deferred tax revenue
-	-	4,927,284	Deferred revenue - other
-	-	3,885,826	Deferred gain on refunding
206,182,494	-	322,421,024	Deferred inflow related to differences between actual and expected experience (pensions)
193,236,898	-	193,236,898	Deferred inflow of recognition of pension investments
26,872,249	-	29,080,442	Deferred inflow for change in proportion (pensions)
8,764,525	-	37,547,098	Deferred recognition of OPEB investments
155,141,401	-	176,388,827	Deferred inflow for change in assumptions (OPEB)
3,733,438	-	3,733,438	Reduction of capital lease
596,510,005	-	4,213,769,459	Total deferred inflow of resources
			<b>NET POSITION</b>
3,121,326,166	(1,635,696,356)	4,594,853,098	Net investment in capital assets
			Restricted for:
40,961,455	-	89,731,486	Grant programs
700,000	-	700,000	Repair and replacement
-	-	14,727,550	Community centers
27,921,449	-	27,921,449	Housing
-	-	392,823,435	Transportation
58,025,916	(90,652,536)	(32,626,620)	Capital projects
-	-	18,178,132	Debt service
(3,507,755,891)	1,726,348,892	(4,727,063,102)	Unrestricted (deficit)
(258,820,905)	-	379,245,428	Net position

COUNTY OF FAIRFAX, VIRGINIA  
 Statement of Activities  
 For the fiscal year ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government administration	\$ 190,974,147	61,304,585	7,861,046	29,376,262
Judicial administration	64,060,042	12,712,226	23,883,181	-
Public safety	783,282,501	74,116,426	47,790,316	490,172
Public works	255,772,468	158,834,077	3,614,397	12,977,216
Health and welfare	641,619,815	77,063,723	161,596,183	274,302
Community development	553,891,606	254,771,918	27,273,740	6,202,028
Parks, recreation, and cultural	132,413,348	17,027,094	1,032,328	-
Education - for Public Schools	2,139,229,138	-	-	-
Interest on long-term debt	113,312,939	-	-	-
Total governmental activities	<u>4,874,556,004</u>	<u>655,830,049</u>	<u>273,051,191</u>	<u>49,319,980</u>
Business-type activities:				
Public works - Sewer	188,232,208	225,733,347	-	7,614,925
Total business-type activities	<u>188,232,208</u>	<u>225,733,347</u>	<u>-</u>	<u>7,614,925</u>
Total primary government	<u>5,062,788,212</u>	<u>881,563,396</u>	<u>273,051,191</u>	<u>56,934,905</u>
<b>Component units:</b>				
Public Schools	2,890,302,349	108,528,893	317,226,777	173,864,395
Redevelopment and Housing Authority	116,869,407	47,071,122	70,690,289	2,473,114
Park Authority	109,171,281	47,351,337	-	24,136,936
Economic Development Authority	10,226,848	-	-	-
Total component units	<u>\$ 3,126,569,885</u>	<u>202,951,352</u>	<u>387,917,066</u>	<u>200,474,445</u>

**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, 2017, as restated

Net position, June 30, 2018

See accompanying notes to the financial statements.

EXHIBIT A-1

<b>Net (Expense) Revenue and Changes in Net Position</b>				
Primary Government			Total	
Governmental Activities	Business-type Activities	Total Primary Government	Component Units	
(92,432,254)	-	(92,432,254)	-	<b>Functions/Programs</b>
(27,464,635)	-	(27,464,635)	-	<b>Primary government:</b>
(660,885,587)	-	(660,885,587)	-	Governmental activities:
(80,346,778)	-	(80,346,778)	-	General government administration
(402,685,607)	-	(402,685,607)	-	Judicial administration
(265,643,920)	-	(265,643,920)	-	Public safety
(114,353,926)	-	(114,353,926)	-	Public works
(2,139,229,138)	-	(2,139,229,138)	-	Health and welfare
(113,312,939)	-	(113,312,939)	-	Community development
(3,896,354,784)	-	(3,896,354,784)	-	Parks, recreation, and cultural
				Education - for Public Schools
				Interest on long-term debt
				Total governmental activities
				<b>Business-type activities:</b>
-	45,116,064	45,116,064	-	Public works - Sewer
-	45,116,064	45,116,064	-	Total business-type activities
(3,896,354,784)	45,116,064	(3,851,238,720)	-	<b>Total primary government</b>
				<b>Component units:</b>
			(2,290,682,284)	Public Schools
			3,365,118	Redevelopment and Housing Authority
			(37,683,008)	Park Authority
			(10,226,848)	Economic Development Authority
			(2,335,227,022)	<b>Total component units</b>
				<b>General revenues:</b>
				Taxes:
\$ 2,652,298,780	-	2,652,298,780	-	Real property
412,251,446	-	412,251,446	-	Personal property
167,766,061	-	167,766,061	-	Business licenses
252,019,165	-	252,019,165	-	Local sales and use
104,785,290	-	104,785,290	-	Consumers utility
24,623,858	-	24,623,858	-	Recordation
35,969,332	-	35,969,332	-	Occupancy, tobacco, and other
211,426,419	-	211,426,419	483,022,326	Grants and contributions not restricted to specific programs
9,008,419	2,525,508	11,533,927	1,042,493	Revenue from the use of money
-	-	-	2,029,614,298	Revenue from primary government
-	-	-	2,265,980	Other
3,870,148,770	2,525,508	3,872,674,278	2,515,945,097	<b>Total general revenues</b>
(26,206,014)	47,641,572	21,435,558	180,718,075	Change in net position
(491,638,829)	1,108,269,604	616,630,775	(439,538,980)	Net position, July 1, 2017, as restated
\$ (517,844,843)	1,155,911,176	638,066,333	(258,820,905)	Net position, June 30, 2018



**COUNTY OF FAIRFAX, VIRGINIA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

**EXHIBIT A-2**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Equity in pooled cash and temporary investments	\$ 259,161,832	326,728,718	585,890,550
Investments	440,691,620	555,585,699	996,277,319
Receivables (net of allowances):			
Accounts	17,830,271	18,207,848	36,038,119
Accrued interest	30,950	4,963,474	4,994,424
Property taxes:			
Delinquent	23,222,145	-	23,222,145
Not yet due	3,122,470,353	-	3,122,470,353
Business license taxes - delinquent	4,564,607	-	4,564,607
Loans	-	61,290,595	61,290,595
Due from intergovernmental units (net of allowances):			
Property tax relief - not yet due	211,313,944	-	211,313,944
Other	45,608,291	49,449,326	95,057,617
Due from component units	760	-	760
Loan to component unit	-	11,182,600	11,182,600
Lease to component unit	-	39,740,000	39,740,000
Interfund receivables	900,400	-	900,400
Prepaid and other assets	1,996,914	292,733	2,289,647
Restricted assets:			
Equity in pooled cash and temporary investments	-	73,042,140	73,042,140
Cash with fiscal agents	645,419	156,563,541	157,208,960
Total assets	<u>4,128,437,506</u>	<u>1,297,046,674</u>	<u>5,425,484,180</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total deferred outflows of resources	-	-	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 4,128,437,506</b>	<b>1,297,046,674</b>	<b>5,425,484,180</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 26,266,380	56,063,019	82,329,399
Accrued salaries and benefits	59,314,253	13,079,474	72,393,727
Contract retainages	2,348	11,962,208	11,964,556
Due to intergovernmental units	10,982	5,440,401	5,451,383
Due to component units	2,672,339	1,090,201	3,762,540
Interfund payables	1,519,075	900,400	2,419,475
Unearned revenue	27,084,687	67,418,964	94,503,651
Performance and other deposits	70,454,864	23,983,481	94,438,345
Total liabilities	<u>187,324,928</u>	<u>179,938,148</u>	<u>367,263,076</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred tax revenue	3,439,969,622	-	3,439,969,622
Unavailable revenue	22,318,685	9,586,562	31,905,247
Total deferred inflows of resources	<u>3,462,288,307</u>	<u>9,586,562</u>	<u>3,471,874,869</u>
<b>Total liabilities and deferred inflows of resources</b>	<b>\$ 3,649,613,235</b>	<b>189,524,710</b>	<b>3,839,137,945</b>

continued

EXHIBIT A-2

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid amounts	\$ 1,996,914	292,733	2,289,647
Total Nonspendable	1,996,914	292,733	2,289,647
Restricted for:			
Public safety, courts, and judicial	-	27,562,631	27,562,631
General public works	-	119,530,796	119,530,796
Stormwater management	-	59,470,664	59,470,664
Transportation	-	444,600,003	444,600,003
Social services, health and welfare	-	16,892,925	16,892,925
Housing and community development	-	40,329,845	40,329,845
Parks, recreation, and cultural	-	15,266,616	15,266,616
Debt service	-	6,955,332	6,955,332
Capital projects	-	129,790,566	129,790,566
Other purposes	-	8,860,014	8,860,014
Total Restricted	-	869,259,392	869,259,392
Committed to:			
Revenue stabilization	206,722,398	-	206,722,398
Managed reserves	136,934,428	-	136,934,428
Public safety, courts, and judicial	664,981	2,334,021	2,999,002
Transportation	-	12,665,622	12,665,622
Social services, health and welfare	1,400,411	31,801,735	33,202,146
Housing and community development	31,153	12,090,114	12,121,267
Parks, recreation, and cultural	1,068,502	-	1,068,502
Debt service	-	25,153,460	25,153,460
Capital projects	-	153,924,887	153,924,887
Other purposes	34,184,418	-	34,184,418
Total Committed	381,006,291	237,969,839	618,976,130
Assigned to:			
Public safety, courts, and judicial	12,854,455	-	12,854,455
General public works	3,258,620	-	3,258,620
Social services, health and welfare	4,938,753	-	4,938,753
Housing and community development	3,015,798	-	3,015,798
Parks, recreation, and cultural	1,090,225	-	1,090,225
Other purposes	4,099,424	-	4,099,424
Total Assigned	29,257,275	-	29,257,275
Unassigned:	66,563,791	-	66,563,791
Total fund balances	478,824,271	1,107,521,964	1,586,346,235
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 4,128,437,506</b>	<b>1,297,046,674</b>	<b>5,425,484,180</b>

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, 2018**

**EXHIBIT A-2**  
concluded

Fund balances - Total governmental funds \$ 1,586,346,235

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	\$ 437,545,457	
Construction in progress	302,844,740	
Equipment under construction	20,915,282	
Software in development	16,766,540	
Depreciable/amortizable assets:		
Equipment	310,672,003	
Software	121,672,155	
Library collections	106,956,956	
Buildings and improvements	1,820,810,361	
Infrastructure	977,258,406	
Total capital assets	<u>4,115,441,900</u>	
Less accumulated depreciation/amortization	<u>(1,342,337,391)</u>	2,773,104,509

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 deferred inflow in the funds:

Delinquent taxes (net of allowances):		
Property	\$ 19,731,866	
Business license	4,564,607	
Sales and use and other taxes	887,366	
Lease to component unit	<u>39,740,000</u>	64,923,839

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	\$ 21,820,429	
EMS transport and other charges for services	<u>5,157,534</u>	26,977,963

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	\$ 54,370,197	
Deferred gain on refunding of debt	<u>(753,560)</u>	53,616,637

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

Deferred outflow for pension contributions subsequent to the measurement date	\$ 235,545,919	
Deferred outflow for change in proportion (pensions)	9,488,956	
Deferred outflow for differences between expected and actual experience (pensions)	60,169,096	
Deferred outflow of recognition of pension investments	230,933,138	
Deferred outflow for changes in assumptions (pensions)	51,424,441	
Deferred inflow for differences between expected and actual experience (pensions)	(114,645,620)	
Deferred inflow for change in proportion (pensions)	(1,797,883)	
Deferred outflow for OPEB contributions subsequent to the measurement date	22,266,301	
Deferred outflow for differences between expected and actual experience (OPEB)	3,093,827	
Deferred recognition of OPEB investments	(28,036,150)	
Deferred inflow for change in assumptions (OPEB)	<u>(20,696,413)</u>	447,745,612

Certain other receivables are accrued only in the government-wide statements 625,188

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	\$ 242,887,623	
Capital assets	221,294,911	
Less accumulated depreciation/amortization	(127,507,315)	
Liabilities	<u>(94,881,611)</u>	241,793,608

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	\$ (2,474,658,782)	
Revenue bonds payable, net	(888,190,345)	
Notes payable	(352,861,013)	
Compensated absences payable	(117,496,964)	
Landfill closure and postclosure obligation	(46,937,182)	
Obligations under capital leases and installment purchases	(15,255,546)	
Net pension liability	(1,715,637,567)	
Net OPEB liability	(39,054,883)	
Other long-term liabilities	(23,081,992)	
Accrued interest on long-term debt	<u>(39,804,160)</u>	<u>(5,712,978,434)</u>

Net position of governmental activities \$ (517,844,843)



**COUNTY OF FAIRFAX, VIRGINIA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the fiscal year ended June 30, 2018**

**EXHIBIT A-3**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 3,589,886,690	59,131,093	3,649,017,783
Permits, privilege fees, and regulatory licenses	52,723,373	24,562,300	77,285,673
Intergovernmental	355,433,536	235,811,886	591,245,422
Charges for services	82,679,276	298,960,273	381,639,549
Fines and forfeitures	15,227,392	122,013	15,349,405
Developers' contributions	-	6,672,917	6,672,917
Revenue from the use of money and property	47,076,323	17,421,581	64,497,904
Recovered costs	9,234,813	9,408,554	18,643,367
Gifts, donations, and contributions	1,221,172	901,700	2,122,872
Total revenues	4,153,482,575	652,992,317	4,806,474,892
<b>EXPENDITURES</b>			
Current:			
General government administration	154,169,910	2,079,258	156,249,168
Judicial administration	57,378,283	1,373,924	58,752,207
Public safety	683,701,748	64,104,710	747,806,458
Public works	93,472,087	104,048,021	197,520,108
Health and welfare	398,899,103	230,751,438	629,650,541
Community development	64,198,596	224,217,231	288,415,827
Parks, recreation, and cultural	38,349,375	16,706,042	55,055,417
Intergovernmental:			
Community development	11,360,629	204,844,577	216,205,206
Parks, recreation, and cultural	34,155,180	34,545,917	68,701,097
Education - for Public Schools	1,980,106,487	159,122,651	2,139,229,138
Capital outlay:			
General government administration	14,037,641	11,974,533	26,012,174
Judicial administration	295,988	24,202	320,190
Public safety	2,055,229	22,962,295	25,017,524
Public works	31,250	52,928,332	52,959,582
Health and welfare	864,435	11,285,312	12,149,747
Community development	95,076	59,322,027	59,417,103
Parks, recreation, and cultural	4,063,338	5,948,467	10,011,805
Debt service:			
Principal retirement	866,604	256,560,206	257,426,810
Interest and other charges	58,919	141,631,221	141,690,140
Total expenditures	3,538,159,878	1,604,430,364	5,142,590,242
Excess (deficiency) of revenues over (under) expenditures	615,322,697	(951,438,047)	(336,115,350)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	16,440,411	680,041,255	696,481,666
Transfers out	(574,394,290)	(129,035,650)	(703,429,940)
General obligation bonds issued	-	219,640,000	219,640,000
Premium on general obligation bonds issued	-	33,209,377	33,209,377
Revenue bonds issued	-	30,235,000	30,235,000
Premium on revenue bonds issued	-	5,350	5,350
Lease revenue refunding bonds issued	-	31,150,000	31,150,000
Premium on lease revenue refunding bonds issued	-	6,258,232	6,258,232
Payments to refunded bonds escrow agent	-	(37,063,950)	(37,063,950)
Notes issued	-	130,983,420	130,983,420
Total other financing sources (uses)	(557,953,879)	965,423,034	407,469,155
Net change in fund balances	57,368,818	13,984,987	71,353,805
Fund balances, July 1, 2017	421,455,453	1,093,536,977	1,514,992,430
Fund balances, June 30, 2018	\$ 478,824,271	1,107,521,964	1,586,346,235

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, 2018**

**EXHIBIT A-3**  
concluded

Net change in fund balances - Total governmental funds	\$	71,353,805
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	\$ 185,888,125	
Less depreciation/amortization expense	<u>(116,187,039)</u>	69,701,086
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.		
		(44,160,889)
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.		
		40,621,949
Build America Bonds interest subsidy accrual is not recognized as revenue in the fund statements		
		(40,818)
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 deferred inflow in the funds:		
Delinquent property taxes	\$ 1,587,446	
Delinquent business license taxes	(718,982)	
Other charges for services	<u>196,824</u>	1,065,288
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	\$ (172,315)	
EMS transport and other charges for services	<u>1,107,605</u>	935,290
The receipt of principal payments for the lease to the component unit does not result in a revenue in the statement of activities.		
		(1,470,000)
The issuance of long-term debt, including premiums, is reported as other financing sources in the governmental funds and thus, increases fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. The following were issued:		
Series 2018A NM General Obligation Bond	\$ (252,849,377)	
EDA 2017B County Facilities Project Refunding Bonds	(37,408,232)	
EDA 2017A Lewinsville and FCRHA Crescent 2018A Refunding Bonds	(30,240,350)	
TIFIA Note	<u>(130,983,420)</u>	(451,481,379)
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.		
		(5,781,811)
Certain other long-term liabilities are recognized only in the government-wide statements, resulting in a net difference.		
		851,609
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	\$ 253,106,555	
Payment to escrow agent to refund bonds	35,894,974	
Principal payments of capital leases and installment purchases	<u>4,320,255</u>	293,321,784
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	\$ (5,678,834)	
Amortization of bond premiums and discounts	42,714,708	
Amortization of deferred gains on bond refundings	181,785	
Amortization of deferred losses on bond refundings	<u>(7,321,648)</u>	29,896,011
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	\$ (829,931)	
Compensated absences	(1,696,166)	
Net pension liability	<u>(33,597,651)</u>	(36,123,748)
Other		
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>5,105,809</u>
Change in net position of governmental activities	\$	<u><u>(26,206,014)</u></u>

COUNTY OF FAIRFAX, VIRGINIA  
 Statement of Net Position  
 Proprietary Funds  
 June 30, 2018

EXHIBIT A-4

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
<b>ASSETS</b>		
Current assets:		
Equity in pooled cash and temporary investments	\$ 101,259,206	238,182,165
Accounts receivable	877,688	10,927
Accrued interest receivable	-	869
Due from intergovernmental units (net of allowance)	50,118,033	7,600
Due from component units	-	23,662
Interfund receivables	-	1,519,075
Inventories of supplies	405,847	3,143,325
Total unrestricted current assets	152,660,774	242,887,623
Restricted assets:		
Equity in pooled cash and temporary investments	76,293,792	-
Temporary investments with fiscal agents	18,178,132	-
Investments with fiscal agents	22,528,545	-
Total restricted current assets	117,000,469	-
Total current assets	269,661,243	242,887,623
Long-term assets:		
Capital assets:		
Non-depreciable/non-amortizable:		
Land	17,407,323	1,938,688
Easements	617,363	-
Construction in progress	122,760,500	15,305,155
Equipment under construction	-	5,436,243
Depreciable/amortizable:		
Equipment	14,810,738	170,353,353
Software	-	2,200,587
Purchased capacity	1,070,403,023	-
Buildings and improvements	88,455,706	22,192,219
Infrastructure	1,351,280,453	3,868,666
Accumulated depreciation	(691,185,122)	(126,110,571)
Accumulated amortization	(404,999,490)	(1,396,744)
Total capital assets, net	1,569,550,494	93,787,596
Other long-term asset		
Accounts receivable	1,775,084	-
Total other long-term asset	1,775,084	-
Total long-term assets	1,571,325,578	93,787,596
Total assets	1,840,986,821	336,675,219

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflow for pension contributions subsequent to the measurement date	4,044,590	-
Deferred outflow for change in proportion (pensions)	1,014,408	-
Deferred outflow for differences between expected and actual experience (pensions)	1,309,165	-
Deferred outflow for changes in assumptions (pensions)	998,180	-
Deferred outflow for OPEB contributions subsequent to the measurement date	580,001	-
Deferred outflow for differences between expected and actual experience (OPEB)	82,369	-
Deferred amounts from the refunding of debt	22,691,621	-
Deferred outflow of recognition of pension investments	5,167,548	-
Total deferred outflows of resources	\$ 35,887,882	-

See accompanying notes to the financial statements.

continued

**EXHIBIT A-4**  
concluded

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 830,983	9,862,405
Accrued salaries and benefits	1,590,548	1,945,996
Contract retainages	17,043,668	-
Accrued interest payable	7,015,429	-
Revenue bonds payable, net	29,461,773	-
Compensated absences payable	1,459,927	1,621,858
Obligations under capital leases	-	995,130
Insurance and benefit claims payable	-	24,723,000
Total current liabilities	<u>57,402,328</u>	<u>39,148,389</u>
Long-term liabilities:		
Revenue bonds payable, net	620,110,331	-
Compensated absences payable	642,266	1,738,637
Obligations under capital leases	-	2,284,585
Insurance and benefit claims payable	-	51,710,000
Net pension liability	35,335,899	-
Net other postemployment benefit liability	1,039,781	-
Total long-term liabilities	<u>657,128,277</u>	<u>55,733,222</u>
Total liabilities	<u>714,530,605</u>	<u>94,881,611</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflow related to differences between actual and expected experience (pensions)	1,592,910	-
Deferred gain on refunding	3,132,266	-
Deferred inflow for change in proportion (pensions)	410,310	-
Deferred recognition of OPEB investments	746,423	-
Deferred inflow for change in assumptions (OPEB)	551,013	-
Total deferred inflow of resources	<u>6,432,922</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	1,038,360,082	90,507,881
Restricted for:		
Debt service	18,178,132	-
Unrestricted	99,372,962	151,285,727
Net position	<u>\$ 1,155,911,176</u>	<u>241,793,608</u>

COUNTY OF FAIRFAX, VIRGINIA  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the fiscal year ended June 30, 2018

## EXHIBIT A-5

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 199,758,856	341,227,088
Recovered costs	-	94,946
Total operating revenues	<u>199,758,856</u>	<u>341,322,034</u>
<b>OPERATING EXPENSES:</b>		
Personnel services	32,841,348	33,430,242
Materials and supplies	17,421,987	4,025,524
Equipment operation and maintenance	-	39,613,119
Risk financing and benefit payments	-	203,405,393
Depreciation and amortization	63,654,892	19,010,795
Professional consultant and contractual services	50,733,109	33,808,607
Other	-	12,183,212
Total operating expenses	<u>164,651,336</u>	<u>345,476,892</u>
Operating gain (loss)	35,107,520	(4,154,858)
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Availability fees	25,974,491	-
Interest revenue	2,525,508	1,525,236
Interest expense	(23,635,250)	(349,835)
Gain (loss) on disposal of capital assets	54,378	(84,211)
Gain on early termination of capital lease	-	905,533
Total nonoperating revenues (expenses)	<u>4,919,127</u>	<u>1,996,723</u>
Gain (loss) before contributions and transfers	40,026,647	(2,158,135)
Capital contributions	7,614,925	315,670
Transfers in	-	6,948,274
Change in net position	<u>47,641,572</u>	<u>5,105,809</u>
Net position, July 1, 2017, as restated	1,108,269,604	236,687,799
Net position, June 30, 2018	<u>\$ 1,155,911,176</u>	<u>241,793,608</u>

See accompanying notes to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA  
Statement of Cash Flows  
Proprietary Funds  
For the fiscal year ended June 30, 2018

## EXHIBIT A-6

	Business-type Activities - <u>Enterprise Fund</u> Integrated Sewer System	Governmental Activities - Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 198,126,387	-
Receipts from interfund services provided	-	341,382,654
Payments to suppliers and contractors	(65,088,928)	(81,491,882)
Payments to employees	(31,591,666)	(33,416,082)
Claims and benefits paid	-	(202,258,926)
Payments for interfund services used	-	(2,296,029)
Net cash provided by operating activities	<u>101,445,793</u>	<u>21,919,735</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers from other funds	-	6,948,274
Net cash provided by noncapital financing activities	-	<u>6,948,274</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Availability fees received	25,974,491	-
Capital grants received	5,315,145	-
Increase in contracts payable	5,727,158	-
Principal payments on sewer revenue bonds	(21,191,473)	-
Interest payments on sewer revenue bonds	(22,152,456)	-
Proceeds from sale of capital assets	54,378	430,770
Purchase of capital assets, other than purchased capacity	(86,460,526)	(19,558,231)
Acquisition of purchased capacity	(17,039,367)	-
Principal payments on obligations under capital leases	-	(1,099,271)
Interest payments on obligations under capital leases	-	(351,274)
Net cash used in capital and related financing activities	<u>(109,772,650)</u>	<u>(20,578,006)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sales of restricted investments	21,798,234	-
Purchases of restricted investments	(25,790,546)	-
Interest received	2,108,592	1,525,233
Net cash provided by (used in) investing activities	<u>(1,883,720)</u>	<u>1,525,233</u>
Net increase (decrease) in cash and cash equivalents	<u>(10,210,577)</u>	<u>9,815,236</u>
Cash and cash equivalents, July 1, 2017	187,763,575	228,366,929
Cash and cash equivalents, June 30, 2018	<u>\$ 177,552,998</u>	<u>238,182,165</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss)	\$ 35,107,520	(4,154,858)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	63,654,892	19,010,795
Change in assets and liabilities:		
Decrease in accounts receivable	-	52,690
Increase in intergovernmental receivables	(1,632,469)	(5,378)
Decrease in interfund receivables	-	13,308
Increase in inventories of supplies	(258,930)	(335,854)
Decrease in other assets	4,708,489	-
Increase/(Decrease) in accounts payable and accrued liabilities	(2,694,818)	7,323,757
Increase in pension and OPEB related deferred outflows and deferred inflows	1,311,427	-
Increase in accrued salaries and benefits	1,249,682	15,275
Total adjustments to operating income	<u>66,338,273</u>	<u>26,074,593</u>
Net cash provided by operating activities	<u>\$ 101,445,793</u>	<u>21,919,735</u>
<b>Noncash investing, capital, and financing activities:</b>		
Capital contributions - sewer lines, manholes, and equipment	\$ 2,299,780	315,670
Initiation of an obligation under capital lease	-	4,188,057
Early capital lease termination	-	905,533
Amortization of bond premium	2,398,520	-
Increase in fair value of investments not classified as cash and cash equivalents	86,932	-
Removal of purchased capacity through credit of UOSA debt	3,699,307	-
UOSA adjustment to bond payments	57,509	-

See accompanying notes to the financial statements.

**COUNTY OF FAIRFAX, VIRGINIA**  
**Statement of Fiduciary Net Position**  
**Trust and Agency Funds**  
**June 30, 2018**

**EXHIBIT A-7**

	Pension/OPEB Trust Funds	Agency Funds
<b>ASSETS</b>		
Equity in pooled cash and temporary investments	\$ 16,869,773	2,301,510
Cash collateral for securities lending	157,562,641	-
Accounts receivable	-	251,719
Contributions receivable	17,177,906	-
Accrued interest and dividends receivable	14,512,197	-
Receivable from sale of pension investments	216,439,118	-
Buildings and improvements	31,131	-
Equipment	45,123	-
Investments:		
U.S. Government and agency securities	295,786,007	-
Asset-backed securities	259,146,328	-
Corporate and other bonds	497,804,472	-
Common and preferred stock	1,285,289,730	-
Short-term investments	526,183,842	-
Investment in pooled funds	4,553,168,425	-
Total assets	<u>7,840,016,693</u>	<u>\$ 2,553,229</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Total deferred outflows of resources	-	-
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	16,576,502	-
Payable for purchase of pension investments	220,454,826	-
Liabilities for collateral received under securities lending agreements	157,562,641	-
Liabilities under reimbursement agreements	-	2,553,229
Compensated absences	372,228	-
Total liabilities	<u>394,966,197</u>	<u>\$ 2,553,229</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Total deferred inflows of resources	-	-
<b>NET POSITION</b>		
Net position restricted for pension/OPEB benefits	<u>\$ 7,445,050,496</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, 2018**

EXHIBIT A-8

	Pension/OPEB Trust Funds
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 324,887,489
Plan members	58,515,801
Other	458,128
Total contributions	<u>383,861,418</u>
Investment income:	
From investment activities:	
Net appreciation in fair value of investments	482,235,450
Interest	74,052,484
Dividends	35,314,123
Total income from investment activities	<u>591,602,057</u>
Less investment activities expenses:	
Management fees	68,594,008
Other	2,510,244
Total investment activities expenses	<u>71,104,252</u>
Net income from investment activities	<u>520,497,805</u>
From securities lending activities:	
Securities lending income	<u>4,005,680</u>
Less securities lending expenses:	
Management fees	2,793,928
Total securities lending activities expenses	<u>2,793,928</u>
Net income from securities lending activities	<u>1,211,752</u>
Net investment income	<u>521,709,557</u>
Total additions	<u>905,570,975</u>
<b>DEDUCTIONS</b>	
Benefits	491,421,721
Refunds of contributions	5,624,276
Administrative expenses	3,531,204
Total deductions	<u>500,577,201</u>
Net increase	404,993,774
Net position, July 1, 2017	<u>7,040,056,722</u>
Net position, June 30, 2018	<u>\$ 7,445,050,496</u>

See accompanying notes to the financial statements.

**COUNTY OF FAIRFAX, VIRGINIA**  
**Combining Statement of Net Position**  
**Component Units**  
**June 30, 2018**

	Public Schools	Redevelopment and Housing Authority	Park Authority
<b>ASSETS</b>			
Equity in pooled cash and temporary investments	\$ 344,863,993	26,060,391	32,868,274
Cash in banks/with fiscal agents	90,547	34,544,632	556,499
Investments	-	4,655,000	-
Receivables (net of allowances):			
Accounts	8,950,802	1,541,329	28,227
Accrued interest	152,590	909,989	64,223
Notes	-	22,735,960	-
Due from intergovernmental units	46,580,521	-	413,049
Due from primary government	554,982	-	2,883,245
Inventories of supplies	1,133,347	-	-
Prepaid and other assets	677,868	1,779,402	522,784
Restricted assets:			
Equity in pooled cash and temporary investments	82,416,323	-	10,444,139
Cash with fiscal agents	-	25,969,818	-
Certificates of deposit - performance bonds	-	2,493,104	-
Investments	-	2,645,313	-
Property held for sale	-	848,942	-
Capital assets:			
Non-depreciable/non-amortizable:			
Land and easements	46,837,095	42,642,869	386,546,440
Construction in progress	349,557,031	1,770,627	7,892,729
Depreciable/amortizable:			
Equipment	336,224,811	1,747,556	13,346,343
Software	13,260,834	-	-
Library collections	24,657,995	-	-
Buildings and improvements	3,783,262,329	233,044,776	477,917,228
Accumulated depreciation	(2,041,539,942)	(149,525,554)	(243,561,872)
Accumulated amortization	(6,755,603)	-	-
Total assets	<u>2,990,925,523</u>	<u>253,864,154</u>	<u>689,921,308</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflow for pension contributions subsequent to the measurement date	382,505,505	3,227,653	6,464,209
Deferred outflow for change in proportion (pensions)	42,277,177	487,706	1,018,765
Deferred outflow for differences between expected and actual experience (pensions)	33,142,940	996,757	2,100,760
Deferred outflow for recognition of pension investments	222,982,460	3,934,407	8,292,138
Deferred outflow for changes in assumptions (pensions)	96,705,766	759,982	1,601,735
Deferred outflow for OPEB contributions subsequent to the measurement date	25,789,921	462,851	926,978
Deferred outflow for change in proportion (OPEB)	4,367,000	-	-
Deferred outflow for differences between expected and actual experience (OPEB)	28,951,466	62,711	132,171
Deferred amounts from the refunding of debt	-	-	155,968
Total deferred outflows of resources	<u>\$ 836,722,235</u>	<u>9,932,067</u>	<u>20,692,724</u>

See accompanying notes to the financial statements.

EXHIBIT A-9

Economic Development Authority	Total Component Units	
		<b>ASSETS</b>
-	403,792,658	Equity in pooled cash and temporary investments
-	35,191,678	Cash in banks/with fiscal agents
-	4,655,000	Investments
		Receivables (net of allowances):
-	10,520,358	Accounts
-	1,126,802	Accrued interest
-	22,735,960	Notes
-	46,993,570	Due from intergovernmental units
324,313	3,762,540	Due from primary government
-	1,133,347	Inventories of supplies
-	2,980,054	Prepaid and other assets
		Restricted assets:
-	92,860,462	Equity in pooled cash and temporary investments
-	25,969,818	Cash with fiscal agents
-	2,493,104	Certificates of deposit - performance bonds
-	2,645,313	Investments
-	848,942	Land held for sale
		Capital assets:
		Non-depreciable/non-amortizable:
-	476,026,404	Land and easements
-	359,220,387	Construction in progress
		Depreciable/amortizable:
30,059	351,348,769	Equipment
-	13,260,834	Software
-	24,657,995	Library collections
1,176,811	4,495,401,144	Buildings and Improvements
(23,973)	(2,434,651,341)	Accumulated depreciation
(703,726)	(7,459,329)	Accumulated amortization
803,484	3,935,514,469	Total assets
		<b>DEFERRED OUTFLOWS OF RESOURCES</b>
913,657	393,111,024	Deferred outflow for pension contributions subsequent to the measurement date
263,430	44,047,078	Deferred outflow for change in proportion (pensions)
284,836	36,525,293	Deferred outflow for differences between expected and actual experience (pensions)
1,124,307	236,333,312	Deferred outflow for recognition of pension investments
217,175	99,284,658	Deferred outflow for changes in assumptions (pensions)
131,020	27,310,770	Deferred outflow for OPEB contributions subsequent to the measurement date
-	4,367,000	Deferred outflow for change in proportion (OPEB)
17,922	29,164,270	Deferred outflow for differences between expected and actual experience (OPEB)
-	155,968	Deferred amounts from the refunding of debt
2,952,347	870,299,373	Total deferred outflows of resources

continued

**COUNTY OF FAIRFAX, VIRGINIA**  
**Combining Statement of Net Position**  
**Component Units**  
**June 30, 2018**

	Public Schools	Redevelopment and Housing Authority	Park Authority
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 44,450,753	5,552,506	5,041,857
Accrued salaries and benefits	43,707,687	989,329	3,790,289
Contract retainages	11,947,158	-	140,816
Accrued interest payable	647,903	10,478,731	25,578
Due to primary government	-	-	24,422
Unearned revenue	17,666,631	2,316,002	6,349,996
Performance and other deposits	5,012,610	1,964,247	961,836
Long-term liabilities:			
Portion due or payable within one year:			
Revenue bonds payable, net	-	635,833	768,578
Notes payable	-	800,447	-
Compensated absences payable	23,606,669	649,286	2,338,774
Obligations under capital leases and installment purchases	20,690,798	-	-
Insurance and benefit claims payable	27,303,542	-	-
Loan from primary government	-	-	471,400
Unearned rent	124,460	-	-
Portion due or payable after one year:			
Revenue bonds payable, net	-	21,437,648	1,568,406
Notes payable	-	52,319,778	-
Compensated absences payable	10,117,144	599,319	2,360,303
Obligations under capital leases and installment purchases	66,342,648	-	-
Insurance and benefit claims payable	36,014,170	-	-
Net OPEB liability	466,690,768	791,633	1,668,459
Loan from primary government	-	-	10,711,200
Unearned rent	3,943,295	-	-
Net pension liability	3,462,085,457	26,903,629	56,701,964
Total liabilities	4,240,351,693	125,438,388	92,923,878
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflow related to differences between actual and expected experience (pensions)	202,067,061	1,212,791	2,556,072
Deferred recognition of pension investments	193,236,898	-	-
Deferred inflow for change in proportion and assumptions (pensions)	24,531,941	526,321	1,786,715
Deferred inflow related to differences between actual and expected experience (OPEB)	2,579,000	-	-
Deferred recognition of OPEB investments	6,836,098	568,286	1,197,729
Deferred inflow for change in assumptions (OPEB)	153,717,826	419,512	884,170
Reduction of capital lease	3,733,438	-	-
Total deferred inflow of resources	586,702,262	2,726,910	6,424,686
<b>NET POSITION</b>			
Net investment in capital assets	2,418,471,104	73,598,639	628,777,252
Restricted for:			
Grant and education programs	39,453,529	-	-
Repair and replacement	-	-	700,000
Housing	-	27,921,449	-
Capital projects	40,048,175	-	17,977,741
E.C. Lawrence Trust - Nonexpendable reserve	-	-	1,507,926
Unrestricted (deficit)	(3,497,379,005)	34,110,835	(37,697,451)
Net position	\$ (999,406,197)	135,630,923	611,265,468

See accompanying notes to the financial statements.

## EXHIBIT A-9

concluded

Economic Development Authority	Total Component Units	
		<b>LIABILITIES</b>
48,080	55,093,196	Accounts payable and accrued liabilities
276,233	48,763,538	Accrued salaries and benefits
-	12,087,974	Contract retainages
-	11,152,212	Accrued interest payable
-	24,422	Due to primary government
-	26,332,629	Unearned revenue
-	7,938,693	Performance and other deposits
		Long-term liabilities:
		Portion due or payable within one year:
-	1,404,411	Revenue bonds payable, net
-	800,447	Notes payable
252,416	26,847,145	Compensated absences payable
-	20,690,798	Obligations under capital leases and installment purchases
-	27,303,542	Insurance and benefit claims payable
-	471,400	Loan from primary government
138,800	263,260	Unearned rent
		Portion due or payable after one year:
-	23,006,054	Revenue bonds payable, net
-	52,319,778	Notes payable
166,094	13,242,860	Compensated absences payable
-	66,342,648	Obligations under capital leases and installment purchases
-	36,014,170	Insurance and benefit claims payable
226,243	469,377,103	Net OPEB liability
-	10,711,200	Loan from primary government
614,861	4,558,156	Unearned rent
7,688,056	3,553,379,106	Net pension liability
9,410,783	4,468,124,742	Total liabilities
		<b>DEFERRED INFLOWS OF RESOURCES</b>
346,570	206,182,494	Deferred inflow related to differences between actual and expected experience (pensions)
-	193,236,898	Deferred recognition of pension investments
27,272	26,872,249	Deferred inflow for change in proportion (pensions)
		Deferred inflow related to differences between actual and expected experience (OPEB)
-	2,579,000	
162,412	8,764,525	Deferred recognition of OPEB investments
119,893	155,141,401	Deferred inflow for change in assumptions (OPEB)
-	3,733,438	Reduction of capital lease
656,147	596,510,005	Total deferred inflow of resources
		<b>NET POSITION</b>
479,171	3,121,326,166	Net investment in capital assets
		Restricted for:
-	39,453,529	Grant and education programs
-	700,000	Repair and replacement
-	27,921,449	Housing
-	58,025,916	Capital projects
-	1,507,926	E.C. Lawrence Trust
(6,790,270)	(3,507,755,891)	Unrestricted (deficit)
(6,311,099)	(258,820,905)	Net position

**COUNTY OF FAIRFAX, VIRGINIA**  
**Combining Statement of Activities**  
**Component Units**  
**For the fiscal year ended June 30, 2018**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
Public Schools:				
Education	\$ 2,890,302,349	108,528,893	317,226,777	173,864,395
Redevelopment and Housing Authority:				
Community development	116,869,407	47,071,122	70,690,289	2,473,114
Park Authority:				
Parks, recreation, and cultural	109,171,281	47,351,337	-	24,136,936
Economic Development Authority:				
Community development	10,226,848	-	-	-
<b>Total component units</b>	<b>\$ 3,126,569,885</b>	<b>202,951,352</b>	<b>387,917,066</b>	<b>200,474,445</b>

**General revenues:**

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

Total general revenues

Change in net position

Net position, July 1, 2017, as restated

Net position, June 30, 2018

See accompanying notes to the financial statements.



EXHIBIT A-10

<b>Net (Expense) Revenue and Changes in Net Position</b>				
Public Schools	Redevelopment and Housing	Park Authority	Economic Development Authority	Total Component Units
(2,290,682,284)	-	-	-	(2,290,682,284)
-	3,365,118	-	-	3,365,118
-	-	(37,683,008)	-	(37,683,008)
-	-	-	(10,226,848)	(10,226,848)
<b>(2,290,682,284)</b>	<b>3,365,118</b>	<b>(37,683,008)</b>	<b>(10,226,848)</b>	<b>(2,335,227,022)</b>
\$ 475,796,896	-	7,225,430	-	483,022,326
230,695	564,573	247,225	-	1,042,493
1,966,919,600	4,170,801	48,701,098	9,822,799	2,029,614,298
2,265,980	-	-	-	2,265,980
<b>2,445,213,171</b>	<b>4,735,374</b>	<b>56,173,753</b>	<b>9,822,799</b>	<b>2,515,945,097</b>
154,530,887	8,100,492	18,490,745	(404,049)	180,718,075
<b>(1,153,937,084)</b>	<b>127,530,431</b>	<b>592,774,723</b>	<b>(5,907,050)</b>	<b>(439,538,980)</b>
<b>\$ (999,406,197)</b>	<b>135,630,923</b>	<b>611,265,468</b>	<b>(6,311,099)</b>	<b>(258,820,905)</b>



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**COUNTY OF FAIRFAX, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

**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 Refuse Disposal 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 (ID AFC). The ID AFC 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 2018, Fairfax Water collected approximately \$188.0 million on behalf of the County, and as of June 30, 2018, the County has receivables of approximately \$42.4 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 Funds - The debt service funds are 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 but have no measurement focus. 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, 2018, 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, 2018, interest earned by these funds and assigned directly to the County’s General Fund is as shown on the right.

<b>Primary Government</b>	
Nonmajor Governmental Funds	\$ 5,660,335
Internal Service Funds	531,135
Agency Funds	2,206
<b>Total primary government</b>	<u>6,193,675</u>
<b>Component Units</b>	
Public Schools	4,918,398
FCRHA	64,686
Park Authority	49,317
<b>Total component units</b>	<u>5,032,401</u>
<b>Total reporting entity</b>	<u>\$ 11,226,076</u>

**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. Inventories are valued and carried on an average unit cost basis. 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, 2018, the Sewer System has cash and investments that are restricted for the following uses:

<b>Restricted Assets of the Sewer System</b>	
Unspent bond proceeds	70,318,900
Long-term debt service requirements	28,503,437
Current debt service requirements	18,178,132
Total restricted assets	<u>\$ 117,000,469</u>

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

The Park Authority 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.

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

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.

**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 and OPEBS**

The reporting entity administers multiple public employee retirement systems and OPEB plans. The net pension and OPEB liabilities 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 and OPEB plans. 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. Information regarding the OPEB plans is found in Note H.

**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, 2018, the primary government had \$474.5 million restricted net position, of which \$407.6 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 \$1,635.7 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 \$90.7 million for capital projects with the balance of \$1,726.3 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	\$ 3,109,223,288	3,121,326,166	(1,459,052,699)	(176,643,657)	(1,635,696,356)	4,594,853,098
Restricted	474,499,148	127,608,820	(82,416,323)	(8,236,213)	(90,652,536)	511,455,432
Unrestricted	(2,945,656,103)	(3,507,755,891)	1,541,469,022	184,879,870	1,726,348,892	(4,727,063,102)
Net position	\$ 638,066,333	(258,820,905)	-	-	-	379,245,428

**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
<b>Primary Government</b>	
<b>General Fund</b>	
Public safety, courts, and judicial	\$ 12,854,455
General public works	3,258,620
Social services, health and welfare	4,938,753
Housing and community development	3,015,798
Parks, recreation, and cultural	1,090,225
Other purposes	14,059,320
Total General Fund	<u>39,217,171</u>
<b>Capital Projects Funds</b>	
Capital Project	<u>\$ 109,315,026</u>

**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 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
- Qualified investment pools

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, 2018:

Pooled investments	6/30/2018	Quoted Prices in	Observable Inputs other than		Significant Unobservable Inputs
		Active markets for Identical Assets	Quoted Prices		
Investments by Fair Value Level		Level 1	Level 2	Level 3	
			Primary Government	Component Unit	
Cash & Cash Equivalents:					
Negotiable Certificates of Deposit	\$ 814,537,200	-	659,262,296	155,274,904	-
Commercial Paper	677,971,789	-	548,730,295	129,241,494	-
Fixed Income Securities:					
Negotiable Certificates of Deposit	25,000,000	-	20,234,260	4,765,740	-
Corporate Notes	376,749,962	-	304,930,266	71,819,696	-
US Agencies	24,254,559	-	19,630,922	4,623,637	-
<b>Total investment by Fair Value Level</b>	<b>\$ 1,918,513,510</b>	<b>-</b>	<b>1,552,788,039</b>	<b>365,725,471</b>	<b>-</b>

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:

BASIC FINANCIAL STATEMENTS

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	6/30/2018	Level 1	Level 2	Level 3	
Asset-backed securities	\$ 259,146,328	-	259,146,328	-	
Convertible or exchangeable securities	8,929,833	-	8,929,833	-	
Convertible securities	112,172	112,172	-	-	
Corporate and other bonds	372,432,596	9,260,299	357,929,553	5,242,744	
Equity	1,278,895,550	1,278,895,534	-	16	
Fixed income securities	83,569,296	-	83,519,707	49,589	
Natural resources	3,131,500	-	-	3,131,500	
Preferred securities	3,262,681	2,012,508	1,241,072	9,101	
Real estate	32,760,575	32,760,575	-	-	
Short-term investments	511,511,285	31,910,827	32,272,051	447,328,407	
US government obligations	295,786,007	-	295,786,007	-	
<b>Total investment by Fair Value Level</b>	<b>\$ 2,849,537,823</b>	<b>1,354,951,915</b>	<b>1,038,824,551</b>	<b>455,761,357</b>	
Investment measured at the net asset value (NAV)		Unfunded Commitments	Redemption Frequency	Redemption Notice Period	
Absolute return	\$1,255,520,615	-	Daily, Monthly, Quarterly	2-90 days	
Global equity	765,917,097	115,568,585	None, Daily, Monthly, Quarterly	0 - 90 days, N/A	
Global fixed income	856,037,493	384,789,640	None, Daily, Monthly, Quarterly, Semi-Annually	0 - 90 days, N/A	
Global Multi-Asset	999,905,800	-	Daily, Monthly, Quarterly	1-90 days	
Global Real Assets	373,605,925	\$111,701,768	None, Daily, Quarterly	0-60 days	
<b>Total investments measured at the NAV</b>	<b>4,250,986,930</b>	<b>612,059,993</b>			
<b>Total investments</b>	<b>\$ 7,100,524,753</b>				

Absolute Return: This type includes relative value 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. The funds classified as absolute return also 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.

Event Driven: This type includes investment in a hedge fund that focuses on global long/short credit and event driven positions, investing across the capital structure.

**Global Equity:** This type includes domestic equity fund that uses derivative instruments to replace long equity exposures, and international equity 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.

**U.S. Equities:** This type includes a private hedge fund. 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. Another type of hedge fund is a U.S. small cap deep value long/short equity fund. This type also includes a hedge fund that 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.

**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.

**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 emerging market debt fund. This also includes funds that invests in Mortgage Backed, Asset Backed and other distressed securities believed to be priced below the fundamental credit risk inherent in those securities. 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.

**Global Multi-Asset:** This type includes funds that invest across multiple asset classes using a risk balance approach in their asset allocation with the intent to balance risk across all combinations of Rising and Falling Growth and Inflation. The main goal is to construct a portfolio that achieves the best risk adjusted return at a given expected level of volatility which varies by fund. This is achieved through the use of derivatives and liquid long positions across multiple asset classes.

**Global Real Assets:** This type includes fund that owns and operates a fleet of commercial bulk container and tanker vessels, fund that purchases interests in other private real estate funds on the secondary market, and fund that owns and operates the real estate, infrastructure and inventory of a cattle feeding operation. This type also includes funds that 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. The other funds classified under this type include the following:

**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.

**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.

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 Observable Inputs	Other Observable Inputs	Significant Unobservable Inputs
Investments by Fair Value Level	6/30/2018	Level 1	Level 2	Level 3	
Short-term securities	\$ 54,453,002	37,884,830	16,568,172	-	-
Asset backed securities	3,001,481	-	3,001,481	-	-
Corporate bonds	60,982,021	-	60,982,021	-	-
Convertible securities	5,292,959	334,448	4,958,511	-	-
International bonds	18,358,235	-	18,358,235	-	-
US government obligations	8,645,113	-	8,645,113	-	-
Basic industries	133,686,269	133,686,269	-	-	-
Consumer services	246,472,222	246,472,222	-	-	-
Financial industries	137,688,564	137,662,571	-	-	25,993
Preferred securities	4,505,494	4,384,794	120,700	-	-
REITS	10,792,926	10,792,926	-	-	-
Technology	165,279,454	165,279,454	-	-	-
Utilities	16,690,852	16,690,852	-	-	-
<b>Total investment by Fair Value Level</b>	<b>\$ 865,848,592</b>	<b>753,188,366</b>	<b>112,634,233</b>	<b>25,993</b>	
Investment measured at the net asset value (NAV)		Unfunded Commitments	Redemption Frequency	Redemption Notice Period	
Commingled large cap equity funds	\$ 151,467,022	-	Daily	None	
Commingled emerging markets equity funds	91,649,021	-	Daily	3 days	
Commingled domestic fixed income funds	336,013,020	-	Daily	None	
Commingled emerging markets debt funds	66,226,187	-	Monthly	30 days	
Commingled unconstrained fixed income funds	155,995,619	-	Daily, Semi-monthly	1 to 30 days	
Private equity partnerships	88,913,409	92,998,478	Not eligible	N/A	
Commingled global asset allocation funds	240,779,487	-	Daily, Monthly	1 to 30 days	
Commingled better beta fund	121,560,075	-	Monthly	5 days	
Commingled real estate equity funds	195,883,957	-	Daily, quarterly	1 to 90 days	
Private real estate fund	4,214,814	35,514,119	Not eligible	N/A	
Commingled absolute return funds	118,564,588	-	Monthly	30 days	
<b>Total investments measured at the NAV</b>	<b>1,571,267,199</b>	<b>128,512,597</b>			
<b>Total investments measured at Fair Value</b>	<b>\$ 2,437,115,791</b>				

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, 2018, 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.

**Private Real Estate Funds:** This fund is a limited partnership that makes secondary investments in various types of real estate and real estate entities, such as commingled real estate funds, limited partnerships, joint ventures, real estate operating companies and non-traded REIT vehicles.

**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 five years. The reporting entity's pooled investments as of June 30, 2018, are summarized on the following page:

Investment Type	Valuation	Weighted Average Maturity (Days)
<b>Primary Government - Pooled Investments:</b>		
<b>Pooled Investments:</b>		
U.S. Treasury Securities and Agencies	\$ 19,630,922	75
Commercial Paper	548,730,295	73
Corporate Notes	304,930,266	424
Money Market Funds	17,637,901	1
Negotiable Certificates of Deposit	679,496,556	84
VA Investment Pool LGIP	<u>74,105,954</u>	1
Total	<u>\$ 1,644,531,894</u>	
Portfolio weighted average maturity		139
<b>Component Units - Pooled Investments:</b>		
U.S. Treasury Securities and Agencies	\$ 4,623,637	75
Commercial Paper	129,241,494	73
Corporate Notes	71,819,696	424
Money Market Funds	4,154,224	1
Negotiable Certificates of Deposit	160,040,644	84
VA Investment Pool LGIP	<u>17,454,047</u>	1
Total	<u>\$ 387,333,742</u>	
Portfolio weighted average maturity		139

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, 2018, are summarized as follows:

Investment Type	Valuation	Duration (Years)
<b>Primary Government - Pension Trust Funds:</b>		
U.S. Government securities		
Employees' Retirement System	\$ 201,900,499	16.2
Police Officers Retirement System	49,053,811	6.6
Uniformed Retirement System	44,831,697	17.1
Corporate and other bonds		
Employees' Retirement System	351,802,792	4.2
Police Officers Retirement System	62,280,528	5.6
Uniformed Retirement System	83,721,152	4.2
Asset-backed securities		
Employees' Retirement System	133,941,741	3.7
Police Officers Retirement System	55,865,898	4.2
Uniformed Retirement System	69,338,690	3.6
Short-term investments		
Employees' Retirement System	279,312,960	0.1
Police Officers Retirement System	94,308,269	0.1
Uniformed Retirement System	<u>152,562,613</u>	-
Total	<u>\$ 1,578,920,650</u>	
<b>Component Unit - Pension Trust Fund:</b>		
Asset backed	\$ 3,001,481	5.9
Convertible and preferred	5,292,959	3.3
Corporate bonds	60,982,021	5.7
International bonds	18,358,235	5.5
Short-term investment funds	16,568,172	-
US government obligations	8,645,113	10.1
US treasury bills	<u>37,884,830</u>	0.3
Total	<u>\$ 150,732,811</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 agency and GSE instruments should have a rating of least Prime-1 by Moody’s and A-1 by S&P. In those instances when a GSE does not have a rating, a thorough credit and financial analysis will be conducted by county investment staff.
- 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.
- Negotiable certificates of deposit must have a rating of at least A-1 by S&P and P-1 by Moody’s if less than 1 year and a rating of AA by S&P if more than 1 year.
- 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.
- LGIP bond fund must have a rating of AAA by S&P, and AAAM by S&P for VIP Stable NAV Liquidity Pool.
- Supranationals must have a rating of AAA by S&P or Moody’s.

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, 2018, investments held by the county pool were rated as follows:

Credit Quality Rating *							
AA		A-1		AAA-m		Unrated	
U.S. Treasury and Agencies**	0.9%	Commercial paper	25.6%	Money Market Funds	0.8%	Demand Deposit Accounts	4.7%
Corporate Notes	14.3%	Negotiable CD	31.7%	LGIP	3.5%	Collateralized CDs	18.6%
	15.2%		57.3%		4.3%		23.2%

\* 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, 2018.

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

The primary government and component units' pension trust funds' credit quality ratings at June 30, 2018, were as follows:

Investment Type	Credit Quality Rating *							
	AAA	AA	A	BBB	BB	B	Below B	Unrated
<b>Primary Government</b>								
<b>Pension Trust Funds:</b>								
U.S. Government obligations	- %	18.7 %	- %	- %	- %	- %	- %	- %
Corporate and other bonds	0.2	1.9	5.0	3.9	8.1	5.3	1.3	5.8
Asset-backed securities	0.4	4.1	0.1	0.3	0.2	0.5	2.5	8.3
Short-term investments	-	2.0	-	-	-	-	-	31.3
<b>Component Units</b>								
<b>Pension Trust Fund:</b>								
U.S. Government obligations	5.8 %	- %	- %	- %	- %	- %	- %	- %
Asset and mortgage-backed securities	-	-	2.0	-	-	-	-	-
Corporate bonds	0.9	1.2	8.1	12.9	11.1	4.4	1.8	-
Convertible securities	-	-	0.2	0.1	2.8	-	0.4	-
International bonds	0.6	0.8	4.2	3.7	2.0	0.9	-	-
Short-term investment funds	-	-	-	-	-	-	-	11.0
US treasury bills	25.1	-	-	-	-	-	-	-

\* Credit quality ratings are determined using S&P's long-term rating schema, which approximates the greatest degree of risk as of June 30, 2018.

## 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
Negotiable certificates of deposit	40% maximum
Banker's acceptances	35% maximum
Commercial paper	35% maximum
Repurchase agreements	30% maximum
Mutual funds	30% maximum
Virginia investment pool - daily liquidity	30% maximum
Corporate notes	25% maximum
Non-negotiable certificates of deposit	25% maximum
Virginia investment pool - LGIP bond fund	25% maximum
Insured certificates of deposit	15% maximum
Bank demand deposit	10% maximum
Supranationals	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, 2018, ERFC had four active fixed income managers and one passive fixed income manager. The active manager portfolios had values of \$101.6 million, \$238.9 million, \$197.2 million and \$66.2 million. The indexed portfolio had a value of \$97.1 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 2.5 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, 2018, is presented as follows:

Securities Lent	Underlying Securities	Cash Collateral Investment Value	Securities Collateral Investment Value
<b>Primary Government - Pension Trust Funds:</b>			
Lent for cash collateral:			
U.S. Government securities	\$ 10,310,523	10,528,482	-
Corporate and other bonds	58,077,230	59,519,558	-
Common and preferred stock	85,304,136	87,514,601	-
Lent for securities collateral:			
U.S. Government securities	56,980,772	-	62,085,935
Corporate and other bonds	51,352	-	52,462
Common and preferred stock	198,692,169	-	220,699,022
Total securities lent	<u>\$ 409,416,182</u>	<u>157,562,641</u>	<u>282,837,419</u>
<b>Component Unit - Pension Trust Fund:</b>			
Lent for cash collateral:			
Domestic corporate bonds	\$ 15,732,035	16,117,989	-
Domestic stock	100,727,848	103,150,753	-
International stock	6,886,581	6,947,612	-
U.S. Government securities	7,418,749	7,571,290	-
Total securities lent	<u>\$ 130,765,213</u>	<u>133,787,644</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, 2018 is presented on the following pages:

**Foreign Currency Risk**

International Securities	Short term & Other Investments	Equity	Convertible and Fixed Income	Total U.S. Dollars
<b>Primary Government - Pension Trust Funds:</b>				
Argentina Peso	\$ -	-	789,305	789,305
Australian Dollar	(198,759)	29,737,984	11,668,452	41,207,677
Brazil Real	8,396	8,033,262	5,376,141	13,417,799
Canadian Dollar	(340,595)	10,772,486	922,589	11,354,480
Colombian Peso	-	-	5,003,430	5,003,430
Danish Krone	10,078	15,487,944	-	15,498,022
Euro Currency Unit	130,505	145,612,378	2,099,388	147,842,271
Hong Kong Dollar	1,661	46,644,573	-	46,646,234
Hungarian Forint	1,117	-	-	1,117
Indian Rupee	-	4,715,287	-	4,715,287
Indonesian Rupiah	-	114,304	7,591,123	7,705,427
Israeli Shekel	-	61,398	-	61,398
Japanese Yen	4,059,818	117,712,026	-	121,771,844
Malaysian Ringgit	-	-	13,280,953	13,280,953
Mexican New Peso	-	4,682,194	29,814,481	34,496,675
New Taiwan Dollar	1,696,839	5,440,658	-	7,137,497
New Zealand Dollar	632	226,383	544,093	771,108
Norwegian Krone	10	5,902,507	-	5,902,517
Peruvian Sol	-	-	4,953,966	4,953,966
Philippine Peso	-	110,286	-	110,286
Polish Zloty	2	-	12,819,026	12,819,028
Pound Sterling	81,066	106,805,237	4,728,130	111,614,433
Singapore Dollar	1,936	2,668,765	(577,122)	2,093,579
South African Rand	30	135,160	10,269,754	10,404,944
South Korean Won	114,716	7,496,396	449,727	8,060,839
Swedish Krona	-	22,249,471	-	22,249,471
Swiss Franc	431	21,354,282	302,281	21,656,994
Thailand Baht	(146)	3,630,336	-	3,630,190
Turkish Lira	2	84,434	1,110,670	1,195,106
Total fair value	\$ 5,567,739	559,677,751	111,146,387	676,391,877

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**Foreign Currency Risk**

International Securities	Cash & Cash Equivalents	Equity	Convertible and Fixed Income	Total U.S. Dollars
<b>Component Unit - Pension Trust Fund: *</b>				
Australian Dollar	\$ 21,642	10,745,722	283,059	11,050,423
Brazil Real	28,268	2,474,203	271,344	2,773,815
Canadian Dollar	88,470	27,822,630	748,504	28,659,604
Chilean Peso	10,948	630,941	-	641,889
Danish Krone	36,634	3,851,341	-	3,887,975
Euro Currency Unit	452,691	76,482,268	3,962,913	80,897,872
Hong Kong Dollar	74,292	12,805,088	-	12,879,380
Indonesian Rupiah	3,402	463,665	-	467,067
Israeli Shekel	4,575	187,253	-	191,828
Japanese Yen	191,675	43,117,602	-	43,309,277
Malaysian Ringgit	1,412	4,047,514	-	4,048,926
Mexican Peso	17,032	931,742	3,453,651	4,402,425
New Taiwan Dollar	3,605	4,291,224	-	4,294,829
New Zealand Dollar	8,270	496,716	534,248	1,039,234
Norwegian Krone	52,636	5,568,794	269,065	5,890,495
Philippine Peso	3,159	146,491	-	149,650
Polish Zloty	519	77,601	-	78,120
Pound Sterling	149,602	51,340,234	-	51,489,836
Qatari Riyal	4,813	99,989	-	104,802
South African Rand	23,702	2,751,024	-	2,774,726
Singapore Dollar	-	2,130,572	-	2,130,572
South Korean Won	38,755	13,094,706	35,103	13,168,564
Swedish Krona	1	5,158,341	-	5,158,342
Swiss Franc	377,074	16,848,391	-	17,225,465
Thailand Baht	736	5,455,574	-	5,456,310
Turkish Lira	18,464	1,532,649	-	1,551,113
UAE Dirham	-	59,805	-	59,805
Total fair value	<u>\$ 1,612,377</u>	<u>292,612,080</u>	<u>9,557,887</u>	<u>303,782,344</u>

\*Includes preferred securities investments in fixed income balance.

## 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 2018, 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, 2018 is shown in the table on the following page:

Future Contract Types	Base Exposure	Notional Cost
<b>Primary Government - Pension Trust Funds:</b>		
Cash & Cash Equivalent Futures:		
Long	\$ -	-
Short	(409,555,579)	(416,135,623)
Equity Futures:		
Long	583,452,955	595,769,898
Short	(76,651,680)	(79,636,969)
Fixed Income Futures:		
Long	459,967,813	456,589,153
Short	(102,663,794)	(102,312,987)
Commodity Futures:		
Long	172,017,342	176,143,584
Short	(646,379)	(438,584)
Total	\$ 625,920,678	629,978,472

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, 2018 is summarized as follows:

Swap Types	Base Exposure	Fair Value
<b>Primary Government - Pension Trust Funds:</b>		
Equity Swaps:		
Total Return Swaps	\$ -	184,106
Fixed Income Swaps:		
Cleared Return Swaps	(2,083,348)	(1,407,819)
Cleared Credit Default Swaps	639,675	707,175
Cleared Inflation Swaps	20,349	2,076
Credit Default Swaps	3,358	3,358
Interest Rate Swaps	(61,651)	(61,651)
Total Return Swaps	-	22,062
Total	\$ (1,481,617)	(550,693)

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, 2018 are presented on the following page.

		Cost	Fair Value	Unrealized Gain/(loss)
<b>Primary Government - Pension Trust Funds:</b>				
Commodity Options:				
Purchased	Call	\$ 4,924	4,924	-
Purchased	Put	-	80	80
Written	Call	(8,376)	(18)	8,358
Written	Put	(4,890)	(700)	4,190
Equity Options:				
Written	Call	(227,719)	(72,988)	154,731
Written	Put	(1,290)	(1)	1,289
Fixed Income Options:				
Written	Call	(13,684)	(2,004)	11,680
Written	Put	(10,865)	(368)	10,497
Total		\$ (261,900)	(71,075)	190,825

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, 2018 was \$737,572, and the Pension trust funds' currency forwards contracts are summarized as follows:

Foreign Currency Contracts Purchased	Notional (Local Currency)	Cost	Fair Value of Foreign Currency Contract Payable in U.S. Dollars	Unrealized Gain(Loss)
<b>Primary Government - Pension Trust Funds:</b>				
Australian Dollar	(15,180,000)	\$ 11,464,544	\$ (11,217,368)	247,174
Canadian Dollar	(700,000)	539,849	(532,137)	7,712
Colombian Peso	(12,360,000,000)	4,268,535	(4,201,769)	66,765
Euro Currency Unit	(36,638,000)	47,121,262	(46,149,543)	971,719
Japanese Yen	(1,756,383,447)	16,237,426	(15,904,820)	332,606
New Taiwan Dollar	(467,100,000)	15,710,875	(15,379,738)	331,136
New Zealand Dollar	(90,000)	63,362	(60,935)	2,427
Polish Zloty	(6,260,000)	1,852,400	(1,672,420)	179,980
Pound Sterling	(3,245,000)	4,329,167	(4,290,559)	38,607
South African Rand	(99,040,000)	8,094,117	(7,216,565)	877,551
Swiss Franc	(302,000)	308,432	(305,242)	3190
Total Foreign Currency Contracts Purchased			\$ (106,931,096)	3,058,867

Foreign Currency Contracts Sold				
<b>Primary Government - Pension Trust Funds:</b>				
Australian Dollar	3,120,000	\$ 10,249,965	\$ 10,027,648	(222,318)
Canadian Dollar	8,280,000	6,512,296	6,295,441	(216,855)
Colombian Peso	29,530,000,000	(10,796,088)	10,038,694	(757,394)
Euro Currency Unit	970,000	(1,128,398)	1,136,554	8,156
Mexican Peso	4,071,755	(213,515)	205,356	(8,159)
New Taiwan Dollar	467,100,000	(15,697,833)	15,379,738	(318,095)
Norwegian Krone	93,700,000	(11,796,851)	11,515,374	(281,477)
Pound Sterling	5,509,000	(7,369,817)	7,293,100	(76,716)
Swedish Krona	219,400,000	(26,057,779)	24,624,902	(1,432,877)
Turkish Lira	23,100,000	(5,511,758)	5,021,084	(490,674)
Total Foreign Currency Contracts Sold			\$ 91,537,891	(3,796,409)

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. Investment managers must obtain specific authorization from the Board prior to purchasing securities on margin or leverage. 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. Credit Default Swaps (CDS) are contracts that offer guarantees against the non-payment of loans. At June 30, 2018, exposure to interest rate swaps was \$(3,966,564), exposure to interest rate caps was \$1,940,603, exposure to futures contracts was \$15,547,469, exposure to NDFs was \$(26,449), exposure to forward commodity contracts was \$(561,088) exposure to currency forward contracts was \$6,510,951, exposure to options was \$7,763,906, and exposure to CDSs was \$809,911.

## **9. Deferred Outflows/Inflows of Resources**

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources representing a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. Deferred outflows for pensions and OPEB activities result from changes in actuarial proportions, changes in actuarial assumptions, differences between projected and actual earnings on pension and OPEB investments, differences between expected and actual experience and pension and OPEB contributions made subsequent to the measurement date. Deferred outflows related to investment differences are deferred and amortized over a closed five-year period and all other deferred outflows, except contributions made subsequent to the measurement date, are amortized over the remaining service life of all participants.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources representing an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows for



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pension and OPEB activities result from changes in actuarial proportions, changes in actuarial assumptions, differences between projected and actual earnings on pension and OPEB investments and differences between expected and actual experience. Deferred inflows related to investment differences are deferred and amortized over a closed five-year period and all other deferred inflows are amortized over the remaining service life of all participants.

### 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 taxes not paid by the due dates are assessed a ten percent late payment penalty on the tax amount. Personal property taxes are initially assessed a ten percent late payment penalty, which increases to twenty-five percent after thirty days of delinquency. Furthermore, interest accrues from the first day following the due date at an annual rate of one percent for real estate taxes and five percent for personal property taxes. The net delinquent taxes receivable, including interest and penalties, as of June 30, 2018, after allowances for uncollectible amounts, is \$23,222,145 of which \$3,585,050 has been included in tax revenue for fiscal year 2018 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 2018 as receivables (net of payments totaling \$106,185,325 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, 2018; however, these resources, which amount to \$3,439,969,622, will not be available to the County until fiscal year 2019.

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, 2018, consist of the following:

	General Fund	Nonmajor Governmental Funds	Enterprise Fund	Internal Service Funds	Total Primary Government (Exhibit A)
Receivables:					
Accounts	\$ 21,942,664	18,207,848	2,652,772	10,927	42,814,211
Accrued interest	30,950	5,192,534	-	869	5,224,353
Property taxes:					
Delinquent	36,979,423	-	-	-	36,979,423
Not yet due	3,129,755,827	-	-	-	3,129,755,827
Business license taxes - delinquent	7,364,263	-	-	-	7,364,263
Loans	-	61,290,595	-	-	61,290,595
Total receivables	3,196,073,127	84,690,977	2,652,772	11,796	3,283,428,672
Allowances for uncollectibles:					
Accounts receivable	(4,112,393)	-	-	-	(4,112,393)
Accrued interest	-	(229,060)	-	-	(229,060)
Property taxes:					
Delinquent	(13,757,278)	-	-	-	(13,757,278)
Not yet due	(7,285,474)	-	-	-	(7,285,474)
Business license taxes - delinquent	(2,799,656)	-	-	-	(2,799,656)
Total allowances for uncollectibles	(27,954,801)	(229,060)	-	-	(28,183,861)
Total net receivables	\$ 3,168,118,326	84,461,917	2,652,772	11,796	3,255,244,811

Receivables of the component units, excluding fiduciary funds, at June 30, 2018, consist of the following:

	Public Schools	FCRHA	Park Authority	EDA	Total Component Units
Receivables:					
Accounts	\$ 8,950,802	2,010,910	28,227	-	10,989,939
Accrued interest	152,590	909,989	64,223	-	1,126,802
Notes, mortgages, and other	-	23,953,390	-	-	23,953,390
Total receivables	9,103,392	26,874,289	92,450	-	36,070,131
Allowances for uncollectible	-	(1,687,011)	-	-	(1,687,011)
Total net receivables	\$ 9,103,392	25,187,278	92,450	-	34,383,120

Delinquent property taxes receivable from taxpayers in the General Fund as of June 30, 2018, are as follows:

Year of Levy	Real Estate	Personal Property	Total
2017	\$ 8,454,229	7,973,209	16,427,438
2016	1,836,266	3,259,690	5,095,956
2015	859,599	2,408,841	3,268,440
Prior years	1,637,318	4,071,889	5,709,207
Total delinquent taxes	\$ 12,787,412	17,713,629	30,501,041
Penalty and interest			6,478,382
Total delinquent taxes, penalty and interest			36,979,423
Allowances for uncollectibles			(13,757,278)
Net delinquent tax receivables			\$ 23,222,145

Amounts due to the primary government and component units from other governmental units at June 30, 2018, 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	\$ 131,149	12,976,576	200,900	-	13,308,625	20,553,704	396,181
State government:							
Property tax relief - not yet due	211,313,944	-	-	-	211,313,944	-	-
Other	44,379,619	29,278,029	-	-	73,657,648	25,882,328	-
Local governments	1,097,523	7,194,721	49,917,133	7,600	58,216,977	144,489	16,868
Total intergovernmental units	\$ 256,922,235	49,449,326	50,118,033	7,600	356,497,194	\$ 46,580,521	\$ 413,049
Federal-Build America Bond subsidy					625,188		
Total (Exhibit A)					\$ 357,122,382		

**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, 2018 is as follows:

	Interfund Receivables	Interfund Payables
<b>Primary Government</b>		
General Fund	\$ 900,400	1,519,075
Nonmajor Governmental Funds	-	900,400
Internal Service Funds	1,519,075	-
<b>Total primary government</b>	\$ 2,419,475	2,419,475
<b>Component Unit</b>		
<b>Public Schools:</b>		
General Fund	\$ 7,625,000	-
Capital Projects Fund	-	7,625,000
<b>Total component units</b>	\$ 7,625,000	7,625,000

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, 2018, are as follows:

Receivable Entity	Payable Entity	Amount
<b>Component Units</b>	<b>Primary Government</b>	
Public Schools	General Fund	\$ 554,982
Park Authority	General Fund	1,793,044
Park Authority	Nonmajor Governmental Fund	1,090,201
EDA	General Fund	324,313
<b>Total</b>		\$ 3,762,540

**BASIC FINANCIAL STATEMENTS**

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, 2018, are as follows:

	Transfers In	Transfers Out
<b>Primary Government</b>		
General Fund	\$ 16,440,411	574,394,290
Nonmajor Governmental Funds	680,041,255	129,035,650
Internal Service Funds	6,948,274	-
<b>Total primary government</b>	<b>\$ 703,429,940</b>	<b>703,429,940</b>
<b>Component Unit</b>		
<b>Public Schools:</b>		
General Fund	\$ -	32,090,416
Capital Projects Fund	13,534,317	-
Nonmajor Governmental Funds	18,556,099	-
<b>Total component units</b>	<b>\$ 32,090,416</b>	<b>32,090,416</b>

**F. CAPITAL ASSETS**

Capital assets activity for the primary government and component units for the year ended June 30, 2018, is as follow:

	Balances July 1, 2017	Increases	Decreases	Balances June 30, 2018
<b>Primary Government</b>				
<b>Governmental activities:</b>				
Non-depreciable/non-amortizable:				
Land and easements	\$ 422,431,585	20,993,891	(3,941,331)	439,484,145
Construction in progress	224,305,104	164,257,180	(70,412,389)	318,149,895
Equipment under construction	21,111,604	18,845,920	(13,605,999)	26,351,525
Software in development	13,102,642	10,701,842	(7,037,944)	16,766,540
Total non-depreciable/non-amortizable	680,950,935	214,798,833	(94,997,663)	800,752,105
Depreciable/amortizable:				
Equipment	473,746,009	30,569,333	(23,289,986)	481,025,356
Software	114,883,909	8,988,833	-	123,872,742
Library collections	102,900,219	4,089,703	(32,966)	106,956,956
Buildings	1,657,155,270	9,898,220	(80,509,385)	1,586,544,105
Improvements	236,551,611	20,388,012	(481,148)	256,458,475
Infrastructure	888,122,173	93,996,066	(991,167)	981,127,072
Total depreciable/amortizable	3,473,359,191	167,930,167	(105,304,652)	3,535,984,706
Less accumulated depreciation/amortization for:				
Equipment	(294,418,195)	(42,354,946)	22,350,405	(314,422,736)
Software	(35,137,680)	(8,488,388)	-	(43,626,068)
Library collections	(91,271,829)	(3,793,450)	-	(95,065,279)
Buildings	(553,551,504)	(44,968,477)	11,672,560	(586,847,421)
Improvements	(85,088,041)	(9,484,630)	172,595	(94,400,076)
Infrastructure	(297,816,970)	(26,107,943)	(11,558,213)	(335,483,126)
Total accumulated depreciation/amortization	(1,357,284,219)	(135,197,834)	22,637,347	(1,469,844,706)
Total capital assets, being depreciated/amortized, net	2,116,074,972	32,732,333	(82,667,305)	2,066,140,000
<b>Total capital assets, net - Governmental activities</b>	<b>2,797,025,907</b>	<b>247,531,166</b>	<b>(177,664,968)</b>	<b>2,866,892,105</b>
<b>Business-type activities:</b>				
Non-depreciable/non-amortizable:				
Land and easements	17,956,715	67,971	-	18,024,686
Construction in progress	93,677,358	103,462,352	(74,379,210)	122,760,500
Total non-depreciable/non-amortizable	111,634,073	103,530,323	(74,379,210)	140,785,186
Depreciable/amortizable:				
Equipment	14,737,297	750,426	(676,985)	14,810,738
Purchased capacity	1,057,062,963	17,039,367	(3,699,307)	1,070,403,023
Buildings and improvements	88,417,729	-	37,975	88,455,704
Infrastructure	1,292,421,688	58,858,767	-	1,351,280,455
Total depreciable/amortizable	2,452,639,677	76,648,560	(4,338,317)	2,524,949,920
Less accumulated depreciation/amortization for:				
Equipment	(10,164,212)	(1,201,002)	676,985	(10,688,229)
Purchased capacity	(374,619,053)	(30,380,437)	-	(404,999,490)
Buildings and improvements	(47,722,084)	(2,123,897)	(37,975)	(49,883,956)
Infrastructure	(600,663,381)	(29,949,556)	-	(630,612,937)
Total accumulated depreciation/amortization	(1,033,168,730)	(63,654,892)	639,010	(1,096,184,612)
Total capital assets, being depreciated/amortized, net	1,419,470,947	12,993,668	(3,699,307)	1,428,765,308
<b>Total capital assets, net - Business-type activities</b>	<b>1,531,105,020</b>	<b>116,523,991</b>	<b>(78,078,517)</b>	<b>1,569,550,494</b>
<b>Total capital assets, net - Primary government</b>	<b>\$ 4,328,130,927</b>	<b>364,055,157</b>	<b>(255,743,485)</b>	<b>4,436,442,599</b>

**BASIC FINANCIAL STATEMENTS**

	Balances			Balances
	June 30, 2017	Increases	Decreases	June 30, 2018
<b>Component Units</b>				
<b>Public Schools</b>				
Non-depreciable/non-amortizable:				
Land	\$ 46,837,095	-	-	46,837,095
Construction in progress	256,169,715	137,501,468	(44,114,152)	349,557,031
Total non-depreciable/non-amortizable	<u>303,006,810</u>	<u>137,501,468</u>	<u>(44,114,152)</u>	<u>396,394,126</u>
Depreciable/amortizable:				
Equipment	352,286,228	17,911,635	(33,973,052)	336,224,811
Software	13,260,834	-	-	13,260,834
Library collections	26,396,772	2,063,503	(3,802,280)	24,657,995
Buildings	1,272,264,725	3,020,580	(385,442)	1,274,899,863
Improvements	2,444,357,933	64,300,048	(295,515)	2,508,362,466
Total depreciable/amortizable	<u>4,108,566,492</u>	<u>87,295,766</u>	<u>(38,456,289)</u>	<u>4,157,405,969</u>
Less accumulated depreciation/amortization for:				
Equipment	(232,041,948)	(26,857,626)	33,273,499	(225,626,075)
Software	(5,959,528)	(796,075)	-	(6,755,603)
Library collections	(19,692,324)	(2,430,165)	3,800,918	(18,321,571)
Buildings	(607,682,602)	(24,186,819)	-	(631,869,421)
Improvements	(1,073,813,694)	(91,909,181)	-	(1,165,722,875)
Total accumulated depreciation/amortization	<u>(1,939,190,096)</u>	<u>(146,179,866)</u>	<u>37,074,417</u>	<u>(2,048,295,545)</u>
Total capital assets, being depreciated/amortized, net	<u>2,169,376,396</u>	<u>(58,884,100)</u>	<u>(1,381,872)</u>	<u>2,109,110,424</u>
<b>Total capital assets, net - Public Schools</b>	<u>2,472,383,206</u>	<u>78,617,368</u>	<u>(45,496,024)</u>	<u>2,505,504,550</u>
<b>FCRHA</b>				
Non-depreciable/non-amortizable:				
Land, as restated	42,466,895	175,974	-	42,642,869
Construction in progress	520,835	1,760,512	(510,720)	1,770,627
Total non-depreciable/non-amortizable	<u>42,987,730</u>	<u>1,936,486</u>	<u>(510,720)</u>	<u>44,413,496</u>
Depreciable/amortizable:				
Equipment	2,265,156	55,055	(572,655)	1,747,556
Buildings and improvements	230,421,734	2,625,863	(2,821)	233,044,776
Total depreciable/amortizable	<u>232,686,890</u>	<u>2,680,918</u>	<u>(575,476)</u>	<u>234,792,332</u>
Less accumulated depreciation/amortization for:				
Equipment	(2,242,899)	(4,280)	570,690	(1,676,489)
Buildings and improvements	(141,824,224)	(6,056,205)	31,364	(147,849,065)
Total accumulated depreciation/amortization	<u>(144,067,123)</u>	<u>(6,060,485)</u>	<u>602,054</u>	<u>(149,525,554)</u>
Total capital assets, being depreciated/amortized, net	<u>88,619,767</u>	<u>(3,379,567)</u>	<u>26,578</u>	<u>85,266,778</u>
<b>Total capital assets, net - FCRHA</b>	<u>131,607,497</u>	<u>(1,443,081)</u>	<u>(484,142)</u>	<u>129,680,274</u>
<b>Park Authority</b>				
Non-depreciable/non-amortizable:				
Land and easements	377,500,415	9,598,751	(552,726)	386,546,440
Construction in progress	8,207,888	5,868,563	(6,183,722)	7,892,729
Total non-depreciable/non-amortizable	<u>385,708,303</u>	<u>15,467,314</u>	<u>(6,736,448)</u>	<u>394,439,169</u>
Depreciable/amortizable:				
Equipment	13,291,721	833,427	(778,805)	13,346,343
Buildings and improvements	455,150,214	23,545,511	(778,497)	477,917,228
Total depreciable/amortizable	<u>468,441,935</u>	<u>24,378,938</u>	<u>(1,557,302)</u>	<u>491,263,571</u>
Less accumulated depreciation/amortization for:				
Equipment	(8,788,377)	(391,975)	462,320	(8,718,032)
Buildings and improvements	(220,617,335)	(14,676,535)	450,030	(234,843,840)
Total accumulated depreciation/amortization	<u>(229,405,712)</u>	<u>(15,068,510)</u>	<u>912,350</u>	<u>(243,561,872)</u>
Total capital assets, being depreciated/amortized, net	<u>239,036,223</u>	<u>9,310,428</u>	<u>(644,952)</u>	<u>247,701,699</u>
<b>Total capital assets, net - Park Authority</b>	<u>624,744,526</u>	<u>24,777,742</u>	<u>(7,381,400)</u>	<u>642,140,868</u>
<b>EDA</b>				
Depreciable/amortizable:				
Equipment	35,204	-	(5,145)	30,059
Buildings and improvements	767,961	408,850	-	1,176,811
Total depreciable/amortizable	<u>803,165</u>	<u>408,850</u>	<u>(5,145)</u>	<u>1,206,870</u>
Less accumulated depreciation/amortization for:				
Equipment	(26,855)	(2,263)	5,145	(23,973)
Buildings and improvements	(594,552)	(109,174)	-	(703,726)
Total accumulated depreciation/amortization	<u>(621,407)</u>	<u>(111,437)</u>	<u>5,145</u>	<u>(727,699)</u>
<b>Total capital assets, net - EDA</b>	<u>181,758</u>	<u>297,413</u>	<u>-</u>	<u>479,171</u>
<b>Total capital assets, net - Component units</b>	<u>\$ 3,228,916,987</u>	<u>102,249,442</u>	<u>(53,361,566)</u>	<u>3,277,804,863</u>

Depreciation and amortization expense for the year ended June 30, 2018, charged to the functions of the primary government and component units is as follows:

	Governmental Activities	Business-type Activities	Component Units
<b>Primary Government</b>			
General government administration	\$ 24,188,551	-	-
Judicial administration	4,199,217	-	-
Public safety	9,308,328	-	-
Public works	52,480,295	63,654,892	-
Health and welfare	3,251,707	-	-
Community development	15,567,743	-	-
Parks, recreation, and cultural	7,191,198	-	-
In addition, depreciation on capital assets held by the County's internal service funds is charged to the various functions based on asset usage.	19,010,795	-	-
<b>Component Units</b>			
Public Schools	-	-	146,179,866
FCRHA	-	-	6,060,485
Park Authority	-	-	15,068,510
EDA	-	-	111,437
Total depreciation and amortization expense	\$ 135,197,834	63,654,892	167,420,298

**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, including business type activities, 67.2 percent, FCPS 27.1 percent, EDA 0.5 percent, FCRHA 1.7 percent, and FCPA 3.5 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. <https://www.fairfaxcounty.gov/retirement/financial-publications>.

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](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](http://www.fairfaxcounty.gov/retirement/retired_employees/publications.htm).

#### The Educational Employees' Supplementary Retirement System

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

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

## **2. Benefit Provisions and Requirements**

#### Fairfax County Employees' Retirement System

Benefit provisions are established and may be amended by County ordinances. All benefits vest at five years of creditable service. Members who were hired before January 1, 2013 had the option to elect to join Plan A or Plan B, and members who were hired on or after January 1, 2013 may elect to join Plan C or Plan D. To be eligible for normal retirement, an individual must meet the following criteria: (a) attain the age of 65 with five years of service, (b) for Plans A and B, attain the age of 50 with age plus years of service being greater than or equal to 80, or (c) for Plans C and D, attain the age of 55 with age plus years of service being greater than or equal to 85. The normal retirement benefit is calculated using average final compensation (i.e., the highest 78 consecutive two week pay periods or the highest 36 consecutive monthly pay periods) and years (or partial years) of creditable

service at date of termination. In addition, if normal retirement occurs before Social Security benefits are scheduled to begin, an additional monthly benefit is paid to retirees. The plan provides that unused sick leave credit may be used in the calculation of average final compensation by projecting the final salary during the unused sick leave period. Those who commenced employment on or after January 1, 2013, may not use more than 2,080 hours of accrued sick leave toward service credit for retirement or entry into the Deferred Retirement Option Program (DROP). The benefit for early retirement is actuarially reduced and payable at early termination.

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

Fairfax County Police Officers Retirement System

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

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

Fairfax County Uniformed Retirement System

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

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

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

#### The Educational Employees' Supplementary Retirement System

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

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

ERFC and ERFC 2001 provide for a variety of benefit payment types. ERFC's payment types include Service Retirement, Reduced Service, Disability, Death-in-Service, and Deferred Retirement. ERFC 2001's payment types include Service Retirement, Death-in-Service, and Deferred Retirement. ERFC's minimum eligibility requirements for receipt of full benefits range from members attaining the age of 55 with 25 years of service to completing five years of service prior to age 65. The minimum eligibility requirements for full benefits for ERFC 2001 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, 2018, was 25.29 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 2018 the amortization target was increased to 98 percent. Per the County's pension funding policy as approved by the Board of Supervisors as part of the FY 2018 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 \$167,311,608. The 2018 employer contribution totaled \$188,578,414.

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, 2018.

The County is required to contribute at an actuarially determined rate; the rate for the year ended June 30, 2018 was 27.64 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 2018. 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 2018, the amortization target was set to a 98 percent level. Per the County's pension funding policy as approved by the Board of Supervisors as part of the FY 2018 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 \$43,381,151. The 2018 employer contribution totaled \$44,504,675.

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, 2018 was 30.35 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 2018. 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 2018, the amortization target was increased to a 98 percent level. Per the County’s pension funding policy as approved by the Board of Supervisors as part of the FY 2018 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 \$67,410,252. The 2018 employer contribution totaled \$67,895,377

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 was 6.24 percent for fiscal year 2018. Employer contributions to the pension plan were \$91,702,271 and \$80,145,997 for the years ended June 30, 2018 and June 30, 2017 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 based on participant data collected as of December 31, 2015 and an actuarial valuation as of June 30, 2017, using the entry age actuarial cost method, with a measurement date of June 30, 2017. Significant actuarial assumptions used in the valuation for ERS, PORS, and URS include:

**Actuarial Assumptions**

Discount rate, net of plan investment expenses	7.25%
Inflation	2.75%
Salary increases, including inflation	2.75%
Investment rate of return, net of plan investment expenses	7.25%
Mortality	Sex Distinct RP-2014 Combined Mortality projected to RPEC-2015

ERFC assumptions deviate from the chart for salary increases, using a range of 3.25% - 9.05%. Mortality rates were based on RP-2014 mortality healthy annuitant total data set table with fully generation two-dimensional sex distinct MP-2015 projection scale.

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 2016.

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 June 30, 2017 valuation were based on the results of an actuarial experience study performed in 2016. 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, 2018, are summarized on the next page:



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

Asset Class	ERS*	PORS*	URS*
US Equity	5.6% / 16%	5.6% / 12%	5.6% / 10%
US Small Cap Equity	7.8% / 4%	7.8% / 5%	7.8% / 3%
International Dev.	5.6% / 7%	5.6% / 10%	5.6% / 9%
International EM	10.1% / 3%	10.1% / 3%	10.1% / 5%
Private Equities	14.4% / 2%	14.4% / 2%	14.4% / 3%
Core Bonds	2.1% / 25%	2.1% / 13%	2.1% / 12%
High Yield	4.6% / 10%	4.6% / 17%	4.6% / 5%
Global Bonds	0.9% / 5%	0.9% / -%	0.9% / 5%
Emerging Markets Debt	4.8% / 2%	4.8% / -%	4.8% / 3%
Real Estate	6.8% / 8%	6.8% / 5%	6.8% / 8%
Absolute Return	11.3% / 20%	11.3% / 15%	11.3% / 18%
Risk Parity	6.5% / 15%	6.5% / 30%	6.5% / 20%
Commodities	5.9% / 5%	5.9% / -%	5.9% / 4%
Cash	1.0% / 3%	1.0% / 1%	1.0% / 5%

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

Asset Class	ERFC	
	L/T Expected RRR	Target Allocation
Domestic Large Cap Equity	5.92%	13.00%
Domestic Small Cap Equity	6.71%	5.50%
International	-	17.00%
International Equity	6.71%	-
Emerging Market Equity	9.70%	-
Real Estate	5.15%	7.50%
Fixed Income	-	29.00%
Core Fixed Income	1.38%	-
Diversified Fixed Income	2.83%	-
Absolute Return Fixed Income	1.79%	-
Emerging Market Debt (Local)	4.62%	-
Global Asset Allocation	4.91%	15.00%
Absolute Return	3.95%	8.00%
Private Equity	8.73%	5.00%
Risk Parity	4.47%	-



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:

	<b>ERS</b>	<b>PORS</b>
Total pension liability	\$ 5,367,731,521	\$ 1,640,669,401
Pension plan's fiduciary net position	<u>(3,749,384,616)</u>	<u>(1,365,844,260)</u>
Net pension liability	<u>\$ 1,618,346,905</u>	<u>\$ 274,825,141</u>
Plan fiduciary net position as a percentage of the total pension liability	69.9%	83.2%

	<b>URS</b>	<b>ERFC</b>
Total pension liability	\$ 2,033,689,452	\$ 3,094,309,317
Pension plan's fiduciary net position	<u>(1,645,263,844)</u>	<u>(2,304,281,654)</u>
Net pension liability	<u>\$ 388,425,608</u>	<u>\$ 790,027,663</u>
Plan fiduciary net position as a percentage of the total pension liability	80.9%	74.5%

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

	Increases (Decreases) in (000)		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a-b)</b>
<b>Balances 6/30/2017</b>	<u>\$ 11,554,491</u>	<u>8,466,761</u>	<u>3,087,730</u>
Changes for year:			
Service cost	240,774	-	240,774
Interest	830,026	-	830,026
Changes in benefit terms	382	-	382
Differences between expected and actual experience	112,491	-	112,491
Changes of assumptions	23,334	-	23,334
Benefit payments, including refunds of member contributions	(625,099)	(625,102)	3
Contributions - employer	-	358,197	(358,197)
Contributions - member	-	100,394	(100,394)
Net investment income	-	771,591	(771,591)
Administrative expense	-	(7,068)	7,068
<b>Net changes</b>	<u>581,908</u>	<u>598,012</u>	<u>(16,104)</u>
<b>Balances 6/30/2018</b>	<u>\$ 12,136,399</u>	<u>9,064,773</u>	<u>3,071,626</u>

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

	Dollar amounts in (000)				
	ERS	PORS	URS	ERFC	Total
<b>Total Pension Liability</b>					
Service cost	\$ 93,128	29,052	39,668	78,926	240,774
Interest	367,586	112,638	140,286	209,516	830,026
Changes in benefit terms	582	-	839	(1,039)	382
Differences between expected and actual experience	74,948	11,638	6,048	19,857	112,491
Changes of assumptions	-	-	-	23,334	23,334
Benefit payments, including refunds of member contributions	(284,929)	(73,175)	(93,609)	(173,386)	(625,099)
<b>Net change in total pension liability</b>	<b>251,315</b>	<b>80,153</b>	<b>93,232</b>	<b>157,208</b>	<b>581,908</b>
<b>Total pension liability - 6/30/2017</b>	<b>5,116,417</b>	<b>1,560,516</b>	<b>1,940,457</b>	<b>2,937,101</b>	<b>11,554,491</b>
<b>Total pension liability - 6/30/2018</b>	<b>\$ 5,367,732</b>	<b>1,640,669</b>	<b>2,033,689</b>	<b>3,094,309</b>	<b>12,136,399</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	\$ 167,312	43,381	67,410	80,094	358,197
Contributions - member	35,476	9,632	12,223	43,063	100,394
Net investment income	243,496	116,099	161,014	250,982	771,591
Benefit payments, including refunds of member contributions	(284,931)	(73,176)	(93,609)	(173,386)	(625,102)
Administrative expense	(2,050)	(481)	(477)	(4,060)	(7,068)
<b>Net change in plan fiduciary net position</b>	<b>159,303</b>	<b>95,455</b>	<b>146,561</b>	<b>196,693</b>	<b>598,012</b>
<b>Plan fiduciary net position - 6/30/2017</b>	<b>3,590,082</b>	<b>1,270,389</b>	<b>1,498,702</b>	<b>2,107,588</b>	<b>8,466,761</b>
<b>Plan fiduciary net position - 6/30/2018</b>	<b>\$ 3,749,385</b>	<b>1,365,844</b>	<b>1,645,263</b>	<b>2,304,281</b>	<b>9,064,773</b>
<b>Net pension liability - 6/30/2018</b>	<b>\$ 1,618,347</b>	<b>274,825</b>	<b>388,426</b>	<b>790,028</b>	<b>3,071,626</b>

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	\$ 6,014,859,616	\$ 5,367,731,521	\$ 4,825,724,119
Plan fiduciary net position	(3,749,384,616)	(3,749,384,616)	(3,749,384,616)
Net pension liability	<u>\$ 2,265,475,000</u>	<u>\$ 1,618,346,905</u>	<u>\$ 1,076,339,503</u>
Plan fiduciary net position as a percentage of the total pension liability	62.3%	69.9%	77.7%

**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	\$ 1,871,036,595	\$ 1,640,669,401	\$ 1,452,436,824
Plan fiduciary net position	(1,365,844,260)	(1,365,844,260)	(1,365,844,260)
Net pension liability	<u>\$ 505,192,335</u>	<u>\$ 274,825,141</u>	<u>\$ 86,592,564</u>
Plan fiduciary net position as a percentage of the total pension liability	73.0%	83.2%	94.0%

**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	\$ 2,299,780,081	\$ 2,033,689,452	\$ 1,807,353,561
Plan fiduciary net position	(1,645,263,844)	(1,645,263,844)	(1,645,263,844)
Net pension liability	<u>\$ 654,516,237</u>	<u>\$ 388,425,608</u>	<u>\$ 162,089,717</u>
Plan fiduciary net position as a percentage of the total pension liability	71.5%	80.9%	91.0%

**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	\$ 3,488,740,546	\$ 3,094,309,317	\$ 2,771,054,985
Plan fiduciary net position	(2,304,281,654)	(2,304,281,654)	(2,304,281,654)
Net pension liability	<u>\$ 1,184,458,892</u>	<u>\$ 790,027,663</u>	<u>\$ 466,773,331</u>
Plan fiduciary net position as a percentage of the total pension liability	66.0%	74.5%	83.2%

**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	8,603	1,082	1,309	11,729
Terminated employees entitled to, but not yet receiving, benefits	2,207	63	76	4,759
DROP participants	745	57	115	N/A
Active plan members	13,986	1,329	1,975	21,841
Total number of plan members	<u>25,541</u>	<u>2,531</u>	<u>3,475</u>	<u>38,329</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	\$ 59,958,390	72,953,586	\$ 9,698,652	28,595,362
Changes of assumptions	45,715,581	-	7,068,143	-
Net difference between projected and actual earnings on pension plan investments	236,668,269	-	30,953,012	-
Contributions subsequent to the measurement date	188,578,414	-	44,504,675	-
<b>Total</b>	<b>\$ 530,920,654</b>	<b>72,953,586</b>	<b>\$ 92,224,482</b>	<b>28,595,362</b>
<b>Pension Expense Recognized 2018</b>	\$ 241,196,937		\$ 41,297,549	
<b>Net Pension Liability June 30, 2018</b>	<b>\$ 1,618,346,905</b>		<b>\$ 274,825,141</b>	

	URS		ERFC	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,480,408	38,609,642	\$ 16,866,104	24,149,434
Changes of assumptions	14,628,146	-	51,706,409	-
Net difference between projected and actual earnings on pension plan investments	46,078,323	-	158,734,394	112,119,898
Contributions subsequent to the measurement date	67,895,377	-	91,702,271	-
<b>Total</b>	<b>\$ 140,082,254</b>	<b>38,609,642</b>	<b>\$ 319,009,178</b>	<b>136,269,332</b>
<b>Pension Expense Recognized 2018</b>	\$ 68,624,349		\$ 113,393,168	
<b>Net Pension Liability June 30, 2018</b>	<b>\$ 388,425,608</b>		<b>\$ 790,027,663</b>	

Deferred outflows associated with contributions made subsequent to the measurement date will be recognized as a reduction to the net pension liability in 2019. 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
2019	\$ 70,607,512	126,262	7,718,044	15,825,961
2020	118,912,740	19,061,015	30,077,991	47,826,177
2021	68,069,416	8,627,803	11,782,265	23,016,662
2022	11,798,986	(7,641,012)	(12,932,677)	(9,448,431)
2023	-	(1,049,623)	(3,932,344)	9,662,985
Thereafter	-	-	863,956	4,154,221
<b>Total</b>	<b>\$ 269,388,654</b>	<b>19,124,445</b>	<b>33,577,235</b>	<b>91,037,575</b>

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	\$ 5,367,730	3,607,755	1,457,172	25,501	89,233	188,069
Pension plan's fiduciary net position	(3,749,384)	(2,520,032)	(1,017,842)	(17,813)	(62,330)	(131,367)
Net pension liability	\$ 1,618,346	1,087,723	439,330	7,688	26,903	56,702
Deferred outflows:						
Contributions after measurement date	\$ 188,578	127,190	50,782	914	3,228	6,464
Investment return	236,668	159,070	64,248	1,124	3,934	8,292
Changes in proportion	12,758	10,503	485	263	488	1,019
Experience	59,958	40,298	16,277	285	997	2,101
Changes of assumptions	45,716	30,727	12,410	217	760	1,602
Total deferred outflows (ERS)	\$ 543,678	367,788	144,202	2,803	9,407	19,478
Deferred inflows:						
Experience	\$ 72,954	49,033	19,805	347	1,213	2,556
Changes in proportion	12,758	2,208	8,210	27	526	1,787
Total deferred inflows (ERS)	\$ 85,712	51,241	28,015	374	1,739	4,343
Pension expense	\$ 241,197	164,410	63,692	1,265	3,792	8,038

## 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. Each school division’s contractually required contribution rate for the year ended June 30, 2018 was 16.32 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 \$240,020,797 and \$209,938,736 for the years ended June 30, 2018 and June 30, 2017, respectively.

Actuarial Methods and Assumptions

The total pension liability for VRS was based on an actuarial valuation as of June 30, 2016, 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, 2017. The assumptions used were as follows:

<b>Actuarial Assumptions</b>	
Inflation	2.50%
Salary increases, including inflation	3.50% to 5.95%
Investment rate of return, net of pension plan investment expense, including inflation <sup>(a)</sup>	7.00%
<p>(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.</p>	

<b>Mortality Rates</b>		
Pre-Retirement	Post-Retirement	Post-Disablement
RP-2014 Employee Rates projected with Scale BB to 2020 with males set back 3 years and females are set back 5 years	RP-2014 Healthy Annuitant Rates projected with Scale BB to 2020 with males set back 2 years and females were set back 3 years	RP-2014 Disability Life Mortality Rates projected with Scale BB to 2020 with males set back 1 year and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are presented as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table-RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

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

At June 30, 2018, FCPS reported a liability of \$2,232,727,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined based on an actuarial valuation as of June 30, 2016 rolled forward to the measurement date of June 30, 2017. 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, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, FCPS’s proportion was 18.16 percent, as compared to 17.95 percent at June 30, 2016.

For the year ended June 30, 2018, FCPS recognized pension expense of \$173,410,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between actual employer contributions and the proportionate share of employer contributions. At June 30, 2018, FCPS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 158,113,000
Net difference between projected and actual earnings on pension plan investments	-	81,117,000
Change of assumptions	32,589,000	-
Changes in proportion and differences between contributions and proportionate share of contributions	41,792,000	16,322,000
Contributions subsequent to the measurement date	240,020,797	-
Total	<u>\$ 314,401,797</u>	<u>\$ 255,552,000</u>



A total of \$240,020,797 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, 2019. 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:

<b>Year ended June 30:</b>	
2019	\$ (79,010,000)
2020	(1,842,000)
2021	(25,435,000)
2022	(69,706,000)
2023	(5,178,000)
	<u>\$ (181,171,000)</u>

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	40.00 %	4.54 %	1.82 %
Fixed Income	15.00	0.69	0.10
Credit Strategies	15.00	3.96	0.59
Real Assets	15.00	5.76	0.86
Private Equity	15.00	9.53	1.43
Total	<u>100.00 %</u>		<u>4.80 %</u>
		Inflation	<u>2.50</u>
		Expected arithmetic nominal return <sup>(a)</sup>	<u>7.30 %</u>

<sup>(a)</sup> The above allocation provides a one-year return of 7.30 percent. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83 percent, including expected inflation of 2.5 percent.

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, 2019, 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, 2019 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:

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b>6.0%</b>	<b>7.0%</b>	<b>8.0%</b>
FCPS' proportionate share of the VRS net pension liability	\$ 3,334,202,000	\$ 2,232,727,000	\$ 1,321,573,000

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**

**1. General Information about the OPEB Plan**

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. 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. The Plan does not issue a stand-alone financial report.

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 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.

Beginning in fiscal 2018, required disclosures for the County OPEB liability and OPEB plan’s fiduciary net position will be made simultaneously. Participant data for current fiscal year and prior year is as follows:

Membership	FY 2017	FY 2018
<b>Medical Members</b>		
Number of Active Members	13,410	13,520
Average age	45	45
Average service	12	12
<u>Number of Inactive Members</u>		
Retirees and Spouses	5,118	4,819
Average age	67	68
<b>Life Insurance Members</b>		
Number of Active Members	13,410	13,520
Average age	45	45
Average service	12	12
<u>Number of Inactive Members</u>		
Retirees and Spouses	5,315	5,502
Average age	67	68

Contributions to the plan are made by appropriation from the Board based on their commitment to fund an actuarially determined amount. The contribution for fiscal year 2017 and 2018 was \$27.9 million and \$24.4 million, respectively. Plan members are not required to contribute.

**2. County Reporting of OPEB**

**Net OPEB Liability for the County**

The County’s net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of the net OPEB liability for the County are as follows:

	Total	Primary Government	EDA	FCRHA	FCPA
Total OPEB Liability	\$ 322,345,000	302,104,079	1,704,684	5,964,778	12,571,459
Plan Fiduciary Net Position	(279,564,001)	(262,009,415)	(1,478,441)	(5,173,145)	(10,903,000)
Net OPEB Liability	\$ 42,780,999	40,094,664	226,243	791,633	1,668,459

**Assumptions**

For the County, 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, found on the following page:

Actuarial cost method	Entry age normal
Asset valuation method	Market value of assets
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.
Healthcare cost trend rate	7.20% - 9.00% decreasing to 4.50%

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for fiscal years 2014-2016.

**Discount rate**

The discount rate used to measure the total OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current inactive and active employees / current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Changes in the Net OPEB Liability**

	<b>Changes in the Net OPEB Liability</b>		
	(Dollar amounts in thousands)		
	Increase (Decrease)		
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability (Ending)</b>
	(a)	(b)	(a) - (b)
<b>Balance Recognized at 6/30/2017</b>	\$ 331,299	\$ 241,257	\$ 90,042
<b>Changes for the year:</b>			
Service Cost	7,582	N/A	7,582
Interest Cost	23,024	N/A	23,024
Differences Between Expected and Actual Experiences	3,389	N/A	3,389
Changes of Assumptions	(22,671)	N/A	(22,671)
Benefit Payments	(20,278)	(20,278)	-
Contributions—Employer	N/A	27,992	(27,992)
Net Investment Income	N/A	30,711	(30,711)
Administrative Expense	N/A	(118)	118
<b>Net Changes</b>	<b>(8,954)</b>	<b>38,307</b>	<b>(47,261)</b>
<b>Balance Recognized at 6/30/2018</b>	<b>\$ 322,345</b>	<b>\$ 279,564</b>	<b>\$ 42,781</b>

**Sensitivity Analysis**

The following represents County’s 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.

<b>Sensitivity of Net OPEB Liability to Changes in Discount Rate</b>			
	<b>1% Decrease</b>	<b>Current Rate</b>	<b>1% Increase</b>
	<b>6%</b>	<b>7%</b>	<b>8%</b>
Total OPEB liability	\$ 374,288,000	322,345,000	281,442,000
Plan fiduciary net position	(279,564,001)	(279,564,001)	(279,564,001)
Net OPEB liability	\$ 94,723,999	42,780,999	1,877,999

The following represents County’s 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%):

<b>Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Rates</b>			
	<b>1% Decrease (Varied decreasing to 3.5%)</b>	<b>Trend Rate (Varied decreasing to 4.5%)</b>	<b>1% Increase (Varied decreasing to 5.5%)</b>
Total OPEB liability	\$ 278,672,000	322,345,000	383,866,000
Plan fiduciary net position	(279,564,001)	(279,564,001)	(279,564,001)
Net OPEB (asset) liability	\$ (892,001)	42,780,999	104,301,999

**OPEB Expense, Deferred Outflows and Deferred Inflows of Resources, and Component Allocation**

For the year ended June 30, 2018, the County recognized OPEB expense of \$30,724,104. Deferred outflows and deferred inflows of resources related to OPEB have been allocated between the Primary Government and discretely presented component units as follows:

	Dollar amounts in (000)				
	Total	Primary Government	EDA	FCRHA	FCPA
Total OPEB liability	\$ 322,345	302,104	1,705	5,965	12,571
Plan's fiduciary net position	(279,564)	(262,009)	(1,479)	(5,173)	(10,903)
Net OPEB liability	\$ 42,781	40,095	226	792	1,668
Deferred outflows:					
Contributions after measurement date	\$ 24,367	22,846	131	463	927
Experience	3,389	3,176	18	63	132
Total deferred outflows	\$ 27,756	26,022	149	526	1,059
Deferred inflows:					
Assumption Changes	\$ 22,671	21,247	120	420	884
Investment Return	30,711	28,783	162	568	1,198
Total deferred inflows	\$ 53,382	50,030	282	988	2,082
OPEB expense	\$ 30,724	28,795	162	569	1,198

Contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019.

The other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ended June 30</b>	
2019	\$ (9,502,981)
2020	(9,502,981)
2021	(9,502,981)
2022	(9,502,981)
2023	(4,593,893)
Thereafter	<u>(7,387,183)</u>
	<u>\$ (49,993,000)</u>

**3. OPEB Plan Reporting**

The County has established a trust fund to account for the cost of OPEB. The financial information for the fund is as follows:

<b>Statement of Plan Net Position</b>	
<b>June 30, 2018</b>	
	OPEB Trust Fund
<b>ASSETS</b>	
Equity in pooled cash and temporary investments	\$ 6,019,342
Contributions receivable	66,702
Accrued interest and dividends receivable	34,709
Investment in pooled funds	<u>302,181,494</u>
Total assets	<u>308,302,247</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Total deferred outflows of resources	-
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	<u>4,224</u>
Total liabilities	<u>4,224</u>
<b>DEFERRED INFLOW OF RESOURCES</b>	
Total deferred inflows of resources	-
<b>NET POSITION</b>	
Held in trust for OPEB benefits	<u>\$ 308,298,023</u>

**Statement of Changes in Net Position  
For the fiscal year ended June 30, 2018**

	OPEB Trust Fund
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 23,909,023
Other	458,128
Total contributions	<u>24,367,151</u>
Investment income:	
From investment activities:	
Net (appreciation) in fair value of investments	26,274,549
Interest	86,016
Total income from investment activities	<u>26,360,565</u>
Less investment activities expenses:	
Management fees	200,787
Other	375
Total investment activities expenses	<u>201,162</u>
Net income from investment activities	<u>26,159,403</u>
Net investment income	<u>26,159,403</u>
Total additions	<u>50,526,554</u>
<b>DEDUCTIONS</b>	
Benefits	21,670,001
Administrative expenses	122,532
Total deductions	<u>21,792,533</u>
Net increase	28,734,021
Net position, July 1, 2017	<u>279,564,002</u>
Net position, June 30, 2018	<u>\$ 308,298,023</u>

**Net OPEB Liability for the Plan**

The Plan's net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of the net OPEB liability for the Plan are as follows:

Total OPEB liability	\$ 400,568,000
Plan fiduciary net position (market value of assets)	<u>(308,298,023)</u>
Net OPEB liability	<u>\$ 92,269,977</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 76.97%



**Assumptions**

For the Plan, the total OPEB Liability was determined by an actuarial valuation as of July 1, 2017 using the following actuarial assumptions:

Actuarial cost method	Entry age normal
Asset valuation method	Market value of assets
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-2017. Disabled mortality is assumed to be RP-2014.
Healthcare cost trend rate	7.20% - 9.00% decreasing to 4.50%

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for fiscal years 2014-2016.

Asset Class	Long Term Expected Real Rate of Return	Target Allocation
Domestic Equity ( Large Cap)	6.5%	26.0%
Domestic Equity ( Small Cap)	7.0%	10.0%
International Equity	7.3%	13.0%
Emerging Markets Equity	7.8%	5.0%
Core US Fixed Income	3.5%	7.0%
Corporate Fixed Income	4.2%	14.0%
Hedge Funds	4.2%	10.0%
Real Estate	5.5%	7.0%
Private Equity	9.0%	5.0%
Commodities	5.3%	3.0%

**Investments**

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, 2018 are as follows:

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, 2018, the annual money-weighted rate of return on investments, net of investment expense was 9.55 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The Plan’s funds are invested in domestic and international equity and fixed income funds through the Virginia Pooled OPEB Trust Fund established as the investment vehicle for participating employers.

The County is not involved in the administration of these funds. 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.

**Sensitivity Analysis**

The following represents the OPEB plan’s net 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.

<b>Sensitivity of Net OPEB Liability to Changes in Discount Rate</b>			
	<b>1% Decrease 6%</b>	<b>Current Rate 7%</b>	<b>1% Increase 8%</b>
Total OPEB Liability	\$ 468,627,000	400,568,000	347,019,000
Plan Fiduciary Net Position	(308,298,023)	(308,298,023)	(308,298,023)
Net OPEB Liability	<u>\$ 160,328,977</u>	<u>92,269,977</u>	<u>38,720,977</u>

The following represents the OPEB plan’s net 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%):

<b>Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Rates</b>			
	<b>1% Decrease (Varied decreasing to 3.5%)</b>	<b>Trend Rate (Varied decreasing to 4.5%)</b>	<b>1% Increase (Varied decreasing to 5.5%)</b>
Total OPEB Liability	\$ 338,958,000	\$ 400,568,000	\$ 484,319,000
Plan Fiduciary Net Position	(308,298,023)	(308,298,023)	(308,298,023)
Net OPEB Liability	<u>\$ 30,659,977</u>	<u>\$ 92,269,977</u>	<u>\$ 176,020,977</u>

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between actual and expected experience	\$ -	-
Assumption Changes	-	-
Net Difference between expected and actual earnings on OPEB plan investment	-	-
Contributions Subsequent to the Measurement Date	24,367,151	-
<b>Total</b>	<b>\$ 24,367,151</b>	<b>-</b>

Contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019.

**4. Public Schools OPEB Plan**

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’ plan provides health benefits to eligible retirees and their spouses. The plan benefits correspond with benefits available to active employees. Benefit provisions are established and may be amended by the School Board. Fiduciary oversight is provided by the members of the Local Finance Board for OPEB. The Plan does not issue a stand-alone financial report.

Public School employees participate in the Public School OPEB Plan, the Virginia Retirement System Teacher Health Insurance Credit (HIC) OPEB Plan, and the Virginia Retirement System Group Life Insurance (GLI) OPEB Plan. In order to participate, an employee must meet retirement criteria for either VRS, ERFC, or FCERS. Employees are eligible to continue health insurance coverage after retirement, provided that retiring employees have health coverage in effect for at least 60 months when they stop working. Upon retirement Public Schools no longer contributes to the premium payments and the participant becomes responsible for 100% of premiums less any applicable subsidies.

A retiree and/or spouse who is at least 55 of years of age and participates in a Public Schools administered health insurance plan will receive an explicit subsidy ranging from \$15 to \$175 per month, based on years of service and the retirement plan in which the retiree is covered. In addition, Public Schools provides an implicit subsidy by allowing retirees to participate in the health insurance plans at the group premium rates calculated on the entire universe of active and retired employees. This subsidy occurs because, on an actuarial basis, the current and future claims of the retiree participants are expected to result in higher per person costs to the insurance plans than will be the experience for active employees

**BASIC FINANCIAL STATEMENTS**

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For fiscal year 2018, required disclosures for the Public Schools OPEB liability and OPEB plan's fiduciary net position are made simultaneously. Participant data for current fiscal year and prior year is as follows:

<b>Membership</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Medical Members</b>		
Number of Active Members	19,834	20,309
Average age	46	46
Average service	11	11
<u>Number of Inactive Members</u>		
Retirees and Spouses	9,485	10,037
Average age	71	72
<b>Life Insurance Members</b>		
Number of Active Members	4,727	4,705
Average age	52	52
Average service	11	12
<u>Number of Inactive Members</u>		
Retirees and Spouses	2,312	2,546
Average age	71	71

**Contributions**

Contributions to the Public School OPEB Trust Fund are determined and may be amended by the School Board. The contributions are set at a minimum to satisfy the current year's projected pay-as-you-go benefits costs. The School Board may provide additional amounts to prefund future costs. Contributions to the Plan were \$59,806,266 and \$22,404,000 for the years ended June 30, 2018 and June 30, 2017, respectively. The costs of administrating the plan are paid for by the Plan through the use of investment income and employer contributions. The Public Schools' annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for 2018, 2017, and 2016 are as follows:

**Public Schools OPEB Plan Reporting:**

<b>COUNTY OF FAIRFAX, VIRGINIA</b> <b>OPEB Trust Fund</b> <b>Statement of Plan Net Position</b> <b>June 30, 2018</b>	
	Component Unit - Public Schools OPEB Trust Fund
<b>ASSETS</b>	
Receivable, securities sold	\$ 398,400
Receivable, accounts	37,200
Investment in pooled funds	<u>134,777,029</u>
Total assets	<u>135,212,629</u>
 <b>LIABILITIES</b>	
Accounts payable and accrued liabilities	<u>37,200</u>
Total liabilities	<u>37,200</u>
 <b>NET POSITION</b>	
Held in trust for OPEB benefits	<u>\$ 135,175,429</u>

**COUNTY OF FAIRFAX, VIRGINIA**  
**OPEB Trust Fund**  
**Statement of Changes in Net Position**  
**For the fiscal year ended June 30, 2018**

	Component Unit - Public Schools OPEB Trust Fund
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 59,806,266
Total contributions	<u>59,806,266</u>
Investment income:	
From investment activities:	
Net increase in fair value of investments	<u>11,564,600</u>
Total income from investment activities	<u>11,564,600</u>
Total additions	<u>71,370,866</u>
<b>DEDUCTIONS</b>	
Benefits payments /refunds	54,806,266
Administrative expenses	<u>86,550</u>
Total deductions	<u>54,892,816</u>
Change in net position	16,478,050
Net position, July 1, 2017	<u>118,697,379</u>
Net position, June 30, 2018	<u>\$ 135,175,429</u>

**Net OPEB Liability**

The Public Schools' net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of the net OPEB liability for the County is as follows:

Total OPEB liability	\$ 254,269,197
Plan fiduciary net position (market value of assets)	<u>(135,175,429)</u>
Net OPEB liability	<u>\$ 119,093,768</u>
 Plan fiduciary net position as a percentage of the OPEB liability	 53.16%

**Actuarial Assumptions**

Significant actuarial assumptions used in the valuation include:

Actuarial cost method	Entry age normal
Asset valuation method	Market value of assets
Salary increases	10.00% trending down to 3.75%
Investment rate of return	7.00%, prior year rate was 7.50%, 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-2016. Disabled mortality is assumed to be RP-2014 Disabled Mortality Table fully generational, projected using scale MP-2016.
Healthcare cost trend rate	7.00% - 10.00% decreasing to 4.50%

**Discount rate**

The discount rate used to measure the total OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that Public Schools contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current inactive and active employees / current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Long-term Expected Rate of Return**

The long-term expected rate of return on OPEB plan investments are 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 major asset class. These ranges are combined to produce the long-term 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 OPEB plan's



target asset allocation as of June 30, 2017 are summarized in the following table:

Component Unit - Public Schools		
Asset Class	Long Term Expected Real Rate of Return	Target Allocation
Large Cap U.S. Equity	6.50%	26.00%
Small Cap U.S. Equity	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%
Long Duration Bonds-Credit	4.20%	14.00%
Hedge Fund of 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 five percent or more of the fiduciary net position in the plan. For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense was 9.5 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing actual invested. The plan’s funds are invested in domestic and international equity and fixed income funds through the Virginia Pooled OPEB Trust Fund established as the investment vehicle for participating employers. The Public Schools is not involved in the administration of these funds. 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.

**Sensitivity Analysis**

The following represents Public Schools Net OPEB liability calculated using the 7.0 percent discount rate, as well as what the liability would be if the discount rate were calculated using a discount rate is one percentage lower (6.0%) or one percentage higher (8.0%) than the current rate:

Componet Unit - Public Schools			
	1% Decrease	Current Rate	1% Increase
	6%	7%	8%
Total OPEB Liability	\$ 288,936,233	254,269,197	225,511,164
Plan Fiduciary Net Position	(135,175,429)	(135,175,429)	(135,175,429)
Net OPEB Liability	\$ 153,760,804	119,093,768	90,335,735

The following represents Public Schools Net OPEB (asset) liability calculated using the healthcare trend rates (7.0% - 10.0% decreasing to 4.50%), as well as what the liability would be if it were calculated using a healthcare trend rates at one percentage point lower (6.0% - 9.0% decreasing to 3.50%) or one percentage point higher (8.0% - 11.0% decreasing to 5.50%) than the current healthcare trend rates:

**Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Rates**

Component Unit - Public Schools

	<b>1% Decrease (Varied decreasing to 3.5%)</b>	<b>Trend Rate (Varied decreasing to 4.5%)</b>	<b>1% Increase (Varied decreasing to 5.5%)</b>
Total OPEB Liability	\$ 236,312,621	\$ 254,269,197	\$ 276,653,075
Plan Fiduciary Net Position	(135,175,429)	(135,175,429)	(135,175,429)
Net OPEB Liability	\$ 101,137,192	\$ 119,093,768	\$ 141,477,646

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2018, the Public Schools recognized OPEB expense of \$8,191,341. At June 30, 2018, the Public Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

Component Unit - Public Schools

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between actual and expected experience	\$ 28,951,466	-
Change of assumptions	-	145,312,826
Net Difference between expected and actual earnings on OPEB plan investment	-	1,985,098
Total	\$ 28,951,466	147,297,924

Amounts recognized in the deferred outflows of resources and deferred inflows of resources related to the Public Schools' OPEB plan will be recognized in the OPEB plan expense as follows:

<b>Year Ended June 30 Public Schools OPEB</b>	
2019	\$ 20,319,334
2020	20,319,334
2021	20,319,334
2022	20,319,334
2023	19,823,059
Thereafter	17,246,063
	\$ 118,346,458

**Changes in the Net OPEB Liability**

<b>Changes in the Net OPEB Liability</b>			
(Dollar amounts in thousands)			
	Increase (Decrease)		
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability (Ending)</b>
	(a)	(b)	(a) - (b)
<b>Balance Recognized at 6/30/2017</b>	\$ 407,753	\$ 118,697	\$ 289,056
<b>Changes for the year:</b>			
Service Cost	8,320	-	8,320
Interest Cost	29,187	-	29,187
Differences Between Expected and Actual Experiences	33,883	-	33,883
Changes of Assumptions	(170,068)	-	(170,068)
Benefit Payments	(54,806)	(54,806)	-
Contributions—Employer	-	59,806	(59,806)
Net Investment Income	-	11,565	(11,565)
Administrative Expense	-	(87)	87
<b>Net Changes</b>	<b>(153,484)</b>	<b>16,478</b>	<b>(169,962)</b>
<b>Balance Recognized at 6/30/2018</b>	<b>\$ 254,269</b>	<b>\$ 135,175</b>	<b>\$ 119,094</b>

**Investments**

The Public Schools invests the School OPEB Trust Fund's assets with the Virginia Pooled OPEB Trust Fund (Pooled Trust) sponsored by the Virginia Association of Counties and the Virginia Municipal League (VACo/VML). The Pooled Trust is an investment pooling vehicle created to allow participating local governments, school divisions, and authorities in the State to accumulate and invest assets to fund other postemployment benefits. Funds of participating jurisdictions are pooled and invested in the name of the Pooled Trust. The Public Schools' respective shares in the Pooled Trust are reported in the School OPEB Trust Fund's financial statements. Investment decisions are made by the Board of Trustees (Trustees) of the Pooled Trust. The Trustees adopted an investment policy to establish investment objectives, risk tolerance levels, and asset allocation parameters. The investment objective is to maximize the total long-term rate of return with reasonable risk by seeking capital appreciation and, secondarily, principal protection. The Pooled Trust is segregated and managed as two distinct portfolios that are referred to as Portfolio I and Portfolio II. Portfolio I is structured to achieve a compound annualized total expected rate of return over a market cycle, including current income and capital appreciation, of 7.5%. Portfolio II is structured to achieve an expected rate of return of 6.5%. The investment performance of each Portfolio is reviewed quarterly and compared on a rolling three year basis and over other relevant time periods to the following: (a) a composite benchmark comprised of each asset classes' market index benchmarks, weighted by each Portfolio's long-term policy allocations, and (b) a peer group of other similar size fund sponsors.

The Pooled Trust's assets are separately managed by professional investment managers or invested in professionally managed investment vehicles. Each Portfolio is invested in a broadly diversified manner by asset class, style and capitalization, which control volatility levels

The asset allocation policies for the Portfolios are outlined in the table below:

	Portfolio I		Portfolio II	
	Target Percentages of Total Assets	Allocation Range	Target Percentages of Total Assets	Allocation Range
Total Equity	59%	49% - 69%	32%	22% - 42%
Total Fixed Income	21%	16% - 26%	58%	48% - 68%
Total Real Assets	10%	5% - 15%	5%	-% - 10%
Diversified Hedge Funds	10%	5% - 15%	5%	-% - 10%

The Pooled Trust and each Portfolio is monitored on a continual basis for consistency in investment philosophy, return relative to objectives, and investment risk as measured by asset concentrations, exposure to extreme economic conditions, and market volatility. Each Portfolio is reviewed by the Trustees on a regular basis, but results are evaluated over longer time periods. The Trustees regularly review each manager in order to confirm that the factors underlying the performance expectations remain in place.

The Trustees meet a minimum of four times a year to review quarterly performance and asset allocation. The investment policy is reviewed and updated at least annually.

On June 30, 2018, the School OPEB Trust Fund had the following investments in the Pooled Trust:

Investments by Fair Value Level	6/30/2018	Fair Value Measurements Using		
		Quoted Prices in Active markets for Identical Assets	Significant Observable Inputs	Significant Unobservable Inputs
		Level 1	Level 2	Level 3
Mutual funds	\$ 76,077,475	-	-	76,077,475
Stocks	45,694,683	-	-	45,694,683
Hedge funds	13,004,871	-	-	13,004,871
<b>Total investment by Fair Value Hierarchy Level</b>	<b>\$ 134,777,029</b>	<b>-</b>	<b>-</b>	<b>134,777,029</b>

The Pooled 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 Pooled Trust invests in commingled accounts for which quoted prices are not available in active markets for identical instruments. The Pooled 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 Pooled 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 Pooled 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 Pooled Trust's interest in the fund is valued at the Pooled Trust's ownership interest in the collective limited partners' capital. The Pooled 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 Pooled Trust's investment in this fund will be sold at an amount different from Pooled Trust's ownership interest in limited partners' capital as of June 30, 2018. 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, 2018, was recent arms-length financing rounds in which the partnership or other partnerships managed by the general partner had participated. As of June 30, 2018, 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 Pooled Trust could not redeem its investment at the NAV per unit reported by the fund. The real estate partnerships provides quarterly valuations to the Pooled 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.

The Pooled Trust does not have investments (other than U.S. government, agency, and guaranteed obligations) in any one organization that represent five percent or more at market value of net position held in trust for OPEB benefits. The Pooled Trust does not have investments assigned to any single investment manager that represent 25 percent or more at market value of net position, or more than 20 percent of the fund at market value invested in one industry.

More extensive information about the Pooled Trust, including the classification of individual investments and related risks, can be obtained by writing to VACo/VML Finance, 919 East Main Street, Suite 1100, Richmond, Virginia 23219.

### **3. VRS Health Insurance Credit (HIC) OPEB**

#### **Plan Description**

The HIC OPEB plan is a cost-sharing, multiple-employer plan administered by VRS. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the HIC OPEB plan. The plan provides health insurance credit to eligible retirees. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an

amount set by the Virginia General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

In order to participate, retirees must have at least 15 years of service credit. The HIC OPEB plan provides the following benefits for eligible employees:

- At Retirement - For Teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.
- Disability Retirement - For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the month benefit is either (a) \$4.00 per month, multiplied by twice the amount of service credit, or (b) \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.

### **Contributions**

The contribution requirement for active employees is governed by Section 51.1-1401(E) of the Code, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required contribution rate for the year ended June 30, 2018 was 1.23 percent of covered employee compensation for employees in the HIC OPEB plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions to the HIC OPEB plan were \$18,089,758 and \$15,897,325 for the years ended June 30, 2018 and June 30, 2017, respectively.

### **OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2018, the Public Schools reported a liability of \$230,217,000 for its proportionate share of the net HIC OPEB liability. The net HIC OPEB liability was measured as of June 30, 2017 and the total HIC OPEB liability used to calculate the net HIC OPEB liability was determined by an actuarial valuation as of that date. The Public Schools' proportion of the net HIC OPEB liability was based on actuarially determined employer contributions to the HIC OPEB plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, Public Schools' proportion was 18.15 percent as compared to 17.95 percent at June 30, 2016.

For the year ended June 30, 2018, Public Schools recognized HIC OPEB expense of \$19,057,000. Since there was a change in proportionate share between measurement dates, a portion of the HIC OPEB expense was related to deferred amounts from changes in proportion and from differences between actual employer contributions and the proportionate share of employer contributions.

At June 30, 2018, Public Schools reported deferred outflows of resources and deferred inflows of resources related to HIC OPEB from the following sources:

**BASIC FINANCIAL STATEMENTS**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in proportionate share	\$ 2,150,000	-
Change of assumptions	-	2,360,000
Net Difference between expected and actual earnings on OPEB plan investment	-	421,000
Contributions subsequent to the measurement date	18,089,758	-
<b>Total</b>	<b>\$ 20,239,758</b>	<b>2,781,000</b>

A total of \$18,089,758 reported as deferred outflows of resources related to HIC OPEB resulting from Public Schools' contributions subsequent to the measurement date will be recognized as a reduction of the net HIC OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to HIC OPEB will be recognized in HIC OPEB expense as follows:

<b>Year Ended June 30</b>	<b>VRC HIC OPEB</b>
2019	\$ 155,000
2020	131,000
2021	131,000
2022	132,000
2023	82,000
	<b>\$ 631,000</b>

**Actuarial Assumptions**

The total HIC OPEB liability for VRS was based on an actuarial valuation as of June 30, 2016, using the entry age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Inflation	2.50%
Salary increases, including inflation	3.50% to 5.95%
Investment rate of return (a)	7.00%, net of OPEB plan investment expense, including inflation.

(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 OPEB liabilities.



Pre-Retirement	Mortality Rates	
	Post-Retirement	Post-Disablement
RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020	RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males 1% increase compounded from ages 70 to 90; female set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2% increase compounded from ages 75 to 90	RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% rates for males and females

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality rates ( Pre-retirement,post-retirement healthy, and disabled)	Update to a more current mortality table-PR-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

### Long-term Expected Rate of Return

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

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00 %	4.54 %	1.82 %
Fixed Income	15.00	0.69	0.10
Credit Strategies	15.00	3.96	0.59
Real Assets	15.00	5.76	0.86
Private Equity	15.00	9.53	1.43
<b>Total</b>	<b>100.00 %</b>		<b>4.80 %</b>
		Inflation	2.50
		Expected arithmetic nominal return <sup>(a)</sup>	<b>7.30 %</b>

<sup>(a)</sup> The above allocation provides a one-year return of 7.30 percent. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83 percent, including expected inflation of 2.5 percent.

**Discount Rate**

The discount rate used to measure the total HIC OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by Public Schools for the VRS HIC plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, school divisions are assumed to contribute 100.0 percent of the actuarially determined contribution rates. Based on those assumptions, VRS plan's 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 HIC OPEB liability.

**Sensitivity of Public Schools' Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

The following presents Public Schools' proportionate share of the net HIC OPEB liability using the discount rate of 7.0 percent, as well as what Public Schools' proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

**Sensitivity of Net OPEB Liability to Changes in Discount Rate - VRS HIC OPEB**

	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
Public Schools' proportionate share of the VRS net HIC OPEB liability	\$ 256,956,000	\$ 230,217,000	\$ 207,506,000

### **OPEB Plan Fiduciary Net Position**

Detailed information about the HIC OPEB plan's fiduciary net position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be obtained from the VRS website at <http://www.varetire.org/pdf/publications/2017-annual-report.pdf>, or by writing to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

## **5. VRS General Life Insurance (GLI) OPEB**

### **Plan Description**

The GLI OPEB plan is a cost-sharing, multiple-employer plan administered by VRS. All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the GLI OPEB plan upon employment. In addition to Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI plan. For members who elect the optional group life insurance coverage, the insurer bills Public Schools directly for the premiums. Public Schools deducts these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI OPEB plan. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

The benefits payable under the GLI OPEB plan have the following components:

- Natural Death Benefit - The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- Accidental Death Benefit - The accidental death benefit is double the natural death benefit.
- Other Benefit Provisions - In addition to the basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances. These benefits include accidental dismemberment, safety belt, repatriation, felonious assault and accelerated death option.

The benefit amounts provided to members covered under the GLI OPEB plan are subject to a reduction factor. The benefit amount reduces by 25.0 percent on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25.0 percent on each subsequent January 1 until it reaches 25.0 percent of its original value. For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the GLI OPEB plan. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,111.

### **Contributions**

The contribution requirement for active employees is governed by Sections 51.1-506 and 51.1-508 of the Code, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. The total rate for the GLI OPEB plan was 1.31 percent of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79 percent (1.31 x 60 percent) and the employer component was 0.52 percent (1.31 x 40 percent). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2018 was

0.52 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions to the GLI OPEB plan were \$7,700,163 and \$7,376,000 for the years ended June 30, 2018 and June 30, 2017, respectively.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2018, Public Schools reported a liability of \$117,380,000 for its proportionate share of the net GLI OPEB liability. The net GLI OPEB liability was measured as of June 30, 2017 and the total GLI OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation as of that date. The Public Schools’ proportion of the net GLI OPEB liability was based on actuarially determined employer contributions to the GLI OPEB plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, Public Schools’ proportion was 7.80 percent as compared to 7.65 percent at June 30, 2016.

For the year ended June 30, 2018, Public Schools recognized GLI OPEB expense of \$1,757,000. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2018, Public Schools reported deferred outflows of resources and deferred inflows of resources related to GLI OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in proportionate share	\$ 2,217,000	-
Difference between actual and expected experience	-	2,579,000
Change of assumptions	-	6,045,000
Net Difference between expected and actual earnings on OPEB plan investment	-	4,430,000
Contributions Subsequent to the Measurement Date	7,700,163	-
<b>Total</b>	<b>\$ 9,917,163</b>	<b>13,054,000</b>

A total of \$7,700,163 reported as deferred outflows of resources related to GLI OPEB resulting from Public Schools' contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to GLI OPEB will be recognized in GLI OPEB expense as follows:

<b>Year Ended June 30</b>	<b>VRC GLI OPEB</b>
2019	\$ 2,182,000
2020	2,284,000
2021	2,287,000
2022	2,350,000
2023	1,245,000
Thereafter	489,000
	<u>\$ 10,837,000</u>

**Actuarial Assumptions**

The total GLI OPEB liability for VRS was based on an actuarial valuation as of June 30, 2016, using the entry age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Inflation	2.50%
Salary increases, including inflation	3.50% to 5.95%
Investment rate of return (a)	7.00%, net of OPEB plan investment expense, including inflation.

(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 OPEB liabilities.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality rates ( Pre-retirement,post-retirement healthy, and disabled)	Update to a more current mortality table-PR-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

**Long-term Expected Rate of Return**

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00 %	4.54 %	1.82 %
Fixed Income	15.00	0.69	0.10
Credit Strategies	15.00	3.96	0.59
Real Assets	15.00	5.76	0.86
Private Equity	15.00	9.53	1.43
Total	<u>100.00 %</u>		<u>4.80 %</u>
		Inflation	<u>2.50</u>
		Expected arithmetic nominal return <sup>(a)</sup>	<u>7.30 %</u>

<sup>(a)</sup> The above allocation provides a one- year return of 7.30 percent. However, one- year returns do not take into account the volatility present in each of the asset classes. In setting the long- term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83 percent, including expected inflation of 2.5 percent.

**Discount Rate**

The discount rate used to measure the total GLI OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by Public Schools for the GLI OPEB plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, school divisions are assumed to contribute 100.0 percent of the actuarially determined contribution rates. Based on those assumptions, VRS plan's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

**Sensitivity of Public Schools' Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

The following presents Public Schools' proportionate share of the net GLI OPEB liability using the discount rate of 7.0 percent, as well as what Public Schools' proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b>6.0%</b>	<b>7.0%</b>	<b>8.0%</b>
Public Schools' proportionate share of the VRS net HIC OPEB liability	\$ 151,825,000	\$ 117,380,000	\$ 89,451,000

**OPEB Plan Fiduciary Net Position**

Detailed information about the GLI OPEB plan's fiduciary net position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be obtained from the VRS website at <http://www.varetire.org/pdf/publications/2017-annual-report.pdf>, or by writing to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**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



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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 at June 30, 2018 and 2017 to reflect anticipated investment income. Changes in the balances of claims liabilities during fiscal years 2018 and 2017 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, 2016	\$ 54,340,000	11,478,000	39,490,975	22,414,000
Claims incurred				
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
Claims incurred				
Claims and changes in estimates	29,143,370	173,705,908	11,707,685	375,588,043
Claims payments	(21,671,370)	(174,110,908)	(13,547,988)	(375,723,043)
Liability balances, June 30, 2018	\$ 64,161,000	12,272,000	43,797,712	19,520,000

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 four 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, 2018 (in thousands):

	Balance June 30, 2017*	Additions	Reductions	Balance June 30, 2018	Due Within One Year
<b>Primary Government</b>					
Governmental activities:					
General obligation bonds payable:					
Principal amount of bonds payable	\$ 2,223,365	219,640	(192,090)	2,250,915	201,115
Premium on bonds payable	226,706	33,209	(36,171)	223,744	34,393
Revenue bonds payable:					
Principal amount of bonds payable	838,332	61,385	(73,742)	825,975	42,795
Premium on bonds payable	66,309	6,264	(9,758)	62,815	6,237
Discount on bonds payable	(643)	-	43	(600)	(43)
Notes payable	236,238	137,528	(20,905)	352,861	7,645
Bond anticipation notes:					
Compensated absences payable	119,165	73,182	(71,490)	120,857	69,658
Landfill closure and postclosure obligations	46,107	830	-	46,937	-
Obligations under capital leases and installment purchases	21,504	4,188	(7,157)	18,535	5,411
Insurance and benefit claims payable	69,366	202,849	(195,782)	76,433	24,723
Net pension liability	1,726,783	208,446	(219,591)	1,715,638	-
Net OPEB liability	82,200	-	(43,145)	39,055	-
Other:					
HUD Section 108 loans	8,783	-	(695)	8,088	703
Library Exchange	15,846	-	(852)	14,994	855
Total governmental activities	5,680,061	947,521	(871,335)	5,756,247	393,492
<b>Business-type activities:</b>					
Sewer revenue bonds payable:					
Principal amount of bonds payable	622,884	-	(24,833)	598,051	27,063
Premium on bonds payable	53,920	-	(2,399)	51,521	2,399
Net pension liability	32,568	6,421	(3,653)	35,336	-
Net OPEB liability	2,188	-	(1,148)	1,040	-
Compensated absences payable	2,189	1,375	(1,462)	2,102	1,460
Total business-type activities	713,749	7,796	(33,495)	688,050	30,922
<b>Total long-term liabilities - Primary Government</b>	<b>\$ 6,393,810</b>	<b>955,317</b>	<b>(904,830)</b>	<b>6,444,297</b>	<b>424,414</b>
<b>Component Units</b>					
<b>Public Schools</b>					
Compensated absences payable	\$ 32,634	23,934	(22,844)	33,724	23,607
Obligations under capital leases and installment purchases	99,652	7,858	(20,477)	87,033	20,691
Insurance and benefit claims payable	65,293	1,345	(3,320)	63,318	27,304
Net pension liability	3,760,103	37,487	(335,505)	3,462,085	-
Net OPEB liability	650,585	96,659	(280,553)	466,691	-
Unearned rent	3,852	3,278	(3,062)	4,068	124
Total Public Schools	4,612,119	170,561	(665,761)	4,116,919	71,726
<b>FCRHA</b>					
Mortgage revenue bonds payable	22,676	-	(603)	22,073	636
Mortgage notes payable	54,072	-	(952)	53,120	800
Net pension liability	24,644	5,041	(2,781)	26,904	-
Net OPEB liability	1,666	-	(874)	792	-
Compensated absences payable	1,220	738	(709)	1,249	649
Total FCRHA	104,278	5,779	(5,919)	104,138	2,085
<b>Park Authority</b>					
Revenue bonds payable:					
Principal amount of bonds payable	2,900	-	(680)	2,220	705
Premium on bonds payable	203	-	(86)	117	64
Net pension liability	52,081	10,483	(5,862)	56,702	-
Net OPEB liability	3,511	-	(1,843)	1,668	-
Loan from Primary Government	11,605	-	(422)	11,183	471
Compensated absences payable	4,695	2,302	(2,298)	4,699	2,339
Total Park Authority	74,995	12,785	(11,191)	76,589	3,579
<b>EDA</b>					
Compensated absences payable	390	283	(255)	418	252
Unearned rent	464	409	(119)	754	139
Net pension liability	6,996	1,487	(795)	7,688	-
Net OPEB liability	476	-	(250)	226	-
Total EDA	8,326	2,179	(1,419)	9,086	391
<b>Total long-term liabilities - Component units</b>	<b>\$ 4,799,718</b>	<b>191,304</b>	<b>(684,290)</b>	<b>4,306,732</b>	<b>77,781</b>

\* Beginning balance is restated due to the implementation of GASB 75.

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. The General Fund and other governmental funds provide funding to Trust funds that have been established for the liquidation of obligations associated with pensions and other postemployment benefits. The Primary Government funding source for the employer share contributions to these trusts is primarily provided by the General Fund.

**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, 2018, the amount of general obligation bonds authorized and unissued is summarized to the right.

Bond Purpose	Amount (in Thousands)
School improvements	\$ 609,251
Transportation improvements	154,910
Parks and park facilities	117,310
Human Services	80,600
Public safety facilities	177,760
Public library facilities	11,664
Flood control	7,050
Total authorized but unissued bonds	\$ 1,158,545

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, 2018.

In January 2018, the County issued \$219,640,000 of Series 2018A General Obligation Public Improvement Bonds with an average interest rate of 4.39 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, 2018, 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 (WMATA) 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 Fairfax County, Virginia, to serve the Wiehle Avenue Metrorail Station.

In May 2012, the EDA issued \$65,965,000 of revenue bonds Series 2012 to finance the improvement of certain properties to be used by the County as mental health facilities and as a neighborhood community center. In August 2017, the EDA issued \$31,150,000 of refunding revenue bonds to advance refund certain outstanding maturities of the Series 2012A facilities revenue bonds.

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.

In August 2017, the EDA issued \$19,060,000 of facilities revenue bonds to finance the costs of the construction and improvement of certain property to be used by the County as an adult day care facility, child day care centers, and a senior center or for other County approved purposes. 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 September 2017, the original series issued by FCRHA in 2003 financing a head start facility was fully redeemed.

In November 2007, the FCRHA issued a \$105,485,000 of 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 of 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 of 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, 2018 is contained in Section 5 of this note.

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

On October 14, 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.

On June 17, 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.

On August 8, 2012, the Sewer System issued \$90,710,000 of Series 2012 sewer revenue bonds, with an average interest rate 4.53 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.

On April 16, 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 advance 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 refunding resulted in a deferred net loss of \$4,045,945, which is being amortized over 15 years, and an 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 a weighted average interest rate of 3.92 percent, to advance refund \$123,065,000 of outstanding Series 2009 revenue bonds with an average interest rate of 4.80 percent and \$46,720,000 of outstanding Series 2012 revenue bonds with an average interest rate of 4.67 percent. This refinancing resulted in a deferred net loss of \$12,406,377, which is being amortized over 24 years, and remaining outstanding amounts of \$13,400,000 unrefunded Series 2009 bonds and \$39,545,000 unrefunded Series 2012 bonds. This refunding resulted in an aggregate decrease in the overall debt service of \$35,116,418 and an economic gain (the 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 Series 2017 sewer revenue bonds, with an average interest rate of 4.77%, to fund 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, the purchase of any necessary additional capacity at certain wastewater treatment facilities for the benefit of the County, the costs of issuing the Series 2017 Bonds, and the necessary deposit to the reserve subfund.

As of June 30, 2018, the outstanding bonds consist of \$7,035,000 of Series 2009 revenue bonds, \$36,265,000 of Series 2012 revenue bonds, \$51,880,000 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. The General Bond Resolution includes a rate covenant under which the Sewer System agrees to charge reasonable rates for the use of services it renders but 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 as well as the Sewer System's annual commitments to fund its proportionate share of other jurisdictions' debt service requirements. Pursuant to the General Bond Resolution, the Sewer System is required to maintain a reserve equal to the lesser of (i) the maximum principal and interest requirements of the outstanding bonds for any year or (ii) 125 percent of the average annual principal and interest for any bond year. In addition, payment of the principal and interest on all bonds is insured by municipal bond insurance policies.

In December 1995, Upper Occoquan Sewage Authority (UOSA), a joint venture, issued \$288,600,000 of regional sewer system revenue bonds to fund the expansion of the capacity of its wastewater treatment facilities, and \$42,260,000 of regional sewer system revenue refunding bonds to advance refund certain outstanding bonds that had been issued to fund a prior expansion.

In December 2003, UOSA issued \$58,150,000 of regional sewer system revenue refunding bonds (UOSA 2003) to advance refund its outstanding UOSA 1993 bonds, resulting in a deferred net gain of \$1,514,497, which is being amortized over 18 years.

In November 2004, UOSA issued \$49,395,000 of regional sewer system revenue refunding bonds (UOSA 2004) to advance refund a portion of the outstanding UOSA 1995 bonds. This resulted in a deferred net gain of \$619,329 that has been completely amortized.



In July 2005, UOSA issued \$82,465,000 of regional sewer system revenue refunding bonds (UOSA 2005), of which the Sewer System's share is \$53,201,198, to advance refund another portion of the outstanding UOSA 1995 bonds. This resulted in a deferred net gain of \$1,909,604, which is being amortized over the life of the UOSA 2005 bonds.

In February 2007, UOSA issued \$90,315,000 of regional sewer system revenue refunding bonds (UOSA 2007A), of which the Sewer System's share is \$58,265,521, to advance refund another portion of the outstanding UOSA 1995 bonds. This resulted in a deferred net loss of \$83,868, which is being amortized over the life of the UOSA 2007A bonds.

In December 2007, UOSA issued \$119,715,000 of regional sewer system revenue bonds (UOSA 2007B), of which the System's share is \$53,925,458, to fund the expansion of its wastewater treatment and conveyance facilities.

In December 2010, UOSA issued \$85,180,000 of regional sewer system revenue bonds (UOSA 2010), of which the System's share is \$34,113,615, to fund certain capital improvements.

In July 2011, UOSA entered into VRA loan Series 2011A to fund costs related to the Energy Service project. In December 2011, UOSA entered into VRA loan Series 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 (UOSA 2013A), of which the System's share is \$65,555,566, to advance refund the outstanding Series 2005 bonds. This refunding resulted in a deferred net loss of \$12,354,368, which is being amortized over the life of the Series 2013A bonds, but an aggregate decrease in the overall debt service of approximately \$4.9 million.

In November 2013, UOSA issued \$37,735,000 of regional sewer system revenue refunding bonds (Series 2013B), of which the System's share is \$23,911,671, to advance refund the outstanding UOSA 2003 bonds. This resulted in a deferred net loss of \$2,520,436, which is being amortized over the life of the UOSA 2013B bonds, but an aggregate decrease in the overall debt service of approximately \$2.1 million.

In fiscal year 2015, UOSA issued regional sewer system revenue refunding bonds (UOSA 2014) to advance refund the outstanding UOSA 2007A bonds and a portion of the outstanding UOSA 2007B bonds. Of the \$112,190,980 UOSA 2007 bonds outstanding balance, \$93,175,291 was refunded into the UOSA 2014 bonds. This resulted in a net deferred gain of \$2,029,198, which is being amortized over 24 years, and an aggregate decrease in the overall debt service of \$6,359,189.

In fiscal year 2016, UOSA issued regional sewer system revenue refunding bonds (UOSA 2016B) to advance refund the \$19,015,689 remaining outstanding UOSA 2007B bonds. This refunding resulted in a deferred net gain of \$533,782, which is being amortized over 22 years, and an aggregate decrease in the overall debt service of \$4,676,694.

The Sewer System's share of UOSA's total outstanding debt as of June 30, 2018 is \$231,842,892 and it is subordinate to the sewer revenue bonds issued by the Sewer System. UOSA did not issue any regional sewer revenue or refunding bonds in fiscal year 2018.

In June 2001 and June 2002, the Sewer System issued 20-year subordinated sewer revenue bonds in the amounts of \$40,000,000 (VRA 2001) and \$50,000,000 (VRA 2002), respectively, to the Virginia Water Facilities Revolving Fund, acting by and through the Virginia Resources Authority (VRA). The proceeds have been used to fund a portion of the Sewer System's share of expansion and upgrade



costs for the Alexandria Renew Enterprises' 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 VRA 2001 and VRA 2002 bonds from 4.10 percent and 3.75 percent per annum, respectively, to 2.35 percent per annum. This reduced the semi-annual debt service payments from \$1,499,642 and \$1,818,894, respectively, 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 subordinate to all outstanding prior bond issues of the Sewer System and Sewer System payments for operation and maintenance expenses.

As of June 30, 2018, the outstanding principal balances for the VRA 2001 and VRA 2002 subordinated revenue bonds are \$7,961,952 and \$12,830,672, respectively.

Detailed information regarding the sewer revenue bonds outstanding as of June 30, 2018 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 anticipation 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. In February 2018, FCRHA issued \$11,175,000 Revenue Bonds Series 2018A (Federally Taxable), which together with other County funds refinanced the FCRHA direct loan agreement with Bank of America, N.A. The County is obligated by the terms of a payment agreement with FCRHA, subject to the appropriation of funds for the purpose, to pay amounts equal to the interest on and the principal of the FCRHA 2018A revenue bonds.

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, 2018, the outstanding principal of the TIFIA Loan was \$339,023,513.

Detailed information regarding the bond anticipation notes and notes payable outstanding as of June 30, 2018 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, 2018, are comprised of the issues presented on the following pages:

Series	Interest Rate (%)	Issue Date	Final Maturity Date	Annual Principal Payments (000)	Original Issue (000)	Principal Outstanding (000)	Interest Payable to Maturity (000)	Total Principal Outstanding & Interest Payable to Maturity (000)
<b>Governmental activities:</b>								
General obligation bonds:								
General County:								
Series 2009 A Public Improvement	4.00-5.00	01-28-09	04-01-20	2,450	49,000	4,900	319	5,219
Series 2009 C Refunding	5.00	10-28-09	10-01-19	3,019-8,825	48,527	11,844	447	12,291
Series 2009 E Public Improvement (BABs)	4.15-5.25	10-28-09	10-01-29	4,247	63,700	50,960	15,094	66,054
Series 2011 A Public Improvement	4.00-5.00	02-10-11	04-01-21	2,400	47,880	7,200	648	7,848
Series 2012 A Public Improvement	2.00-5.00	02-02-12	04-01-32	1,935-3,860	77,185	50,182	12,582	62,764
Series 2012 B Refunding	4.00-5.00	02-02-12	04-01-24	9,658-13,142	74,759	68,456	12,082	80,538
Series 2013 A Public Improvement	5.00	01-24-13	10-01-32	3,925-3,930	78,535	35,335	12,659	47,994
Series 2013 B Refunding	3.00-4.00	01-24-13	10-01-25	1,242-9,255	54,389	42,172	5,900	48,072
Series 2014 A Public Improvement	3.00-5.00	02-06-14	10-01-33	6,170-6,175	123,426	98,727	32,546	131,273
Series 2014 A Refunding	4.00-5.00	02-06-14	10-01-23	821-833	18,569	4,948	678	5,626
Series 2014 B Refunding	3.00-5.00	11-04-14	10-01-26	649-15,893	70,399	62,170	15,704	77,874
Series 2015 A Public Improvement	3.00-5.00	03-04-15	10-01-34	4,297-4,305	86,037	73,122	25,629	98,751
Series 2015 B Refunding	3.00-5.00	03-11-15	10-01-26	1,824-8,613	17,989	17,989	6,078	24,067
Series 2015 C Refunding	5.00	07-07-15	10-01-25	2,662-8,614	49,077	35,927	5,400	41,327
Series 2016 A Public Improvement	3.00-5.00	02-09-16	10-01-35	4,115-4,120	82,312	74,082	29,592	103,674
Series 2016 A Refunding	3.00-5.00	02-09-16	10-01-30	2,214-13,840	37,806	37,806	14,330	52,136
Series 2017 A Public Improvement	4.00-5.00	02-07-17	10-01-36	4,565-4,570	91,395	86,825	36,282	123,107
Series 2018 A Public Improvement	2.00-5.00	01-24-18	10-01-37	4,220-4,225	84,481	84,480	37,800	122,280
Total general obligation bonds - General County					<u>1,155,466</u>	<u>847,125</u>	<u>263,770</u>	<u>1,110,895</u>
Schools:								
Series 2009 A Public Improvement	4.00-5.00	01-28-09	04-01-20	7,525	150,510	15,050	978	16,028
Series 2009 C Refunding	5.00	10-28-09	10-01-19	5,081-12,605	83,273	17,686	696	18,382
Series 2009 E Public Improvement (BABs)	4.15-5.25	10-28-09	10-01-29	9,233	138,500	110,800	32,817	143,617
Series 2011 A Public Improvement	4.00-5.00	02-10-11	04-01-21	6,230	123,515	18,690	1,682	20,372
Series 2012 A Public Improvement	2.00-5.00	02-02-12	04-01-32	3,520-7,025	140,470	91,319	22,896	114,215
Series 2012 B Refunding	4.00-5.00	02-02-12	04-01-24	14,743-21,058	117,591	108,404	19,063	127,467
Series 2013 A Public Improvement	5.00	01-24-13	10-01-32	6,390	127,800	57,510	20,608	78,118
Series 2013 B Refunding	3.00-4.00	01-24-13	10-01-25	1,518-14,285	73,611	57,543	7,787	65,330
Series 2014 A Public Improvement	3.00-5.00	02-06-14	10-01-33	7,045	140,904	112,723	37,163	149,886
Series 2014 A Refunding	4.00-5.00	02-06-14	10-01-23	1,553-1,572	33,411	9,357	1,281	10,638
Series 2014 B Refunding	3.00-5.00	11-04-14	10-01-26	1,976-28,423	131,791	113,735	27,730	141,465
Series 2015 A Public Improvement	3.00-5.00	03-04-15	10-01-34	7,065-7,068	141,303	120,108	42,109	162,217
Series 2015 B Refunding	3.00-5.00	03-11-15	10-01-26	4,736-19,772	39,081	39,081	13,101	52,182
Series 2015 C Refunding	5.00	07-07-15	10-01-25	3,253-17,240	90,438	64,113	8,277	72,390
Series 2016 A Public Improvement	3.00-5.00	02-09-16	10-01-35	6,730-6,740	134,728	121,248	48,409	169,657
Series 2016 A Refunding	3.00-5.00	02-09-16	10-01-30	5,746-27,125	81,134	81,134	30,855	111,989
Series 2017 A Public Improvement	4.00-5.00	02-07-17	10-01-36	6,845-6,850	136,980	130,130	54,376	184,506
Series 2018 A Public Improvement	2.00-5.00	01-24-18	10-01-37	6,755-6,760	135,160	135,159	60,480	195,639
Total general obligation bonds - Schools					<u>2,020,200</u>	<u>1,403,790</u>	<u>430,308</u>	<u>1,834,098</u>
Total general obligation bonds					<u>3,175,666</u>	<u>2,250,915</u>	<u>694,078</u>	<u>2,944,993</u>
Revenue bonds:								
EDA revenue bonds:								
Series 2003 Refunding	5.00	10-01-03	11-15-18	7,885	85,650	7,885	197	8,082
Series 2010 Six Public Facilities Projects	3.00-4.13	03-10-10	04-01-32	1,280-1,980	43,390	22,525	6,865	29,390
Series 2011 Silver Line Phase 1 Project	5	05-26-11	04-01-20	6,025	205,705	12,350	934	13,284
Series 2011 Metrorail Station Parking Project	3.00-5.00	07-28-11	08-01-34	3,710-7,225	99,430	89,220	36,339	125,559
Series 2012 A Refunding Laurel Hill Project	3.00-5.00	04-17-12	06-01-33	670-4,205	47,745	28,630	5,724	34,354
Series 2012 A Facilities Revenue Bonds	4.50	05-30-12	03-01-42	1,295-1,415	65,965	21,040	17,248	38,288
Series 2012 Silver Line Phase 1 Project	5.00	10-10-12	04-01-37	1,180-1,235	42,390	2,415	182	2,597
Series 2014 A Public Safety Facility Project	4.00-5.00	06-26-14	10-01-34	7,035-7,040	126,690	119,655	50,814	170,469
Series 2014 A County Facilities Refunding	4.00-5.00	06-26-14	10-01-34	1,530-3,385	44,000	39,740	19,232	58,972
Series 2014 B County Facilities Project	1.87-4.38	06-26-14	10-01-33	1,220-2,085	30,175	25,185	8,921	34,106
Series 2016 Silver Line Phase 1 Project	4.00-5.00	03-16-16	04-01-36	7,525-14,575	173,960	173,960	83,869	257,829
Series 2017 Metrorail Parking System Project	5.00	03-08-17	04-01-47	1,275-4,530	69,645	69,645	65,734	135,379
Series 2017A County Facilities Project	1.60-3.79	08-10-17	10-01-37	730-1,290	19,060	19,060	7,235	26,295
Series 2017B County Facilities Refunding	4.00-5.00	08-10-17	10-01-36	1,320-2,755	31,150	31,150	18,626	49,776
FCRHA lease revenue bonds:								
Series 2009 Wedgewood	3.50-5.00	08-20-09	10-01-39	2,240-5,610	94,950	79,215	47,321	126,536
Series 2018A Crescent	1.95-2.75	02-08-18	10-01-22	1,175-2,500	11,175	11,175	682	11,857
VRA Subfund Revenue bonds:								
Series 2013 C Linconia Project	2.73-5.13	11-20-13	10-01-33	555	11,085	8,870	3,317	12,187
CDA revenue bonds:								
Series 2011 A Tax-Exempt	6.25-6.88	06-09-11	03-01-36	465-5,315	46,980	45,935	38,695	84,630
Series 2011 A Taxable	7.25	07-06-11	03-01-36	150-2,180	18,670	18,320	16,524	34,844
Total revenue bonds					<u>1,267,815</u>	<u>825,975</u>	<u>428,459</u>	<u>1,254,434</u>

**BASIC FINANCIAL STATEMENTS**

(Continued)

Series	Interest Rate (%)	Issue Date	Final Maturity Date	Annual Principal Payments (000)	Original Issue (000)	Principal Outstanding (000)	Interest Payable to Maturity (000)	Total Principal Outstanding & Interest Payable to Maturity (000)
<b>Notes payables:</b>								
Salona	4.02-4.29	12-27-05	12-31-25	323-645	12,900	4,837	815	5,652
Capital Renewal	1.24	12-18-13	01-01-19	5,000	25,000	5,000	62	5,062
Capital Renewal	1.30	03-10-15	01-01-20	2,000	10,000	4,000	78	4,078
TIFIA Loan	2.73	12-17-14	04-01-46	4462-8003	403,275	339,024	2,218	341,242
Total notes payables					451,175	352,861	3,173	356,034
<b>HUD Section 108 Loans:</b>								
HUD Section 108 loan #8	4.97-6.67	07-01-01	08-01-21	115	2,300	460	22	482
HUD Section 108 loan #11	Variable	06-29-09	08-01-28	196-334	5,040	3,157	751	3,908
HUD Section 108 loan #12	Variable	02-14-11	08-01-30	343-344	6,535	4,471	887	5,358
Total HUD Section 108 loans					13,875	8,088	1,660	9,748
Total governmental activities					4,908,531	3,437,839	1,127,370	4,565,209
<b>Business-type activities:</b>								
<b>Sewer revenue bonds:</b>								
UOSA Bonds Subordinated	1.21-5.60	12-01-95	07-01-43	1,881-20,895	277,621	231,843	92,165	324,008
Series 2001 Subordinated	0.95	06-01-01	02-01-21	2,604-2,679	40,000	7,962	133	8,095
Series 2002 Subordinated	0.95	06-01-02	02-01-22	3,162-3,253	50,000	12,831	276	13,107
Series 2009 Revenue	5.00	06-17-09	07-15-19	3,430-3,605	152,255	7,035	356	7,391
Series 2012 Revenue	4.50-5.00	08-08-12	07-15-42	1,770-5,435	90,710	36,265	28,752	65,017
Series 2014 Refunding	3.00-5.00	04-16-14	07-15-28	3,610-5,770	61,755	51,880	12,079	63,959
Series 2016 Refunding	3.00-5.00	05-12-16	07-15-39	3,815-12,950	164,450	164,450	84,315	248,765
Series 2017 Revenue	3.00-5.00	06-28-17	07-15-47	1,335-5,375	85,785	85,785	79,455	165,240
Total business-type activities					922,576	598,051	297,531	895,582
<b>Total County bond, note, and loan indebtedness</b>					<b>\$ 5,831,107</b>	<b>4,035,890</b>	<b>1,424,901</b>	<b>5,460,791</b>

Principal and interest to maturity (in thousands) for the County’s general obligation bonds, revenue bonds, loans, and Sewer System revenue bonds outstanding at June 30, 2018 are as follows:

Fiscal Year	Governmental Activities						Business-Type			
	General Obligation Bonds		Revenue Bonds		Notes and Loans		Sewer System Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 201,115	97,792	42,795	38,110	8,348	2,777	27,063	23,616	279,321	162,295
2020	192,870	87,254	35,210	36,405	3,356	429	28,068	22,649	259,504	146,737
2021	185,735	78,649	37,210	34,841	1,364	358	28,779	21,663	253,088	135,511
2022	176,955	70,365	38,295	33,131	1,372	310	29,799	20,869	246,421	124,675
2023	168,215	62,487	38,275	31,391	340,289	262	25,019	19,948	571,798	114,088
2024-2028	711,290	205,427	189,440	131,208	4,855	639	149,927	83,524	1,055,512	420,798
2029-2033	445,680	79,346	230,345	82,505	1,365	58	101,172	53,673	778,562	215,582
2034-2038	169,055	12,758	155,775	29,719	-	-	100,289	34,324	425,119	76,801
2039-2043	-	-	41,765	8,989	-	-	83,565	14,097	125,330	23,086
2044-2048	-	-	16,865	2,160	-	-	24,370	3,168	41,235	5,328
Totals	\$ 2,250,915	694,078	825,975	428,459	360,949	4,833	598,051	297,531	4,035,890	1,424,901

**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, 2018, excluding FCRHA's component units is presented as follows:

Series	Secured By	Interest Rate (%)	Issue Date	Final Maturity Date	Annual Principal Payments (000)	Original Issue (000)	Total Principal Outstanding (000)
<b>Housing Bonds Payable:</b>							
Mortgage revenue bonds	Little River Glen rental property	4.65-6.10	08-29-96	09-01-26	\$ 150-190	\$ 6,340	3,160
Tax-exempt revenue bonds	Herndon Harbor I - rental property	6.35	08-01-97	07-01-27	24-30	2,875	527
Multi-family revenue bonds	Castellani Meadows	6.15	04-01-98	03-01-28	20-26	1,700	484
Multi-family revenue bonds	Herndon Harbor II - rental property	4.875-6.0	05-01-99	05-01-29	44-56	2,000	1,184
Multi-family revenue bonds	Cedar Ridge Apartments	5.984	03-29-07	10-01-48	62-115	13,200	12,032
Multi-family revenue bonds	Olley Glen - senior rental property	average of 5.37%	08-26-08	08-01-51	30-355	12,220	4,686
Total mortgage bonds payable - FCRHA						38,335	22,073
<b>Mortgage Notes Payable and Loan from County:</b>							
United Bank	Faircrest North, Laurel Hill, Westcott Ridge, Holly Acres, Legato Corner, and Willow Oaks rental properties	6.21	01-01-07	12-01-21	54-65	2,998	2,167
	East Market, Fair oaks, Bryson	6.14	12-06-07	12-01-22	15-22	856	644
	Stockwell, Northampton, Halstead I & II	6.11	07-24-09	07-01-24	15-22	868	693
	Unsecured	Libor + 150 bps	varies	03-30-20	-	5,000	1,389
Sun Trust Bank	Stonegate rental property	6.16	02-08-05	01-08-24	112	1,286	567
Bank of New York Mellon	Olley Glen property, Sec 108	Libor + 20 bps	varies	varies	100-125	2,050	972
Virginia Housing Development Authority	First Stop Group Home property	7.61	08-01-06	03-01-25	-	385	204
Fairfax County Redevelopment and Housing Authority	Herndon Harbour House I	2.00	varies	08-01-27	-	3,013	2,653
	Herndon Harbour House II	2.00	varies	05-01-29	-	3,059	3,059
	The Green rental property	3.37	varies	11-01-28	-	1,257	1,233
	The Green rental property	2.00	varies	01-01-28	-	131	131
	Castellani Meadows	4.00	varies	04-01-28	-	1,920	1,227
	Tavenner	7.21	varies	01-01-27	-	2,042	3,970
	Murrygate Housing	1.00	varies	10-01-24	-	500	500
	Stonegate	1.00	varies	04-01-24	-	1,957	1,956
Total mortgage notes payable - FCRHA						22,322	21,365
Total public housing bonds, notes, and loans payable - FCRHA primary government						\$ 60,657	43,438

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, 2018, are presented on the following page:

**BASIC FINANCIAL STATEMENTS**

Fiscal Year	Component Unit - FCRHA (Primary Government)					
	Housing Bonds Payable		Mortgage Notes Payable and Loan from County		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 635,833	1,192,560	375,040	296,536	1,010,873	1,489,096
2020	672,250	1,154,966	1,784,798	276,221	2,457,048	1,431,187
2021	715,613	1,115,035	417,782	251,218	1,133,395	1,366,253
2022	760,400	1,072,528	2,146,555	174,828	2,906,955	1,247,356
2023	807,235	1,027,071	810,819	85,211	1,618,054	1,112,282
2024-2028	4,301,973	4,362,433	12,500,846	7,476,781	16,802,819	11,839,214
2029-2033	2,115,274	3,467,404	3,059,082	77,414	5,174,356	3,544,818
2034-2038	2,667,316	2,867,392	270,500	-	2,937,816	2,867,392
2039-2043	3,546,874	2,067,509	-	-	3,546,874	2,067,509
2044-2048	4,717,685	1,001,073	-	-	4,717,685	1,001,073
2049-2052	1,133,028	96,060	-	-	1,133,028	96,060
Totals	\$ 22,073,481	19,424,031	21,365,422	8,638,209	43,438,903	28,062,240

**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
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	-	-	-	5.00	714,100	305,529	714,100	305,529
2024-2028	-	-	-	3.00-5.00	3,765,000	1,150,781	3,765,000	1,150,781
2029-2033	-	-	-	3.00-4.00	4,475,000	484,256	4,475,000	484,256
Totals		\$ 2,220,000	161,849		11,182,600	3,455,777	13,402,600	3,617,626

## 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, 2018, approximately \$13.8 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, 2018, the cumulative amount of all IRBs outstanding was \$1,623,296,901.

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 \$43,035,000 of transportation contract revenue refunding bonds, Series 2016 A and \$45,760,000 of transportation contract revenue refunding bonds, Series 2016 B, on behalf of the State Route 28 Transportation Improvement District to advance refund \$41,505,000 of outstanding Series 2007A bonds and partially refund \$43,660,000 of outstanding principal of the Series 2008 Bonds, respectively, leaving \$3,590,000 of the outstanding principal of the Series 2008 bonds unrefunded. 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, 2018, the total outstanding principal amount of these transportation contract revenue bonds outstanding was \$163,945,000.

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, 2018, \$4.8 million of these notes are outstanding.

## 9. 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, 2018, the outstanding bonds considered defeased but not yet redeemed are \$248.8 million in general obligation bonds and \$223.7 million in revenue bonds.

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

The County is required to present Financial Assurance Requirements for any future closure and post-closure expenditures related to the I-95 Sanitary Landfill, the I-66 Landfill, and the I-66 Transfer Station by reporting an estimated financial assurance liability (closure and post-closure obligation).

The majority of the \$46.9 million closure and post-closure obligation, as of June 30, 2018, is in relation to the I-95 Landfill. State and federal regulations require the County to place final covers on the I-95 Landfill at key points in time during the life of the disposal units, such as when final design grades are reached and, ultimately, when the unit stops accepting solid waste. In addition, maintenance of environmental infrastructure and monitoring of performance parameters are required for 30 years after closure.

The I-95 Landfill consists of two major units: the Municipal Solid Waste (MSW) unit and the Area Three Lined Landfill (ATLL) unit. The MSW unit stopped accepting waste on December 31, 1995 and the final closure cap, Phase IV, was completed during 2007. All closure expenditures for the MSW unit have already been incurred. The ATLL unit is active and continues to accept incinerator ash generated from the thermal processing of municipal solid waste at the Fairfax and Arlington/Alexandria Waste-To-Energy facilities. Closure expenditures for approximately 17 percent of the permitted ATLL cap area have been incurred for the ATLL unit. The County holds permits allowing it to continue to dispose of ash in the ATLL unit until it reaches capacity, currently estimated to occur in approximately 2059.

The closure and post-closure obligation for the I-95 Landfill, as of June 30, 2018, is \$45.7 million. The amount represents the total estimated cost remaining to be incurred for both the MSW and ATLL units. 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.

In addition to the I-95 Landfill, a \$1.2 million obligation was estimated for long-term operational maintenance expenditures related to the landfill gas collection system at the closed I-66 Landfill and for the closure and post-closure expenditures related to the I-66 Transfer Station.

**11. 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, 2018, are as follows:

Asset Class	Primary Government -	Component Unit -
	Governmental Activities	Public Schools
Land	\$ -	6,000,000
Buildings	-	56,910,185
Improvements	832,127	-
Equipment	34,325,468	89,242,334
Total assets, at cost	35,157,595	152,152,519
Accumulated depreciation	(20,433,226)	(51,467,796)
Total assets, net	\$ 14,724,369	100,684,723
Fiscal Year	Minimum Obligations	Minimum Obligations
2019	\$ 5,985,186	23,257,789
2020	5,985,186	18,742,787
2021	5,789,353	14,777,470
2022	970,404	6,312,556
2023	970,404	3,505,246
2024-2028		17,343,125
2029-2033	-	17,345,500
2034-2035	-	6,934,250
Total minimum obligations	19,700,533	108,218,723
Portion representing interest	(1,165,271)	(21,185,277)
Present value of minimum obligations	\$ 18,535,262	87,033,446

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 \$39.7 million and unearned revenue in the amount of \$39.7 million is reported. Minimum lease payments for each of the five succeeding fiscal years are \$1,530,000; \$1,600,000; \$1,685,000; \$1,765,000; and \$1,855,000, respectively.

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**K. LONG-TERM COMMITMENTS****1. Washington Metropolitan Area Transit Authority (WMATA)**

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

Capital Contributions – Transit Equipment and Facilities

Each fiscal year, the County and other local jurisdictions make contributions for WMATA's acquisition, replacement, and rehabilitation of transit equipment and facilities and for the debt service on federally guaranteed transit revenue bonds issued by WMATA. The County's obligation of approximately \$39.7 million for fiscal year 2018 was funded with \$30.0 million of County general obligation bond proceeds. It is anticipated that the County's obligation for fiscal year 2019 will amount to \$41.0 million and be funded with the 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 2018, the County's obligation of approximately \$135.4 million for operating subsidies was funded with \$10.9 million from the County's Metro Operations and Construction Fund, \$124.5 million from state aid and regional gasoline tax receipts provided through the NVTC. It is anticipated that the County's obligation for fiscal year 2019 will amount to \$140.2 million and be funded with \$127.8 million of state aid and regional gasoline tax receipts provided through the NVTC and \$12.4 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 2018 contribution to the VRE was \$6.1 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 2018, the County’s, Public Schools’, and EDA’s total expenditures for these operating leases were \$20.1 million, \$3.0 million, and \$0.7 million, respectively. At June 30, 2018, 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
2019	\$ 19,330,979	5,170,406	737,919
2020	13,287,399	5,319,885	758,251
2021	7,603,872	5,466,645	779,025
2022	6,627,991	5,619,548	800,462
2023	5,745,104	5,780,791	274,187
2024-2028	16,331,217	5,952,513	
2029-2033	1,320,169	-	-
2034-2038	669,071	-	-
2039-2043	799,001	-	-
Total	\$ 71,714,803	33,309,788	3,349,844

**4. Intermunicipal Agreements**

City of Alexandria, Virginia Renew Enterprises

The Sewer System is obligated under an agreement with the City of Alexandria, Alexandria Renew Enterprises (ARE) to share in the construction and operating costs and debt service requirements for ARE’s 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. Although the Sewer System is allowed one nonvoting representative at the meetings of ARE, the Sewer System 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 ARE.

The ARE facility is currently undergoing major improvements to meet new water quality standards. The Sewer System paid ARE \$0.5 million for purchased capacity in fiscal year 2018 to fund its share of the construction and land acquisition costs. The Sewer System estimates its share of the remaining construction costs to be \$129.4 million, of which \$13.8 million is expected to be incurred in fiscal year 2019 and the balance over fiscal years 2020 to 2027. In addition, the Sewer System made payments of \$13.6 million to ARE during fiscal year 2018 for its share of ARE’s operating costs.

District of Columbia Water and Sewer Authority

The Sewer System is obligated under the 2012 Blue Plains 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 \$16.6 million for purchased capacity during fiscal year 2018 to fund its share of construction costs. The Sewer System estimates its share of the remaining construction costs to be \$77.7 million, of which \$10.4 million is expected to be incurred in fiscal year 2019 and the balance over fiscal years 2020 to 2027. In addition, the Sewer System made payments of \$14.3 million to DC Water during fiscal year 2018 for its share of the Blue Plains 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 finance, construct, and operate the regional sewage treatment facility for the upper portion of the Occoquan Watershed. Currently, the Sewer System has a capacity entitlement of 22.6 MGD, which is approximately 42 percent of this facility’s total capacity of 54.0 MGD. 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.

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 of \$13.0 million in fiscal year 2018 to pay its share of UOSA’s operating costs.

Summarized UOSA financial information as of and for the years ended June 30, 2017 and 2016 (the most recent audited financial information available), is as follows:

	2017	2016
Total assets	\$ 588,237,582	614,454,987
Deferred outflows of resources	22,793,659	24,335,773
Total liabilities	(546,966,364)	(560,475,900)
Deferred inflows of resources	(230,926)	(1,165,632)
Net position	\$ 63,833,951	77,149,228
Operating revenues	\$ 28,328,572	28,916,953
Operating expenses	(59,709,789)	(56,011,026)
Nonoperating revenues, net	836,283	4,136,204
Capital contributions	17,229,657	31,187,091
Decrease in net position	\$ (13,315,277)	8,229,222
Total net position, beginning of year	77,149,228	68,920,006
Cumulative effect of change in accounting principle	-	-
Total net position, end of year	\$ 63,833,951	77,149,228

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 and no direct on-going equity interest in the facility's assets and liabilities.

The Arlington facility has recently completed a major upgrade to meet new water quality standards. The Sewer System did not purchase capacity from Arlington in fiscal year 2018. However, the Sewer System estimates its share of the remaining construction costs to be \$19.4 million, of which \$1.0 million is expected to be incurred in fiscal year 2019 and the balance over fiscal years 2020 to 2027. In addition, the Sewer System made payments of \$2.5 million for contractual services to Arlington during fiscal year 2018 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 costs, operating costs, and debt service payments 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 and 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 2018. 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 2019.

**5. Long-term Contracts**

At June 30, 2018, the Primary Government had contractual commitments of \$111,476,196 in the capital projects funds and \$73,895,256 in the Sewer System for the construction of various sewer projects. At June 30, 2018, the component units had contractual commitments of \$159,070,095 and \$7,196,596 in the capital projects funds of the Public Schools and the Park Authority, respectively, for the 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 2018, the County implemented the following standards:

*GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

Statement No. 75 represents a significant change to the reporting requirements for OPEB plans, by establishing a Net OPEB Liability, which is an actuarially calculated amount representing the OPEB benefits accrued by current employees and retirees of the County and component units of the County. The previous requirements were based on a funding perspective.

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

As a result of this change in the accounting standards, the net position as of July 1, 2017 has been adjusted to remove the net OPEB asset, and to establish a net OPEB liability and a deferred outflow of resources associated with contributions made after the measurement date. Measurement date for the 2017 balances was June 30, 2016.

	2017 Total net position	Eliminate Net OPEB Asset*	Include Net OPEB Liability	Deferred Outflow-Contributions made after the measurement date	2017 Net Position, as adjusted
Governmental Activities	\$ (381,477,712)	(53,515,610)	(82,199,570)	25,554,063	(491,638,829)
Business-type Activities	1,109,777,711	-	(2,188,448)	680,341	1,108,269,604
Total Primary Government	\$ 728,299,999	(53,515,610)	(84,388,018)	26,234,404	616,630,775
Component Units	221,656,375	(29,992,922)	(656,239,133)	25,036,700	(439,538,980)
Total Reporting Entity	\$ 949,956,374	(83,508,532)	(740,627,151)	51,271,104	177,091,795

\* Net OPEB Asset as per GASB 45

*GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period.*

Prior to the implementation of this statement, applicable interest costs were capitalized in the County’s business type activities, for assets under construction. The interest became part of cost of the associated assets and would then be depreciated over the useful life of the asset. Beginning with fiscal year 2018 the interest costs are now reported as an expense for the period in which the expense is incurred. To illustrate the impact of this change, the amount of interest that was capitalized for the County’s business-type activities during fiscal year 2017 was \$2,420,820, which would have been included in the interest expense amount if Statement No. GASBS 89 were in effect for that reporting period.

This Statement requires prospective application. Therefore, no prior period adjustments have been applied and the interest capitalized prior to this statement continues to be included in the historical cost of assets.



The implementation of the following did not have a material impact on the County's financial statements for fiscal year 2018:

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*,

GASB Statement No. 85, *Omnibus 2017*,

GASB Statement No. 86, *Certain Debt Extinguishment Issues*,

**N. FCRHA – CHANGE IN REPORTING ENTITY**

As a result of an error identified by FCRHA, the beginning net position was restated due to an entry made to record loan receivables due from component units and related revenue that were not recorded in previous years. Beginning net position has been restated to increase equity by \$1,704,326. This correction is reflected in the FCHRA column in Exhibit A-9 and impacts the Total Component Units column of Exhibit A.



**COUNTY OF FAIRFAX, VIRGINIA**  
**Budgetary Comparison Schedule - General Fund (Budget Basis)**  
**For the fiscal year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 3,565,347,924	3,567,359,142	3,589,886,690	22,527,548
Permits, privilege fees, and regulatory licenses	50,891,047	52,950,742	52,721,959	(228,783)
Intergovernmental	342,685,464	343,790,231	348,077,161	4,286,930
Charges for services	81,370,947	81,097,289	82,474,118	1,376,829
Fines and forfeitures	11,684,270	12,089,035	12,178,390	89,355
Revenue from the use of money and property	32,280,345	41,761,989	43,523,164	1,761,175
Recovered costs	16,480,180	16,317,223	17,405,818	1,088,595
<b>Total revenues</b>	<b>4,100,740,177</b>	<b>4,115,365,651</b>	<b>4,146,267,300</b>	<b>30,901,649</b>
<b>EXPENDITURES</b>				
General government administration	110,218,825	114,250,739	107,266,649	6,984,090
Judicial administration	38,900,021	40,458,615	38,824,960	1,633,655
Public safety	488,365,815	500,849,569	480,519,893	20,329,676
Public works	77,253,623	80,338,668	76,473,671	3,864,997
Health and welfare	319,461,197	326,722,492	309,447,891	17,274,601
Community development	51,314,773	56,927,082	52,186,298	4,740,784
Parks, recreation, and cultural	53,049,557	55,409,837	53,757,903	1,651,934
Nondepartmental	374,280,517	385,178,537	364,654,964	20,523,573
<b>Total expenditures</b>	<b>1,512,844,328</b>	<b>1,560,135,539</b>	<b>1,483,132,229</b>	<b>77,003,310</b>
Excess of revenues over expenditures	2,587,895,849	2,555,230,112	2,663,135,071	107,904,959
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in from other primary government funds	10,068,651	10,068,651	10,068,651	-
Transfers out to other primary government funds	(611,921,212)	(670,103,744)	(670,103,744)	-
Transfers out to component units	(1,981,856,624)	(1,981,856,624)	(1,981,856,624)	-
<b>Total other financing (uses), net</b>	<b>(2,583,709,185)</b>	<b>(2,641,891,717)</b>	<b>(2,641,891,717)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ 4,186,664</b>	<b>(86,661,605)</b>	<b>21,243,354</b>	<b>107,904,959</b>

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	2018	2017	2016	2015
<b>Total Pension Liability</b>				
Service cost	\$ 93,128	85,499	84,154	84,075
Interest	367,586	361,074	353,622	340,920
Changes in benefit terms	582	773	1,463	-
Differences between expected and actual experience	74,948	(104,260)	(8,617)	-
Changes of assumptions	-	68,573	-	-
Benefit payments, including refunds of member contributions	(284,929)	(274,902)	(258,835)	(238,562)
<b>Net change in total pension liability</b>	<u>251,315</u>	<u>136,757</u>	<u>171,787</u>	<u>186,433</u>
<b>Total pension liability - beginning</b>	<u>5,116,417</u>	<u>4,979,660</u>	<u>4,807,873</u>	<u>4,621,440</u>
<b>Total pension liability - ending</b>	<u>\$ 5,367,732</u>	<u>5,116,417</u>	<u>4,979,660</u>	<u>4,807,873</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 167,312	155,780	138,493	129,618
Contributions - member	35,476	34,627	33,194	32,759
Net investment income	243,496	(16,668)	16,342	490,196
Benefit payments, including refunds of member contributions	(284,931)	(274,902)	(258,835)	(238,560)
Administrative expense	(2,050)	(2,112)	(1,897)	(1,885)
<b>Net change in plan fiduciary net position</b>	<u>159,303</u>	<u>(103,275)</u>	<u>(72,703)</u>	<u>412,128</u>
<b>Plan fiduciary net position - beginning</b>	<u>3,590,082</u>	<u>3,693,357</u>	<u>3,766,060</u>	<u>3,353,932</u>
<b>Plan fiduciary net position - ending</b>	<u>\$ 3,749,385</u>	<u>3,590,082</u>	<u>3,693,357</u>	<u>3,766,060</u>
<b>Net pension liability - ending</b>	<u>\$ 1,618,347</u>	<u>1,526,335</u>	<u>1,286,303</u>	<u>1,041,813</u>
Plan fiduciary net position as a percentage of the total pension liability	69.9 %	70.17 %	74.17 %	78.33 %
Covered payroll	\$ 730,618	708,415	686,289	671,597
Net pension liability as a percentage of covered payroll	221.5 %	215.46 %	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	2018	2017	2016	2015
<b>Total Pension Liability</b>				
Service cost	\$ 29,052	30,913	30,390	30,859
Interest	112,638	110,362	106,740	102,492
Differences between expected and actual experience	11,638	(30,821)	(11,516)	-
Changes in assumptions	-	9,895	-	-
Benefit payments, including refunds of member contributions	(73,175)	(70,750)	(67,757)	(62,288)
<b>Net change in total pension liability</b>	<b>80,153</b>	<b>49,599</b>	<b>57,857</b>	<b>71,063</b>
<b>Total pension liability - beginning</b>	<b>1,560,516</b>	<b>1,510,917</b>	<b>1,453,060</b>	<b>1,381,997</b>
<b>Total pension liability - ending</b>	<b>\$ 1,640,669</b>	<b>1,560,516</b>	<b>1,510,917</b>	<b>1,453,060</b>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 43,381	40,647	37,867	34,179
Contributions - member	9,632	9,324	8,890	10,091
Net investment income	116,099	10,764	41,601	176,684
Benefit payments, including refunds of member contributions	(73,176)	(70,750)	(67,757)	(62,288)
Administrative expense	(481)	(511)	(443)	(431)
<b>Net change in plan fiduciary net position</b>	<b>95,455</b>	<b>(10,526)</b>	<b>20,158</b>	<b>158,235</b>
<b>Plan fiduciary net position - beginning</b>	<b>1,270,389</b>	<b>1,280,915</b>	<b>1,260,757</b>	<b>1,102,522</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 1,365,844</b>	<b>1,270,389</b>	<b>1,280,915</b>	<b>1,260,757</b>
<b>Net pension liability - ending</b>	<b>\$ 274,825</b>	<b>290,127</b>	<b>230,002</b>	<b>192,303</b>
Plan fiduciary net position as a percentage of the total pension liability	83.2 %	81.41 %	84.78 %	86.77 %
Covered payroll	\$ 111,291	107,022	102,844	100,912
Net pension liability as a percentage of covered payroll	246.9 %	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	2018	2017	2016	2015
<b>Total Pension Liability</b>				
Service cost	\$ 39,668	43,408	41,721	39,648
Interest	140,286	136,679	132,951	125,660
Changes in benefit terms	839	806	1,702	-
Differences between expected and actual experience	6,048	(54,054)	11,019	-
Changes in assumptions	-	20,479	-	-
Benefit payments, including refunds of member contributions	(93,609)	(90,536)	(84,849)	(78,918)
<b>Net change in total pension liability</b>	<u>93,232</u>	<u>56,782</u>	<u>102,544</u>	<u>86,390</u>
<b>Total pension liability - beginning</b>	<u>1,940,457</u>	<u>1,883,675</u>	<u>1,781,131</u>	<u>1,694,741</u>
<b>Total pension liability - ending</b>	<u><u>\$ 2,033,689</u></u>	<u><u>1,940,457</u></u>	<u><u>1,883,675</u></u>	<u><u>1,781,131</u></u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 67,410	65,548	60,928	56,095
Contributions - member	12,223	12,020	11,473	10,906
Net investment income	161,014	(13,447)	21,800	210,256
Benefit payments, including refunds of member contributions	(93,609)	(90,536)	(84,849)	(78,917)
Administrative expense	(477)	(500)	(455)	(434)
<b>Net change in plan fiduciary net position</b>	<u>146,561</u>	<u>(26,915)</u>	<u>8,897</u>	<u>197,906</u>
<b>Plan fiduciary net position - beginning</b>	<u>1,498,702</u>	<u>1,525,617</u>	<u>1,516,720</u>	<u>1,318,814</u>
<b>Plan fiduciary net position - ending</b>	<u><u>\$ 1,645,263</u></u>	<u><u>1,498,702</u></u>	<u><u>1,525,617</u></u>	<u><u>1,516,720</u></u>
<b>Net pension liability - ending</b>	<u><u>\$ 388,426</u></u>	<u><u>441,755</u></u>	<u><u>358,058</u></u>	<u><u>264,411</u></u>
Plan fiduciary net position as a percentage of the total pension liability	80.9 %	77.23 %	80.99 %	85.15 %
Covered payroll	\$ 173,604	168,808	160,762	153,979
Net pension liability as a percentage of covered payroll	223.7 %	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	2018	2017	2016	2015
<b>Total Pension Liability</b>				
Service cost	78,926	\$ 77,761	77,494	75,788
Interest	209,516	205,720	198,939	192,724
Changes of benefit terms	(1,039)			
Differences between expected and actual experience	19,857	(11,012)	(17,051)	(19,052)
Changes of assumptions	23,334	45,752	-	-
Benefit payments, including refunds of member contributions	(173,386)	(170,348)	(167,843)	(167,050)
<b>Net change in total pension liability</b>	<b>157,208</b>	<b>147,873</b>	<b>91,539</b>	<b>82,410</b>
<b>Total pension liability - beginning</b>	<b>2,937,101</b>	<b>2,789,228</b>	<b>2,697,689</b>	<b>2,615,279</b>
<b>Total pension liability - ending</b>	<b>\$ 3,094,309</b>	<b>\$ 2,937,101</b>	<b>2,789,228</b>	<b>2,697,689</b>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	80,094	\$ 76,600	74,324	74,174
Contributions - member	43,063	41,384	39,983	40,018
Net investment income	250,982	(15,767)	32,085	304,641
Benefit payments, including refunds of member contributions	(173,386)	(170,348)	(167,843)	(167,050)
Administrative expense	(4,060)	(4,005)	(3,752)	(3,629)
<b>Net change in plan fiduciary net position</b>	<b>196,693</b>	<b>(72,136)</b>	<b>(25,203)</b>	<b>248,154</b>
<b>Plan fiduciary net position - beginning</b>	<b>2,107,588</b>	<b>2,179,724</b>	<b>2,204,927</b>	<b>1,956,773</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 2,304,281</b>	<b>\$ 2,107,588</b>	<b>2,179,724</b>	<b>2,204,927</b>
<b>Net pension liability - ending</b>	<b>\$ 790,028</b>	<b>\$ 829,513</b>	<b>609,504</b>	<b>492,762</b>
Plan fiduciary net position as a percentage of the total pension liability	74.47 %	71.76 %	78.15 %	81.73 %
Covered payroll	1,430,260	\$ 1,374,735	1,366,030	1,324,537
Net pension liability as a percentage of covered payroll	55.24 %	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	2018	2017	2016	2015
<b>Employees' Retirement System:</b>				
Total pension liability	\$ 5,367,732	5,116,416	4,979,660	4,807,874
Pension plan's fiduciary net position	3,749,385	3,590,081	3,693,357	3,766,060
<b>Net pension liability</b>	<b>\$ 1,618,347</b>	<b>1,526,335</b>	<b>1,286,303</b>	<b>1,041,814</b>
Plan fiduciary net position as a percentage of the total pension liability	69.9 %	70.17 %	74.17 %	78.33 %
Covered payroll	\$ 730,618	708,415	686,289	671,597
Net pension liability as a percentage of covered payroll	221.50 %	215.46 %	187.43 %	155.12 %
<b>Police Officers Retirement System:</b>				
Total pension liability	\$ 1,640,669	1,560,516	1,510,917	1,453,060
Pension plan's fiduciary net position	1,365,844	1,270,389	1,280,915	1,260,757
<b>Net pension liability</b>	<b>\$ 274,825</b>	<b>290,127</b>	<b>230,002</b>	<b>192,303</b>
Plan fiduciary net position as a percentage of the total pension liability	83.25 %	81.41 %	84.78 %	86.77 %
Covered payroll	\$ 111,291	107,022	102,844	100,912
Net pension liability as a percentage of covered payroll	246.94 %	271.09 %	223.64 %	190.57 %
<b>Uniformed Retirement System:</b>				
Total pension liability	\$ 2,033,689	1,940,457	1,883,675	1,781,131
Pension plan's fiduciary net position	1,645,263	1,498,702	1,525,617	1,516,720
<b>Net pension liability</b>	<b>\$ 388,426</b>	<b>441,755</b>	<b>358,058</b>	<b>264,411</b>
Plan fiduciary net position as a percentage of the total pension liability	80.90 %	77.23 %	80.99 %	85.15 %
Covered payroll	\$ 173,604	168,808	160,762	153,979
Net pension liability as a percentage of covered payroll	223.74 %	261.69 %	222.73 %	171.72 %
<b>Educational Employees' Supplementary Retirement System</b>				
Total pension liability	\$ 3,094,309	2,937,101	2,789,228	2,697,689
Pension plan's fiduciary net position	2,304,281	2,107,588	2,179,724	2,204,927
<b>Net pension liability</b>	<b>\$ 790,028</b>	<b>829,513</b>	<b>609,504</b>	<b>492,762</b>
Plan fiduciary net position as a percentage of the total pension liability	74.47 %	71.76 %	78.15 %	81.73 %
Covered payroll	1,430,260	1,374,735	1,366,030	1,324,537
Net pension liability as a percentage of covered payroll	55.24 %	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)**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Employees' Retirement Systems:</b>										
Actuarial Determined Contribution Contributions in Relations to the Actuarial Determined Contribution Contribution (Deficiency) Excess	\$ 188,578	167,312	155,780	138,493	129,618	127,448	114,683	96,608	64,069	65,111
	<u>188,578</u>	<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>
	\$ -	-	-	-	-	-	-	-	-	-
Covered Employee Payroll Contributions as a Percentage of Covered Payroll	\$ 745,664	730,618	708,415	686,289	671,597	669,018	666,759	657,194	659,826	676,828
	25.29%	22.90%	21.99%	20.18%	19.30%	19.05%	17.20%	14.70%	9.71%	9.62%
<b>Police Officers Retirement System:</b>										
Actuarial Determined Contribution Contributions in Relations to the Actuarial Determined Contribution Contribution (Deficiency) Excess	\$ 44,505	43,381	40,647	37,867	34,179	34,011	31,701	29,175	23,767	23,508
	<u>44,505</u>	<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>
	\$ -	-	-	-	-	-	-	-	-	-
Covered Employee Payroll Contributions as a Percentage of Covered Payroll	\$ 114,173	111,291	107,022	102,844	100,912	102,598	101,280	103,054	104,057	102,926
	38.98%	38.98%	37.98%	36.82%	33.87%	33.15%	31.30%	28.31%	22.84%	22.84%
<b>Uniformed Retirement System:</b>										
Actuarial Determined Contribution Contributions in Relations to the Actuarial Determined Contribution Contribution (Deficiency) Excess	\$ 67,895	67,410	65,548	60,929	56,095	53,722	50,351	45,817	40,771	40,855
	<u>67,895</u>	<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>
	\$ -	-	-	-	-	-	-	-	-	-
Covered Employee Payroll Contributions as a Percentage of Covered Payroll	\$ 174,853	173,604	168,808	160,762	153,979	153,492	148,924	149,925	154,086	154,403
	38.83%	38.83%	38.83%	37.90%	36.43%	35.00%	33.81%	30.56%	26.46%	26.46%
<b>Educational Employees' Supplementary Retirement System:</b>										
Actuarial Determined Contribution Contributions in Relations to the Actuarial Determined Contribution Contribution (Deficiency) Excess	\$ 93,543	80,305	76,070	74,791	72,749	68,242	50,739	47,118	35,147	37,282
	<u>91,705</u>	<u>80,146</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>
	\$ (1,838)	(159)	530	(467)	1,425	(507)	2,195	-	2,722	2,730
Covered Employee Payroll Contributions as a Percentage of Covered Payroll	\$ 1,469,629	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
	6.24%	5.60%	5.57%	5.59%	5.60%	5.34%	4.34%	4.04%	3.20%	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)**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Proportionate of the net pension liability	18.16 %	17.95 %	17.89 %	18.15 %
Proportion share of the net pension liability	\$ 2,232,727	2,515,447	2,251,917	2,193,660
Covered payroll	1,470,716	1,368,572	1,330,241	1,327,488
Proportionate share of the net pension liability as a percentage of its covered payroll	151.81 %	183.80 %	169.29 %	165.25 %
Plan fiduciary net position as a percentage of the total pension liability	72.92 %	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 30<sup>th</sup>, 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 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
2018	240,021	240,021	-	1,470,716	16.32

\* 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.

\*\* Restated from prior year to reflect fiscal year presentation

COUNTY OF FAIRFAX, VIRGINIA  
 Schedule of Changes in the Net OPEB Liability and Related Ratios\*  
 Last Ten Fiscal Years \*\*

	Fiscal Year Ending June 30	
	2018	2017
<b>Total OPEB Liability</b>		
Service Cost	\$ 9,987	\$ 7,582
Interest Cost	22,518	23,024
Changes of Benefit Terms	(387)	-
Differences Between Expected and Actual Experiences	(10,413)	3,389
Changes of Assumptions	78,188	(22,671)
Benefit Payments	(21,670)	(20,278)
<b>Net Change in Total OPEB Liability</b>	78,223	(8,954)
<b>Total OPEB Liability (Beginning)</b>	322,345	331,299
<b>Total OPEB Liability (Ending)</b>	\$ 400,568	\$ 322,345
<b>Plan Fiduciary Net Position</b>		
Contributions—Employer	\$ 24,367	27,992
Contributions—Member	-	-
Net Investment Income	26,159	30,711
Benefit Payments	(21,670)	(20,278)
Administrative Expense	(123)	(118)
<b>Net Change in Plan Fiduciary Net Position</b>	28,734	38,307
<b>Plan Fiduciary Net Position (Beginning)</b>	279,564	241,257
<b>Plan Fiduciary Net Position (Ending)</b>	308,298	279,564
<b>Net OPEB Liability (Ending)</b>	\$ 92,270	42,781
<b>Net Position as a Percentage of the Total OPEB Liability</b>	76.96%	86.73%
<b>Covered-Employee Payroll</b>	\$ 911,923	908,162
<b>Net OPEB Liability as a Percentage of Covered-Employee Payroll</b>	10.11%	4.71%

\* Presented based on the Plan reporting year

\*\* The schedule is intended to show information for 10 year. Additional years will be displayed as

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

	<b>Fiscal Year Ending June 30</b>	
	<b>2018</b>	<b>2017</b>
Actuarially Determined Contribution	\$ 21,670	20,278
Contributions Made in Relation to the Actuarially Determined Contribution	24,367	27,992
Contribution Deficiency (Excess)	(2,697)	(7,714)
Covered-Employee Payroll	\$ 911,923	908,162
Contributions as a Percentage of Covered-Employee Payroll	2.67%	3.08%

\* The schedule is intended to show information for 10 year. Additional years will be displayed as they become available.

**COUNTY OF FAIRFAX, VIRGINIA**  
**Schedule of Investment Returns-OPEB**  
**Last Ten Fiscal Years\***

	<b>Fiscal Year Ending June 30</b>	
	<b>2018</b>	<b>2017</b>
Annual money-weighted rate of return, net of investment expense	9.55%	12.85%

\* The schedule is intended to show information for 10 year. Additional years will be displayed as they become available.

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**COUNTY OF FAIRFAX, VIRGINIA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2018**

**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)	\$ 21,243,354
Timing difference - Purchase expenditures	(26,739)
Basis difference - Accrued expenditures	(127,551)
Perspective differences:	
The Gift Fund and NOVARIS are treated as a separate fund for budget purposes	(95,147)
The Revenue Stabilization Fund is treated as a separate fund for budget purposes	28,027,566
The Consolidated Community Funding Pool Fund is treated as a separate fund for budget purposes	(81,158)
The Contributory Fund is treated as a separate fund for budget purposes	(120,096)
The Information Technology Fund is treated as a separate fund for budget purposes	8,548,589
Net change in fund balance (GAAP basis)	<u>\$ 57,368,818</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 payroll are both affected by inflation. Expressing the net pension liability as a percentage of covered 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 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 2017, the target was increased to a 97% level.
Discount rate	7.25%
Price inflation	2.75%
Salary increases	2.75%
Mortality	Health and Disabled Annuity Table RP-2014 Combined Mortality projected to RPEC-2015

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 Changes in Net OPEB Liability and Related Ratios 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. Significant methods and assumptions used to determine the contributions for net OPEB liability include:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value of Assets
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-2017. Disabled mortality is assumed to be RP-2014.
Healthcare cost trend rate	7.20% - 9.00% decreasing to 4.50%

Disclosures associated with the County reporting of OPEB and OPEB Plan reporting are found in Note H to the financial statements.



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

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

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

The General Fund Group contains funds which are included in the General Fund for GAAP reporting purposes, but are budgeted separately. Prior to fiscal year 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, 2018**

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Real property	\$ 2,649,504,731	2,650,038,663	2,651,840,882	1,802,219
Personal property	400,452,300	402,370,716	411,121,898	8,751,182
Business licenses	161,022,536	161,340,941	168,485,043	7,144,102
Local sales and use	250,425,583	249,240,915	251,961,706	2,720,791
Consumers utility	44,926,992	45,307,162	45,883,971	576,809
Recordation	23,957,088	23,957,088	24,623,858	666,770
Occupancy, tobacco, and other	35,058,694	35,103,657	35,969,332	865,675
Total taxes	<u>3,565,347,924</u>	<u>3,567,359,142</u>	<u>3,589,886,690</u>	<u>22,527,548</u>
Permits, privilege fees, and regulatory licenses	50,891,047	52,950,742	52,721,959	(228,783)
Intergovernmental	342,685,464	343,790,231	348,077,161	4,286,930
Charges for services	81,370,947	81,097,289	82,474,118	1,376,829
Fines and forfeitures	11,684,270	12,089,035	12,178,390	89,355
Revenue from the use of money and property	32,280,345	41,761,989	43,523,164	1,761,175
Recovered costs	16,480,180	16,317,223	17,405,818	1,088,595
Total revenues	<u>4,100,740,177</u>	<u>4,115,365,651</u>	<u>4,146,267,300</u>	<u>30,901,649</u>
<b>EXPENDITURES</b>				
General government administration:				
Board of Supervisors	5,925,237	5,966,713	5,088,578	878,135
Financial and Program Auditor	385,525	385,490	319,485	66,005
County Executive	6,713,575	6,780,758	6,439,657	341,101
Tax Administration	24,570,373	24,633,363	24,317,624	315,739
Finance	8,610,967	9,373,508	7,769,692	1,603,816
Human Resources	7,454,411	7,490,566	7,359,894	130,672
Procurement and Material Management	4,792,666	5,029,628	4,169,111	860,517
Public Affairs	1,563,193	1,741,870	1,471,604	270,266
Elections	4,073,433	4,559,584	4,528,348	31,236
County Attorney	7,537,381	8,980,530	7,358,236	1,622,294
Information Technology	32,945,658	33,546,893	32,826,499	720,394
Management and Budget	4,897,568	4,987,365	4,938,069	49,296
Civil Service Commission	442,846	469,846	452,272	17,574
Independent Police Auditor	305,992	304,625	227,580	77,045
Total general government administration	<u>110,218,825</u>	<u>114,250,739</u>	<u>107,266,649</u>	<u>6,984,090</u>
Judicial administration:				
Circuit Court and Records	11,375,052	11,448,412	11,396,334	52,078
Commonwealth Attorney	3,923,319	3,943,739	3,711,043	232,696
General District Court	4,135,049	4,573,472	3,814,798	758,674
Sheriff	19,466,601	20,492,992	19,902,785	590,207
Total judicial administration	<u>38,900,021</u>	<u>40,458,615</u>	<u>38,824,960</u>	<u>1,633,655</u>
Public safety:				
Cable and Consumer Services	831,288	831,288	809,284	22,004
Land Development Services	10,585,413	11,833,782	11,819,365	14,417
Juvenile and Domestic Relations District Court	23,185,328	23,607,637	22,120,514	1,487,123
Police Department	192,718,611	196,245,133	192,853,382	3,391,751
Sheriff	49,280,493	50,693,957	45,516,633	5,177,324
Fire and Rescue	202,961,036	208,101,069	199,106,073	8,994,996
Emergency Management	1,853,283	2,555,417	1,810,661	744,756
Animal Sheltering	2,478,434	2,518,460	2,161,126	357,334
Code Compliance	4,471,929	4,462,826	4,322,855	139,971
Total public safety	<u>\$ 488,365,815</u>	<u>500,849,569</u>	<u>480,519,893</u>	<u>20,329,676</u>

continued

## EXHIBIT B

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget
	Original	Final		Positive (Negative)
<b>Public works:</b>				
Facilities Management	\$ 58,047,741	60,267,249	57,171,867	3,095,382
Business Planning and Support	1,070,611	1,110,399	1,009,631	100,768
Capital Facilities	14,186,577	14,443,985	14,137,514	306,471
Unclassified Administrative Expenses	3,948,694	4,517,035	4,154,659	362,376
Total public works	77,253,623	80,338,668	76,473,671	3,864,997
<b>Health and welfare:</b>				
Family Services	203,879,132	206,736,191	195,956,308	10,779,883
Health Department	59,315,897	61,656,448	57,516,466	4,139,982
Human Services Administration	13,685,589	13,899,489	13,421,349	478,140
Office to Prevent and End Homelessness	12,779,820	13,765,266	13,020,272	744,994
Neighborhood and Community Services	29,800,759	30,665,098	29,533,496	1,131,602
Total health and welfare	319,461,197	326,722,492	309,447,891	17,274,601
<b>Community development:</b>				
Economic Development Authority	7,638,060	7,873,060	7,873,057	3
Land Development Services	15,474,075	16,987,654	15,501,448	1,486,206
Planning and Zoning	11,200,554	13,763,597	11,911,771	1,851,826
Planning Commission	829,747	831,316	824,927	6,389
Housing and Community Development	6,370,366	6,664,147	6,416,330	247,817
Human Rights and Equity Programs	1,581,246	1,703,855	1,498,459	205,396
Transportation	8,220,725	9,103,453	8,160,306	943,147
Total community development	51,314,773	56,927,082	52,186,298	4,740,784
<b>Parks, recreation, and cultural:</b>				
Park Authority	24,604,681	25,216,740	25,004,732	212,008
Public Library	28,444,876	30,193,097	28,753,171	1,439,926
Total parks, recreation, and cultural	53,049,557	55,409,837	53,757,903	1,651,934
<b>Nondepartmental:</b>				
Unclassified Administrative Expenses	1,973,787	8,796,784	195,045	8,601,739
Employee Benefits	372,306,730	376,381,753	364,459,919	11,921,834
Total nondepartmental	374,280,517	385,178,537	364,654,964	20,523,573
Total expenditures	1,512,844,328	1,560,135,539	1,483,132,229	77,003,310
Excess of revenues over expenditures	\$ 2,587,895,849	2,555,230,112	2,663,135,071	107,904,959

continued

**COUNTY OF FAIRFAX, VIRGINIA**  
**Budgetary Comparison Schedule Detail - General Fund (Budget Basis)**  
**For the fiscal year ended June 30, 2018**

**EXHIBIT B**  
concluded

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
From other Primary Government funds:				
Special Revenue Funds:				
Cable Communications	\$ 3,772,651	3,772,651	3,772,651	-
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	626,000	626,000	626,000	-
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	10,068,651	10,068,651	10,068,651	-
Transfers out:				
To other Primary Government funds:				
Special Revenue Funds:				
County Transit Systems	(34,429,649)	(34,429,649)	(34,429,649)	-
Federal/State Grants	(5,106,999)	(5,106,999)	(5,106,999)	-
Information Technology	(4,770,240)	(9,485,617)	(9,485,617)	-
Fairfax-Falls Church Community Services Board	(130,429,318)	(130,429,318)	(130,429,318)	-
Consolidated Community Funding Pool	(11,141,700)	(11,141,700)	(11,141,700)	-
Contributory Fund	(13,467,254)	(13,794,771)	(13,794,771)	-
Alcohol Safety Action Program	(572,561)	(572,561)	(572,561)	-
Revenue Stabilization	(5,221,570)	(24,264,285)	(24,264,285)	-
Debt Service Fund:				
Debt Service Fund	(335,166,178)	(335,166,178)	(335,166,178)	-
Capital Projects Funds:				
General Construction and Contributions	(17,115,923)	(37,256,048)	(37,256,048)	-
Infrastructure Replacement and Upgrades	(1,825,953)	(11,390,244)	(11,390,244)	-
Public Safety Construction	-	(350,000)	(350,000)	-
Metro Operations and Construction	(13,557,955)	(13,557,955)	(13,557,955)	-
Pedestrian Walkway Improvements	(500,000)	(1,693,507)	(1,693,507)	-
Internal Service Funds:				
County Insurance	(24,184,081)	(26,533,081)	(26,533,081)	-
Document Services	(3,941,831)	(3,941,831)	(3,941,831)	-
Technology Infrastructure Services	-	(500,000)	(500,000)	-
OPEB Trust Fund	(10,490,000)	(10,490,000)	(10,490,000)	-
Total transfers out to other Primary Government funds	(611,921,212)	(670,103,744)	(670,103,744)	-
To component units:				
Public Schools:				
School Operation	(1,966,919,600)	(1,966,919,600)	(1,966,919,600)	-
School Construction	(13,100,000)	(13,100,000)	(13,100,000)	-
FCRHA - Elderly Housing Program	(1,837,024)	(1,837,024)	(1,837,024)	-
Total transfers out to component units	(1,981,856,624)	(1,981,856,624)	(1,981,856,624)	-
Total transfers out	(2,593,777,836)	(2,651,960,368)	(2,651,960,368)	-
Total other financing (uses), net	(2,583,709,185)	(2,641,891,717)	(2,641,891,717)	-
Net change in fund balance	\$ 4,186,664	(86,661,605)	21,243,354	107,904,959

## 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, 2018

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Health and welfare	\$ 11,141,700	11,308,474	11,222,858	85,616
Total expenditures	11,141,700	11,308,474	11,222,858	85,616
Excess (deficiency) of revenues over (under) expenditures	(11,141,700)	(11,308,474)	(11,222,858)	85,616
<b>OTHER FINANCING SOURCES</b>				
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	\$ -	(166,774)	(81,158)	85,616

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT B-1B

## General Fund Group

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

For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
General government administration	\$ 2,273,347	2,273,347	2,272,732	615
Public safety	24,577	124,577	119,577	5,000
Health and welfare	3,356,798	3,356,798	3,356,798	-
Community development	3,955,625	3,986,942	3,986,942	-
Parks, recreation, and cultural	3,756,961	4,053,161	4,053,161	-
Nondepartmental	125,657	125,657	125,657	-
Total expenditures	13,492,965	13,920,482	13,914,867	5,615
Excess (deficiency) of revenues over (under) expenditures	(13,492,965)	(13,920,482)	(13,914,867)	5,615
<b>OTHER FINANCING SOURCES</b>				
Transfers in	13,467,254	13,794,771	13,794,771	-
Total other financing sources	13,467,254	13,794,771	13,794,771	-
Net change in fund balance	\$ (25,711)	(125,711)	(120,096)	5,615



## 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, 2018

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 206	317	589	272
Recovered costs	18,593	18,593	18,593	-
Total revenues	18,799	18,910	19,182	272
<b>EXPENDITURES</b>				
Public safety	18,799	44,772	3,127	41,645
Total expenditures	18,799	44,772	3,127	41,645
Excess (deficiency) of revenues over (under) expenditures	-	(25,862)	16,055	41,917
Net change in fund balance	\$ -	(25,862)	16,055	41,917

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT B-1d

## General Fund Group

## Budgetary Comparison Schedule - Information Technology Fund (Budget Basis)

For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	294,179	508,819	214,640
Charges for Services	-	628,870	968,277	339,407
Revenue from the use of money and property	100,000	100,000	270,628	170,628
Recovered costs	-	219,913	395,538	175,625
Total revenues	100,000	1,242,962	2,143,262	900,300
<b>EXPENDITURES</b>				
General government administration	7,170,240	45,596,291	12,318,050	33,278,241
Total expenditures	7,170,240	45,596,291	12,318,050	33,278,241
Excess (deficiency) of revenues over (under) expenditures	(7,070,240)	(44,353,329)	(10,174,788)	34,178,541
<b>OTHER FINANCING SOURCES</b>				
Transfers in	7,070,240	18,723,377	18,723,377	-
Total other financing sources	7,070,240	18,723,377	18,723,377	-
Net change in fund balance	\$ -	(25,629,952)	8,548,589	34,178,541

## 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, 2018

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 1,000,000	1,000,000	2,959,281	1,959,281
Total revenues	1,000,000	1,000,000	2,959,281	1,959,281
Excess (deficiency) of revenues over (under) expenditures	1,000,000	1,000,000	2,959,281	1,959,281
<b>OTHER FINANCING SOURCES</b>				
Transfers in	6,025,570	25,068,285	25,068,285	-
Total other financing sources	6,025,570	25,068,285	25,068,285	-
Net change in fund balance	\$ 7,025,570	26,068,285	28,027,566	1,959,281



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

**COUNTY OF FAIRFAX, VIRGINIA**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2018**

**EXHIBIT C**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Equity in pooled cash and temporary investments	\$ 667,585,054	13,963,321	200,766,042	882,314,417
Receivables (net of allowances):				
Accounts	18,122,157	-	85,691	18,207,848
Accrued interest	1,115,958	25,536	3,821,980	4,963,474
Loans	18,659,713	-	42,630,882	61,290,595
Due from intergovernmental units	49,431,810	-	17,516	49,449,326
Loan to component unit	-	11,182,600	-	11,182,600
Lease to component unit	-	39,740,000	-	39,740,000
Prepaid and other assets	292,733	-	-	292,733
Restricted assets:				
Equity in pooled cash and temporary investments	-	-	73,042,140	73,042,140
Cash with fiscal agents	114,562,675	6,941,735	35,059,131	156,563,541
Total assets	869,770,100	71,853,192	355,423,382	1,297,046,674
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total deferred outflows of resources	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 869,770,100</b>	<b>71,853,192</b>	<b>355,423,382</b>	<b>1,297,046,674</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 43,861,562	4,400	12,197,057	56,063,019
Accrued salaries and benefits	13,079,474	-	-	13,079,474
Contract retainages	6,714,156	-	5,248,052	11,962,208
Due to intergovernmental units	5,440,401	-	-	5,440,401
Due to component units	-	-	1,090,201	1,090,201
Interfund payables	900,000	-	400	900,400
Unearned revenues	1,858,290	39,740,000	25,820,674	67,418,964
Performance and other deposits	453,600	-	23,529,881	23,983,481
Total liabilities	72,307,483	39,744,400	67,886,265	179,938,148
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	5,764,898	-	3,821,664	9,586,562
Total deferred inflows of resources	5,764,898	-	3,821,664	9,586,562
<b>Total liabilities and deferred inflows of resources</b>	<b>78,072,381</b>	<b>39,744,400</b>	<b>71,707,929</b>	<b>189,524,710</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid amounts	292,733	-	-	292,733
Total Nonspendable	292,733	-	-	292,733
Restricted for:				
Public safety, courts, and judicial	27,562,631	-	-	27,562,631
General public works	119,530,796	-	-	119,530,796
Stormwater management	59,470,664	-	-	59,470,664
Transportation	444,600,003	-	-	444,600,003
Social services, health and welfare	16,892,925	-	-	16,892,925
Housing and community development	40,329,845	-	-	40,329,845
Parks, recreation, and cultural	15,266,616	-	-	15,266,616
Debt service	-	6,955,332	-	6,955,332
Capital projects	-	-	129,790,566	129,790,566
Other purposes	8,860,014	-	-	8,860,014
Total Restricted	732,513,494	6,955,332	129,790,566	869,259,392
Committed to:				
Public safety, courts, and judicial	2,334,021	-	-	2,334,021
Transportation	12,665,622	-	-	12,665,622
Social services, health and welfare	31,801,735	-	-	31,801,735
Housing and community development	12,090,114	-	-	12,090,114
Debt service	-	25,153,460	-	25,153,460
Capital projects	-	-	153,924,887	153,924,887
Total Committed	58,891,492	25,153,460	153,924,887	237,969,839
Total fund balances	791,697,719	32,108,792	283,715,453	1,107,521,964
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 869,770,100</b>	<b>71,853,192</b>	<b>355,423,382</b>	<b>1,297,046,674</b>

COUNTY OF FAIRFAX, VIRGINIA  
 Nonmajor Governmental Funds  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 For the fiscal year ended June 30, 2018

## EXHIBIT C-1

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 47,231,093	-	11,900,000	59,131,093
Permits, privilege fees, and regulatory licenses	24,562,300	-	-	24,562,300
Intergovernmental	225,303,684	4,076,016	6,432,186	235,811,886
Charges for services	297,249,292	-	1,710,981	298,960,273
Fines and forfeitures	122,013	-	-	122,013
Developers' contributions	1,010,212	-	5,662,705	6,672,917
Revenue from the use of money and property	12,947,300	2,534,151	1,940,130	17,421,581
Recovered costs	2,118,736	-	7,289,818	9,408,554
Gifts, donations, and contributions	901,700	-	-	901,700
Total revenues	611,446,330	6,610,167	34,935,820	652,992,317
<b>EXPENDITURES</b>				
Current:				
General government administration	-	-	2,079,258	2,079,258
Judicial administration	1,373,924	-	-	1,373,924
Public safety	62,070,285	-	2,034,425	64,104,710
Public works	103,795,662	-	252,359	104,048,021
Health and welfare	226,746,297	-	4,005,141	230,751,438
Community development	191,325,422	-	32,891,809	224,217,231
Parks, recreation, and cultural	12,392,273	-	4,313,769	16,706,042
Intergovernmental:				
Community development	162,964,277	-	41,880,300	204,844,577
Parks, recreation, and cultural	-	-	34,545,917	34,545,917
Education - for Public Schools	4,122,651	-	155,000,000	159,122,651
Capital outlay:				
General government administration	-	-	11,974,533	11,974,533
Judicial administration	24,202	-	-	24,202
Public safety	4,467,410	-	18,494,885	22,962,295
Public works	50,015,496	-	2,912,836	52,928,332
Health and welfare	186,062	-	11,099,250	11,285,312
Community development	40,255,866	-	19,066,161	59,322,027
Parks, recreation, and cultural	3,894,708	-	2,053,759	5,948,467
Debt service:				
Principal retirement	14,578,651	225,911,555	16,070,000	256,560,206
Interest and other charges	16,845,754	118,576,653	6,208,814	141,631,221
Total expenditures	895,058,940	344,488,208	364,883,216	1,604,430,364
Deficiency of revenues under expenditures	(283,612,610)	(337,878,041)	(329,947,396)	(951,438,047)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	267,120,202	341,785,519	71,135,534	680,041,255
Transfers out	(110,265,525)	(12,979,160)	(5,790,965)	(129,035,650)
General obligation bonds issued	8,700,000	-	210,940,000	219,640,000
Premium on general obligation bonds issued	1,300,000	-	31,909,377	33,209,377
Revenue refunding bonds issued	-	-	30,235,000	30,235,000
Premium on revenue refunding bonds issued	-	-	5,350	5,350
Lease revenue refunding bonds issued	-	-	31,150,000	31,150,000
Premium on lease revenue refunding bonds issued	-	-	6,258,232	6,258,232
Payments to refunded bonds escrow agent	-	-	(37,063,950)	(37,063,950)
Notes issued	130,983,420	-	-	130,983,420
Total other financing sources, net	297,838,097	328,806,359	338,778,578	965,423,034
Net change in fund balances	14,225,487	(9,071,682)	8,831,182	13,984,987
Fund balances, July 1, 2017	777,472,232	41,180,474	274,884,271	1,093,536,977
Fund balances, June 30, 2018	\$ 791,697,719	32,108,792	283,715,453	1,107,521,964





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.

Reston Service District Fund is used to account for the special tax assessed on commercial and residential real estate in Fairfax County Reston Service District. These revenues provide the district's share of funding for transportation infrastructure improvements in Reston.

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.

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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. This fund was closed out and consolidated into the Refuse Disposal Fund in FY18.

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, 2018**

	County Transit Systems	Dulles Rail Phase I Transportation Improvement District	Dulles Rail Phase II Transportation Improvement District	County and Regional Transportation Projects	Tysons Service District
<b>ASSETS</b>					
Equity in pooled cash and temporary investments	\$ 22,013,633	25,847,462	90,632,153	193,117,929	28,108,397
Receivables (net of allowances):					
Accounts	1,313,463	72,985	12,598	386,790	26,562
Accrued interest	-	217	384	471	96
Loans	-	-	-	-	-
Due from intergovernmental units	-	-	-	7,875,897	-
Prepaid and other assets	-	-	-	-	-
Restricted assets - Cash with fiscal agents	-	33,621,927	9,844,572	13,301,461	-
Total assets	<u>23,327,096</u>	<u>59,542,591</u>	<u>100,489,707</u>	<u>214,682,548</u>	<u>28,135,055</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Total deferred outflows of resources	-	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 23,327,096</b>	<b>59,542,591</b>	<b>100,489,707</b>	<b>214,682,548</b>	<b>28,135,055</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 10,653,520	3,425	10,808	2,033,593	3,154
Accrued salaries and benefits	7,954	-	-	286,511	-
Contract retainages	-	-	-	1,968,797	-
Due to intergovernmental units	-	-	-	5,440,401	-
Interfund payables	-	-	-	-	-
Unearned revenues	-	72,986	12,598	747,013	26,562
Performance and other deposits	-	-	-	-	-
Total liabilities	<u>10,661,474</u>	<u>76,411</u>	<u>23,406</u>	<u>10,476,315</u>	<u>29,716</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
<b>Total liabilities and deferred inflows of resources</b>	<b>10,661,474</b>	<b>76,411</b>	<b>23,406</b>	<b>10,476,315</b>	<b>29,716</b>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid amounts	-	-	-	-	-
Total Nonspendable	-	-	-	-	-
Restricted for:					
Public safety, courts, and judicial	-	-	-	-	-
General public works	-	-	-	-	-
Stormwater management	-	-	-	-	-
Transportation	-	59,466,180	100,466,301	204,206,233	28,105,339
Social services, health and welfare	-	-	-	-	-
Housing and community development	-	-	-	-	-
Parks, recreation, and cultural	-	-	-	-	-
Other purposes	-	-	-	-	-
Total Restricted	-	<u>59,466,180</u>	<u>100,466,301</u>	<u>204,206,233</u>	<u>28,105,339</u>
Committed to:					
Public safety, courts, and judicial	-	-	-	-	-
Transportation	12,665,622	-	-	-	-
Social services, health and welfare	-	-	-	-	-
Housing and community development	-	-	-	-	-
Total Committed	<u>12,665,622</u>	-	-	-	-
Total fund balances	<u>12,665,622</u>	<u>59,466,180</u>	<u>100,466,301</u>	<u>204,206,233</u>	<u>28,105,339</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 23,327,096</b>	<b>59,542,591</b>	<b>100,489,707</b>	<b>214,682,548</b>	<b>28,135,055</b>

EXHIBIT D

Reston Service District	Metrorail Parking System Pledged Revenue	Federal/ State Grant	Cable Communications	Fairfax-Falls Church Community Services Board	
					<b>ASSETS</b>
910,477	7,342,801	18,205,163	4,667,270	41,915,427	Equity in pooled cash and temporary investments
1,390	195,700	765,944	7,387,090	30,000	Receivables (net of allowances):
1	86	39	-	-	Accounts
-	-	-	-	-	Accrued interest
-	-	-	-	-	Loans
-	-	30,323,860	1,907,775	60,000	Due from intergovernmental units
-	-	-	-	129,007	Prepaid and other assets
-	49,888,041	-	-	-	Restricted assets - Cash with fiscal agents
911,868	57,426,628	49,295,006	13,962,135	42,134,434	Total assets
					<b>DEFERRED OUTFLOWS OF RESOURCES</b>
-	-	-	-	-	Total deferred outflows of resources
911,868	57,426,628	49,295,006	13,962,135	42,134,434	Total assets and deferred outflows of resources
					<b>LIABILITIES</b>
63	3,620,325	7,067,130	619,111	6,423,647	Accounts payable and accrued liabilities
-	-	1,794,565	297,823	6,178,935	Accrued salaries and benefits
-	2,360,768	316,515	-	-	Contract retainages
-	-	-	-	-	Due to intergovernmental units
-	-	-	-	-	Interfund payables
1,390	-	6,311	-	-	Unearned revenues
-	-	-	-	-	Performance and other deposits
1,453	5,981,093	9,184,521	916,934	12,602,582	Total liabilities
					<b>DEFERRED INFLOWS OF RESOURCES</b>
-	-	-	955,087	-	Unavailable revenue
-	-	-	955,087	-	Total deferred inflows of resources
1,453	5,981,093	9,184,521	1,872,021	12,602,582	Total liabilities and deferred inflows of resources
					<b>FUND BALANCES</b>
-	-	-	-	129,007	Nonspendable:
-	-	-	-	129,007	Prepaid amounts
					Total Nonspendable
-	-	13,439,585	-	-	Restricted for:
-	-	-	-	-	Public safety, courts, and judicial
-	-	-	-	-	General public works
910,415	51,445,535	-	-	-	Stormwater management
-	-	-	-	-	Transportation
-	-	15,200,515	-	-	Social services, health and welfare
-	-	321,900	-	-	Housing and community development
-	-	2,000	-	-	Parks, recreation, and cultural
-	-	8,860,014	-	-	Other purposes
910,415	51,445,535	37,824,014	-	-	Total Restricted
					Committed to:
-	-	-	-	-	Public safety, courts, and judicial
-	-	-	-	-	Transportation
-	-	2,286,471	-	29,402,845	Social services, health and welfare
-	-	-	12,090,114	-	Housing and community development
-	-	2,286,471	12,090,114	29,402,845	Total Committed
910,415	51,445,535	40,110,485	12,090,114	29,531,852	Total fund balances
911,868	57,426,628	49,295,006	13,962,135	42,134,434	Total liabilities, deferred inflows of resources, and fund balances

continued



**COUNTY OF FAIRFAX, VIRGINIA**  
**Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2018**

	Reston Community Center	Mosaic Community Development Authority	McLean Community Center	Burgundy Village Community Center	E-911
<b>ASSETS</b>					
Equity in pooled cash and temporary investments	\$ 8,441,657	-	8,239,141	184,512	14,548,918
Receivables (net of allowances):					
Accounts	26,356	-	20,328	691	-
Accrued interest	67	8,014	82	2	41
Loans	-	-	-	-	-
Due from intergovernmental units	-	-	-	-	7,615,568
Prepaid and other assets	41,771	-	55,552	-	-
Restricted assets - Cash with fiscal agents	-	5,654,574	-	-	-
Total assets	<u>8,509,851</u>	<u>5,662,588</u>	<u>8,315,103</u>	<u>185,205</u>	<u>22,164,527</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Total deferred outflows of resources	-	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 8,509,851</b>	<b>5,662,588</b>	<b>8,315,103</b>	<b>185,205</b>	<b>22,164,527</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 82,764	6,501	533,454	34,359	604,352
Accrued salaries and benefits	284,840	-	177,369	-	1,398,916
Contract retainages	-	-	-	-	-
Due to intergovernmental units	-	-	-	-	-
Interfund payables	-	-	-	-	-
Unearned revenues	247,379	-	283,764	691	-
Performance and other deposits	3,600	-	-	-	-
Total liabilities	<u>618,583</u>	<u>6,501</u>	<u>994,587</u>	<u>35,050</u>	<u>2,003,268</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	-	-	3,704,192
Total deferred inflows of resources	-	-	-	-	<u>3,704,192</u>
<b>Total liabilities and deferred inflows of resources</b>	<b>618,583</b>	<b>6,501</b>	<b>994,587</b>	<b>35,050</b>	<b>5,707,460</b>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid amounts	41,771	-	55,552	-	-
Total Nonspendable	<u>41,771</u>	<u>-</u>	<u>55,552</u>	<u>-</u>	<u>-</u>
Restricted for:					
Public safety, courts, and judicial	-	-	-	-	14,123,046
General public works	-	-	-	-	-
Stormwater management	-	-	-	-	-
Transportation	-	-	-	-	-
Social services, health and welfare	-	-	-	-	-
Housing and community development	-	5,656,087	-	-	-
Parks, recreation, and cultural	7,849,497	-	7,264,964	150,155	-
Other purposes	-	-	-	-	-
Total Restricted	<u>7,849,497</u>	<u>5,656,087</u>	<u>7,264,964</u>	<u>150,155</u>	<u>14,123,046</u>
Committed to:					
Public safety, courts, and judicial	-	-	-	-	2,334,021
Transportation	-	-	-	-	-
Social services, health and welfare	-	-	-	-	-
Housing and community development	-	-	-	-	-
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,334,021</u>
Total fund balances	<u>7,891,268</u>	<u>5,656,087</u>	<u>7,320,516</u>	<u>150,155</u>	<u>16,457,067</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 8,509,851</b>	<b>5,662,588</b>	<b>8,315,103</b>	<b>185,205</b>	<b>22,164,527</b>

EXHIBIT D

Integrated Pest Management Program	Stormwater Services	Leaf Collection	Refuse Collection and Recycling Operations	Refuse Disposal	
3,279,468	70,674,870	5,336,618	8,331,705	70,513,151	<b>ASSETS</b>
11,280	324,581	11,702	146,229	6,816,523	Equity in pooled cash and temporary investments
24	-	38	105	378	Receivables (net of allowances):
-	-	-	-	-	Accounts
-	194,409	-	115,977	282,529	Accrued interest
-	66,403	-	-	-	Loans
-	-	-	-	-	Due from intergovernmental units
-	-	-	-	-	Prepaid and other assets
-	-	-	-	-	Restricted assets - Cash with fiscal agents
<u>3,290,772</u>	<u>71,260,263</u>	<u>5,348,358</u>	<u>8,594,016</u>	<u>77,612,581</u>	Total assets
-	-	-	-	-	<b>DEFERRED OUTFLOWS OF RESOURCES</b>
-	-	-	-	-	Total deferred outflows of resources
<u>3,290,772</u>	<u>71,260,263</u>	<u>5,348,358</u>	<u>8,594,016</u>	<u>77,612,581</u>	<b>Total assets and deferred outflows of resources</b>
16,931	8,002,470	698	184,396	3,601,250	<b>LIABILITIES</b>
95,345	989,994	1,306	495,251	704,786	Accounts payable and accrued liabilities
-	1,969,640	-	-	81,169	Accrued salaries and benefits
-	-	-	-	-	Contract retainages
-	-	-	-	-	Due to intergovernmental units
-	-	-	-	-	Interfund payables
11,280	311,092	11,702	125,522	-	Unearned revenues
-	450,000	-	-	-	Performance and other deposits
<u>123,556</u>	<u>11,723,196</u>	<u>13,706</u>	<u>805,169</u>	<u>4,387,205</u>	Total liabilities
-	-	-	-	-	<b>DEFERRED INFLOWS OF RESOURCES</b>
-	-	-	-	-	Unavailable revenue
-	-	-	-	-	Total deferred inflows of resources
<u>123,556</u>	<u>11,723,196</u>	<u>13,706</u>	<u>805,169</u>	<u>4,387,205</u>	<b>Total liabilities and deferred inflows of resources</b>
-	66,403	-	-	-	<b>FUND BALANCES</b>
-	66,403	-	-	-	Nonspendable:
-	-	-	-	-	Prepaid amounts
-	-	-	-	-	Total Nonspendable
-	-	-	-	-	Restricted for:
-	-	5,334,652	7,788,847	73,225,376	Public safety, courts, and judicial
-	59,470,664	-	-	-	General public works
-	-	-	-	-	Stormwater management
-	-	-	-	-	Transportation
1,692,410	-	-	-	-	Social services, health and welfare
1,474,806	-	-	-	-	Housing and community development
-	-	-	-	-	Parks, recreation, and cultural
-	-	-	-	-	Other purposes
<u>3,167,216</u>	<u>59,470,664</u>	<u>5,334,652</u>	<u>7,788,847</u>	<u>73,225,376</u>	Total Restricted
-	-	-	-	-	Committed to:
-	-	-	-	-	Public safety, courts, and judicial
-	-	-	-	-	Transportation
-	-	-	-	-	Social services, health and welfare
-	-	-	-	-	Housing and community development
<u>3,167,216</u>	<u>59,537,067</u>	<u>5,334,652</u>	<u>7,788,847</u>	<u>73,225,376</u>	Total Committed
<u>3,290,772</u>	<u>71,260,263</u>	<u>5,348,358</u>	<u>8,594,016</u>	<u>77,612,581</u>	<b>Total liabilities, deferred inflows of resources, and fund balances</b>

continued

COUNTY OF FAIRFAX, VIRGINIA  
 Special Revenue Funds  
 Combining Balance Sheet  
 June 30, 2018

## EXHIBIT D

	I-95 Refuse Disposal	Community Development Block Grant	Housing Trust	HOME Investment Partnerships Grant
<b>ASSETS</b>				
Equity in pooled cash and temporary investments	\$ 32,969,370	22,125	11,249,009	827,171
Receivables (net of allowances):				
Accounts	571,945	-	-	-
Accrued interest	237	-	1,105,674	-
Loans	-	6,905,838	8,776,642	2,977,233
Due from intergovernmental units	-	1,055,795	-	-
Prepaid and other assets	-	-	-	-
Restricted assets - Cash with fiscal agents	-	-	2,252,100	-
Total assets	<u>33,541,552</u>	<u>7,983,758</u>	<u>23,383,425</u>	<u>3,804,404</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total deferred outflows of resources	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 33,541,552</b>	<b>7,983,758</b>	<b>23,383,425</b>	<b>3,804,404</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 164,130	46,950	141,185	-
Accrued salaries and benefits	191,167	76,071	-	11,777
Contract retainages	4,334	11,515	1,418	-
Due to intergovernmental units	-	-	-	-
Interfund payables	-	900,000	-	-
Unearned revenues	-	-	-	-
Performance and other deposits	-	-	-	-
Total liabilities	<u>359,631</u>	<u>1,034,536</u>	<u>142,603</u>	<u>11,777</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	-	-	1,105,619	-
Total deferred inflows of resources	-	-	<u>1,105,619</u>	-
<b>Total liabilities and deferred inflows of resources</b>	<b>359,631</b>	<b>1,034,536</b>	<b>1,248,222</b>	<b>11,777</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid amounts	-	-	-	-
Total Nonspendable	-	-	-	-
Restricted for:				
Public safety, courts, and judicial	-	-	-	-
General public works	33,181,921	-	-	-
Stormwater management	-	-	-	-
Transportation	-	-	-	-
Social services, health and welfare	-	-	-	-
Housing and community development	-	6,949,222	22,135,203	3,792,627
Parks, recreation, and cultural	-	-	-	-
Other purposes	-	-	-	-
Total Restricted	<u>33,181,921</u>	<u>6,949,222</u>	<u>22,135,203</u>	<u>3,792,627</u>
Committed to:				
Public safety, courts, and judicial	-	-	-	-
Transportation	-	-	-	-
Social services, health and welfare	-	-	-	-
Housing and community development	-	-	-	-
Total Committed	-	-	-	-
Total fund balances	<u>33,181,921</u>	<u>6,949,222</u>	<u>22,135,203</u>	<u>3,792,627</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 33,541,552</b>	<b>7,983,758</b>	<b>23,383,425</b>	<b>3,804,404</b>

EXHIBIT D  
concluded

Alcohol Safety Action Program	Total Special Revenue Funds	
<b>ASSETS</b>		
206,627	667,585,054	Equity in pooled cash and temporary investments
-	18,122,157	Receivables (net of allowances):
2	1,115,958	Accounts
-	18,659,713	Accrued interest
-	49,431,810	Loans
-	292,733	Due from intergovernmental units
-	114,562,675	Prepaid and other assets
206,629	869,770,100	Restricted assets - Cash with fiscal agents
		Total assets
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
-	-	Total deferred outflows of resources
206,629	869,770,100	Total assets and deferred outflows of resources
<b>LIABILITIES</b>		
7,346	43,861,562	Accounts payable and accrued liabilities
86,864	13,079,474	Accrued salaries and benefits
-	6,714,156	Contract retainages
-	5,440,401	Due to intergovernmental unit
-	900,000	Interfund payables
-	1,858,290	Unearned revenues
-	453,600	Performance and other deposits
94,210	72,307,483	Total liabilities
<b>DEFERRED INFLOWS OF RESOURCES</b>		
-	5,764,898	Unavailable revenue
-	5,764,898	Total deferred inflows of resources
94,210	78,072,381	Total liabilities and deferred inflows of resources
<b>FUND BALANCES</b>		
Nonspendable:		
-	292,733	Prepaid amounts
-	292,733	Total Nonspendable
Restricted for:		
-	27,562,631	Public safety, courts, and judicial
-	119,530,796	General public works
-	59,470,664	Stormwater management
-	444,600,003	Transportation
-	16,892,925	Social services, health and welfare
-	40,329,845	Housing and community development
-	15,266,616	Parks, recreation, and cultural
-	8,860,014	Other purposes
-	732,513,494	Total Restricted
Committed to:		
-	2,334,021	Public safety, courts, and judicial
-	12,665,622	Transportation
112,419	31,801,735	Social services, health and welfare
-	12,090,114	Housing and community development
112,419	58,891,492	Total Committed
112,419	791,697,719	Total fund balances
206,629	869,770,100	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, 2018**

	County Transit Systems	Dulles Rail Phase I Transportation Improvement District	Dulles Rail Phase II Transportation Improvement District	County and Regional Transportation Projects	Tysons Service District
<b>REVENUES</b>					
Taxes	\$ -	-	-	-	-
Permits, privilege fees, and regulatory	-	-	-	-	-
Intergovernmental	15,302,224	-	-	74,587,988	-
Charges for services	12,758,759	21,454,271	16,596,637	55,965,047	7,204,363
Fines and forfeitures	-	-	-	-	-
Developers' contributions	-	-	-	-	-
Revenue from the use of money and Recovered costs	901,882 73,759	659,940	955,033	976,632	224,316
Gifts, donations, and contributions	-	-	-	130,000	-
<b>Total revenues</b>	<b>29,036,624</b>	<b>22,114,211</b>	<b>17,551,670</b>	<b>131,659,667</b>	<b>7,428,679</b>
<b>EXPENDITURES</b>					
Current:					
Judicial administration	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community development	87,679,320	-	-	45,418,779	-
Parks, recreation, and cultural	-	-	-	-	-
Intergovernmental:					
Community development	6,286,965	-	-	155,035,705	-
Education - for Public Schools	-	-	-	-	-
Capital outlay:					
Judicial administration	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community development	9,398,765	-	-	11,528,047	-
Parks, recreation, and cultural	-	-	-	-	-
Debt service:					
Principal retirement	-	6,885,000	-	-	-
Interest and other charges	-	8,684,700	-	-	-
<b>Total expenditures</b>	<b>103,365,050</b>	<b>15,569,700</b>	<b>-</b>	<b>211,982,531</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	(74,328,426)	6,544,511	17,551,670	(80,322,864)	7,428,679
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	75,162,880	-	-	-	-
Transfers out	-	-	-	(41,380,970)	-
General obligation bonds issued	-	-	-	-	-
Premium on general obligation bonds	-	-	-	-	-
Notes issued	-	-	-	130,983,420	-
<b>Total other financing sources</b>	<b>75,162,880</b>	<b>-</b>	<b>-</b>	<b>89,602,450</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>834,454</b>	<b>6,544,511</b>	<b>17,551,670</b>	<b>9,279,586</b>	<b>7,428,679</b>
Fund balances, July 1, 2017	11,831,168	52,921,669	82,914,631	194,926,647	20,676,660
<b>Fund balances, June 30, 2018</b>	<b>\$ 12,665,622</b>	<b>59,466,180</b>	<b>100,466,301</b>	<b>204,206,233</b>	<b>28,105,339</b>

## EXHIBIT D-1

Reston Service District	Metrorail Parking system Pledged Revenue	Federal/ State Grant	Cable Communications	Fairfax- Falls Church Community Services Board	
					<b>REVENUES</b>
-	-	-	-	-	Taxes
-	-	-	24,480,505	-	Permits, privilege fees, and regulatory
-	-	102,794,853	-	18,846,411	Intergovernmental
905,625	6,491,771	181,182	150	15,386,620	Charges for services
-	-	-	9,450	39,960	Fines and forfeitures
-	-	-	-	-	Developers' contributions
4,790	3,207,434	175,605	225	57,000	Revenue from the use of money and
-	4,343	1,683,579	-	-	Recovered costs
-	-	771,700	-	-	Gifts, donations, and contributions
910,415	9,703,548	105,606,919	24,490,330	34,329,991	Total revenues
					<b>EXPENDITURES</b>
					Current:
-	-	1,373,924	-	-	Judicial administration
-	-	25,906,527	-	-	Public safety
-	-	-	-	-	Public works
-	23,073,836	63,536,774	10,876,115	160,555,157	Health and welfare
-	-	15,947,204	-	-	Community development
-	-	-	-	-	Parks, recreation, and cultural
					Intergovernmental:
-	-	-	-	-	Community development
-	-	-	4,122,651	-	Education - for Public Schools
					Capital outlay:
-	-	24,202	-	-	Judicial administration
-	-	2,406,072	-	-	Public safety
-	-	-	-	-	Public works
-	-	153,635	-	32,427	Health and welfare
-	17,659,231	-	579,945	-	Community development
-	-	-	-	-	Parks, recreation, and cultural
					Debt service:
-	3,545,000	42,024	-	-	Principal retirement
-	7,544,290	2,857	-	-	Interest and other charges
-	51,822,357	109,393,219	15,578,711	160,587,584	Total expenditures
910,415	(42,118,809)	(3,786,300)	8,911,619	(126,257,593)	Excess (deficiency) of revenues over (under) expenditures
					<b>OTHER FINANCING SOURCES (USES)</b>
-	3,451,133	5,106,999	-	130,429,318	Transfers in
-	-	-	(8,579,094)	-	Transfers out
-	-	-	-	-	General obligation bonds issued
-	-	-	-	-	Premium on general obligation bonds
-	-	-	-	-	Notes issued
-	3,451,133	5,106,999	(8,579,094)	130,429,318	Total other financing sources
910,415	(38,667,676)	1,320,699	332,525	4,171,725	Net change in fund balances
-	90,113,211	38,789,786	11,757,589	25,360,127	Fund balances, July 1, 2017
910,415	51,445,535	40,110,485	12,090,114	29,531,852	Fund balances, June 30, 2018

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, 2018**

	Reston Community Center	Mosaic Community Development Authority	McLean Community Center	Burgundy Village Community Center	E-911
<b>REVENUES</b>					
Taxes	\$ -	5,218,739	-	-	42,012,354
Permits, privilege fees, and regulatory	-	-	-	-	-
Intergovernmental	-	-	-	-	4,933,410
Charges for services	8,413,257	-	5,452,527	28,351	2,751
Fines and forfeitures	-	-	-	-	-
Developers' contributions	-	-	-	-	-
Revenue from the use of money and	417,525	75,669	115,004	6,590	67,009
Recovered costs	-	-	-	-	157,598
Gifts, donations, and contributions	-	-	-	-	-
<b>Total revenues</b>	<b>8,830,782</b>	<b>5,294,408</b>	<b>5,567,531</b>	<b>34,941</b>	<b>47,173,122</b>
<b>EXPENDITURES</b>					
Current:					
Judicial administration	-	-	-	-	-
Public safety	-	-	-	-	36,163,758
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community development	-	43,357	-	-	-
Parks, recreation, and cultural	7,174,301	-	4,988,088	229,884	-
Intergovernmental:					
Community development	-	-	-	-	-
Education - for Public Schools	-	-	-	-	-
Capital outlay:					
Judicial administration	-	-	-	-	-
Public safety	-	-	-	-	2,061,338
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community development	-	-	-	-	-
Parks, recreation, and cultural	442,370	-	3,452,338	-	-
Debt service:					
Principal retirement	215,279	-	-	-	3,196,348
Interest and other charges	19,720	-	-	-	329,069
<b>Total expenditures</b>	<b>7,851,670</b>	<b>43,357</b>	<b>8,440,426</b>	<b>229,884</b>	<b>41,750,513</b>
Excess (deficiency) of revenues over (under) expenditures	979,112	5,251,051	(2,872,895)	(194,943)	5,422,609
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	(5,282,150)	-	-	-
General obligation bonds issued	-	-	-	-	-
Premium on general obligation bonds	-	-	-	-	-
Notes issued	-	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>(5,282,150)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	979,112	(31,099)	(2,872,895)	(194,943)	5,422,609
Fund balances, July 1, 2017	6,912,156	5,687,186	10,193,411	345,098	11,034,458
<b>Fund balances, June 30, 2018</b>	<b>\$ 7,891,268</b>	<b>5,656,087</b>	<b>7,320,516</b>	<b>150,155</b>	<b>16,457,067</b>



## EXHIBIT D-1

Integrated Pest Management Program	Stormwater Services	Leaf Collection	Refuse Collection and Recycling Operations	Refuse Disposal	
-	-	-	-	-	<b>REVENUES</b>
-	-	-	-	81,795	Taxes
-	2,260,573	-	121,638	-	Permits, privilege fees, and regulatory
2,352,781	70,835,960	2,123,367	16,783,540	47,298,505	Intergovernmental
-	-	-	180	72,423	Charges for services
-	56,500	-	-	-	Fines and forfeitures
30,922	32,513	48,741	219,451	1,877,443	Developers' contributions
-	-	-	27,108	21,633	Revenue from the use of money and
-	-	-	-	-	Recovered costs
-	-	-	-	-	Gifts, donations, and contributions
2,383,703	73,185,546	2,172,108	17,151,917	49,351,799	Total revenues
					<b>EXPENDITURES</b>
					Current:
-	-	-	-	-	Judicial administration
-	-	-	-	-	Public safety
-	27,078,106	1,857,212	17,389,607	51,860,388	Public works
990,139	-	-	-	-	Health and welfare
873,039	-	-	-	-	Community development
-	-	-	-	-	Parks, recreation, and cultural
					Intergovernmental:
-	-	-	-	-	Community development
-	-	-	-	-	Education - for Public Schools
					Capital outlay:
-	-	-	-	-	Judicial administration
-	-	-	-	-	Public safety
-	48,372,551	-	500,254	506,097	Public works
-	-	-	-	-	Health and welfare
17,631	-	-	-	-	Community development
-	-	-	-	-	Parks, recreation, and cultural
					Debt service:
-	-	-	-	-	Principal retirement
-	-	-	-	-	Interest and other charges
1,880,809	75,450,657	1,857,212	17,889,861	52,366,485	Total expenditures
					Excess (deficiency) of revenues over
502,894	(2,265,111)	314,896	(737,944)	(3,014,686)	(under) expenditures
					<b>OTHER FINANCING SOURCES (USES)</b>
-	-	-	-	52,397,311	Transfers in
(141,000)	(1,125,000)	-	(548,000)	(626,000)	Transfers out
-	8,700,000	-	-	-	General obligation bonds issued
-	1,300,000	-	-	-	Premium on general obligation bonds
-	-	-	-	-	Notes issued
(141,000)	8,875,000	-	(548,000)	51,771,311	Total other financing sources
361,894	6,609,889	314,896	(1,285,944)	48,756,625	Net change in fund balances
2,805,322	52,927,178	5,019,756	9,074,791	24,468,751	Fund balances, July 1, 2017
3,167,216	59,537,067	5,334,652	7,788,847	73,225,376	Fund balances, June 30, 2018

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, 2018**

	Energy Resource Recovery Facility	I-95 Refuse Disposal	Community Development Block Grant	Housing Trust	HOME Investment Partnerships Grant
<b>REVENUES</b>					
Taxes	\$ -	-	-	-	-
Permits, privilege fees, and regulatory	-	-	-	-	-
Intergovernmental	-	-	4,299,066	-	2,156,606
Charges for services	-	5,901,520	-	-	-
Fines and forfeitures	-	-	-	-	-
Developers' contributions	-	-	-	953,712	-
Revenue from the use of money and	-	501,475	532,242	1,007,948	848,421
Recovered costs	-	-	-	150,716	-
Gifts, donations, and contributions	-	-	-	-	-
<b>Total revenues</b>	-	<b>6,402,995</b>	<b>4,831,308</b>	<b>2,112,376</b>	<b>3,005,027</b>
<b>EXPENDITURES</b>					
Current:					
Judicial administration	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	5,610,349	-	-	-
Health and welfare	-	-	-	-	-
Community development	-	-	4,166,121	551,132	2,696,519
Parks, recreation, and cultural	-	-	-	-	-
Intergovernmental:					
Community development	-	-	-	1,641,607	-
Education - for Public Schools	-	-	-	-	-
Capital outlay:					
Judicial administration	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	636,594	-	-	-
Health and welfare	-	-	-	-	-
Community development	-	-	-	1,072,247	-
Parks, recreation, and cultural	-	-	-	-	-
Debt service:					
Principal retirement	-	-	695,000	-	-
Interest and other charges	-	-	265,118	-	-
<b>Total expenditures</b>	-	<b>6,246,943</b>	<b>5,126,239</b>	<b>3,264,986</b>	<b>2,696,519</b>
Excess (deficiency) of revenues over (under) expenditures	-	156,052	(294,931)	(1,152,610)	308,508
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	(52,397,311)	(186,000)	-	-	-
General obligation bonds issued	-	-	-	-	-
Premium on general obligation bonds	-	-	-	-	-
Notes issued	-	-	-	-	-
<b>Total other financing sources</b>	<b>(52,397,311)</b>	<b>(186,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	(52,397,311)	(29,948)	(294,931)	(1,152,610)	308,508
Fund balances, July 1, 2017	52,397,311	33,211,869	7,244,153	23,287,813	3,484,119
<b>Fund balances, June 30, 2018</b>	<b>\$ -</b>	<b>33,181,921</b>	<b>6,949,222</b>	<b>22,135,203</b>	<b>3,792,627</b>

EXHIBIT D-1  
concluded

Alcohol Safety Action Program	Total Special Revenue Funds	
<b>REVENUES</b>		
-	47,231,093	Taxes
-	24,562,300	Permits, privilege fees, and regulatory
915	225,303,684	Intergovernmental
1,112,308	297,249,292	Charges for services
-	122,013	Fines and forfeitures
-	1,010,212	Developers' contributions
3,490	12,947,300	Revenue from the use of money and
-	2,118,736	Recovered costs
-	901,700	Gifts, donations, and contributions
<u>1,116,713</u>	<u>611,446,330</u>	<b>Total revenues</b>
<b>EXPENDITURES</b>		
Current:		
-	1,373,924	Judicial administration
-	62,070,285	Public safety
-	103,795,662	Public works
1,664,227	226,746,297	Health and welfare
-	191,325,422	Community development
-	12,392,273	Parks, recreation, and cultural
Intergovernmental:		
-	162,964,277	Community development
-	4,122,651	Education - for Public Schools
Capital outlay:		
-	24,202	Judicial administration
-	4,467,410	Public safety
-	50,015,496	Public works
-	186,062	Health and welfare
-	40,255,866	Community development
-	3,894,708	Parks, recreation, and cultural
Debt service:		
-	14,578,651	Principal retirement
-	16,845,754	Interest and other charges
<u>1,664,227</u>	<u>895,058,940</u>	<b>Total expenditures</b>
		Excess (deficiency) of revenues over
<u>(547,514)</u>	<u>(283,612,610)</u>	(under) expenditures
<b>OTHER FINANCING SOURCES (USES)</b>		
572,561	267,120,202	Transfers in
-	(110,265,525)	Transfers out
-	8,700,000	General obligation bonds issued
-	1,300,000	Premium on general obligation bonds
-	130,983,420	Notes issued
<u>572,561</u>	<u>297,838,097</u>	<b>Total other financing sources</b>
25,047	14,225,487	Net change in fund balances
<u>87,372</u>	<u>777,472,232</u>	Fund balances, July 1, 2017
<u>112,419</u>	<u>791,697,719</u>	Fund balances, June 30, 2018

COUNTY OF FAIRFAX, VIRGINIA  
 Special Revenue Fund  
 Budgetary Comparison Schedule - County Transit Systems Fund (Budget Basis)  
 For the fiscal year ended June 30, 2018

EXHIBIT D-2A

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 21,302,545	26,399,914	15,302,224	(11,097,690)
Charges for services	7,150,000	7,150,000	7,930,760	780,760
Revenue from the use of money and property	450,000	450,000	901,881	451,881
Recovered costs	-	-	73,759	73,759
Total revenues	28,902,545	33,999,914	24,208,624	(9,791,290)
<b>EXPENDITURES</b>				
Community development	100,135,425	119,476,868	98,537,050	20,939,818
Total expenditures	100,135,425	119,476,868	98,537,050	20,939,818
Excess (deficiency) of revenues over (under) expenditures	(71,232,880)	(85,476,954)	(74,328,426)	11,148,528
<b>OTHER FINANCING SOURCES</b>				
Transfers in	71,432,880	75,162,880	75,162,880	-
Total other financing sources	71,432,880	75,162,880	75,162,880	-
Net change in fund balance	\$ 200,000	(10,314,074)	834,454	11,148,528

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, 2018

EXHIBIT D-2B

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 21,256,630	21,256,630	21,454,271	197,641
Revenue from the use of money and property	-	-	1,314,913	1,314,913
Total revenues	21,256,630	21,256,630	22,769,184	1,512,554
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	6,885,000	6,885,000	6,885,000	-
Interest and other charges:				
Interest	8,684,700	8,684,700	8,684,700	-
Total expenditures	15,569,700	15,569,700	15,569,700	-
Net change in fund balance	\$ 5,686,930	5,686,930	7,199,484	1,512,554

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, 2018

## EXHIBIT D-2C

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 16,350,924	16,350,924	16,596,637	245,713
Revenue from the use of money and property	-	-	764,155	764,155
Total revenues	16,350,924	16,350,924	17,360,792	1,009,868
<b>EXPENDITURES</b>				
Debt service:				
Interest and other charges:				
Interest	-	14,470,654	-	14,470,654
Bond issuance costs and other	500,000	500,000	-	500,000
Total expenditures	500,000	14,970,654	-	14,970,654
Net change in fund balance	\$ 15,850,924	1,380,270	17,360,792	15,980,522

COUNTY OF FAIRFAX, VIRGINIA  
 Special Revenue Fund  
 Budgetary Comparison Schedule - County and Regional Transportation Projects (Budget Basis)  
 For the fiscal year ended June 30, 2018

## EXHIBIT D-2D

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 43,592,917	78,384,005	52,224,702	(26,159,303)
Charges for services	53,282,241	53,282,241	55,965,047	2,682,806
Revenue from the use of money and property	-	-	1,057,498	1,057,498
Gifts, donations, and contributions	130,000	130,000	130,000	-
Total revenues	97,005,158	131,796,246	109,377,247	(22,418,999)
<b>EXPENDITURES</b>				
Community development	59,821,229	373,044,941	57,198,165	315,846,776
Debt service:				
Interest and other charges:				
Interest	3,000,000	-	-	-
Total expenditures	62,821,229	373,044,941	57,198,165	315,846,776
Excess (deficiency) of revenues over (under) expenditures	34,183,929	(241,248,695)	52,179,082	293,427,777
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(34,199,837)	(41,380,970)	(41,380,970)	-
Revenue bonds issued	-	100,000,000	-	(100,000,000)
Total other financing sources (uses), net	(34,199,837)	58,619,030	(41,380,970)	(100,000,000)
Net change in fund balance	\$ (15,908)	(182,629,665)	10,798,112	193,427,777

**COUNTY OF FAIRFAX, VIRGINIA**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule - Tysons Service District Fund (Budget Basis)**  
**For the fiscal year ended June 30, 2018**

EXHIBIT D-2E

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 7,243,263	7,243,263	7,204,363	(38,900)
Revenue from the use of money and property	-	-	224,316	224,316
Total revenues	7,243,263	7,243,263	7,428,679	185,416
<b>EXPENDITURES</b>				
Community development	-	6,450,000	-	6,450,000
Total expenditures	-	6,450,000	-	6,450,000
Net change in fund balance	\$ 7,243,263	793,263	7,428,679	6,635,416

**COUNTY OF FAIRFAX, VIRGINIA**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule - Reston Service District (Budget Basis)**  
**For the fiscal year ended June 30, 2018**

EXHIBIT D-2F

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 910,727	910,727	905,625	(5,102)
Revenue from the use of money and property	-	-	4,790	4,790
Total revenues	910,727	910,727	910,415	(312)
<b>EXPENDITURES</b>				
Total expenditures	-	-	-	-
Net change in fund balance	\$ 910,727	910,727	910,415	(312)

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2G

## Special Revenue Fund

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

For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 2,000,000	2,000,000	6,491,771	4,491,771
Revenue from the use of money and property	5,533,430	5,533,430	3,425,023	(2,108,407)
Recovered costs	-	-	4,343	4,343
Total revenues	7,533,430	7,533,430	9,921,137	2,387,707
<b>EXPENDITURES</b>				
Public works	1,400,000	65,808,108	40,733,067	25,075,041
Debt service:				
Principal retirement	3,545,000	3,545,000	3,545,000	-
Interest and other charges:				
Interest	3,839,563	14,508,790	7,544,290	6,964,500
Total expenditures	8,784,563	83,861,898	51,822,357	32,039,541
Excess (deficiency) of revenues over (under) expenditures	(1,251,133)	(76,328,468)	(41,901,220)	34,427,248
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	3,451,133	3,451,133	-
Total other financing sources	-	3,451,133	3,451,133	-
Net change in fund balance	\$ (1,251,133)	(72,877,335)	(38,450,087)	34,427,248

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2H

## Special Revenue Fund

## Budgetary Comparison Schedule - Federal/State Grant Fund (Budget Basis)

For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 108,631,874	240,874,770	102,794,853	(138,079,917)
Charges for services	-	-	181,182	181,182
Revenue from the use of money and property	-	-	175,605	175,605
Recovered costs	-	3,030,682	1,683,579	(1,347,103)
Gifts, donations, and contributions	-	801,500	771,700	(29,800)
Total revenues	108,631,874	244,706,952	105,606,919	(139,100,033)
<b>EXPENDITURES</b>				
General government administration	113,738,873	51,762,834	-	51,762,834
Judicial administration	-	2,387,926	1,001,972	1,385,954
Public safety	-	62,065,417	28,753,634	33,311,783
Health and welfare	-	98,143,307	63,690,409	34,452,898
Community development	-	73,486,463	15,939,454	57,547,009
Parks, recreation, and cultural	-	7,771	-	7,771
Total expenditures	113,738,873	287,853,718	109,385,469	178,468,249
Excess (deficiency) of revenues over (under) expenditures	(5,106,999)	(43,146,766)	(3,778,550)	39,368,216
<b>OTHER FINANCING SOURCES</b>				
Transfers in	5,106,999	5,106,999	5,106,999	-
Total other financing sources	5,106,999	5,106,999	5,106,999	-
Net change in fund balance	\$ -	(38,039,767)	1,328,449	39,368,216

COUNTY OF FAIRFAX, VIRGINIA  
Special Revenue Fund  
Budgetary Comparison Schedule - Cable Communications Fund (Budget Basis)  
For the fiscal year ended June 30, 2018

EXHIBIT D-2I

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Permits, privilege fees, and regulatory licenses	\$ 25,818,120	25,818,120	24,480,505	(1,337,615)
Charges for services	1,000	151,000	150	(150,850)
Fines and forfeitures	-	-	9,450	9,450
Revenue from the use of money and property	-	-	225	225
Total revenues	25,819,120	25,969,120	24,490,330	(1,478,790)
<b>EXPENDITURES</b>				
Community development	14,500,241	22,796,997	11,456,060	11,340,937
Total expenditures	14,500,241	22,796,997	11,456,060	11,340,937
Excess of revenues over expenditures	11,318,879	3,172,123	13,034,270	9,862,147
<b>OTHER FINANCING USES</b>				
Transfers out	(8,579,094)	(8,579,094)	(8,579,094)	-
Transfers out to component units	(4,122,651)	(4,122,651)	(4,122,651)	-
Total other financing uses	(12,701,745)	(12,701,745)	(12,701,745)	-
Net change in fund balance	\$ (1,382,866)	(9,529,622)	332,525	9,862,147

COUNTY OF FAIRFAX, VIRGINIA  
Special Revenue Fund  
Budgetary Comparison Schedule - Fairfax-Falls Church Community Services Board Fund (Budget Basis)  
For the fiscal year ended June 30, 2018

EXHIBIT D-2J

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 18,676,239	18,676,239	18,846,411	170,172
Charges for services	17,758,948	17,758,948	15,386,620	(2,372,328)
Fines and forfeitures	14,100	14,100	39,960	25,860
Revenue from the use of money and property	-	-	57,000	57,000
Total revenues	36,449,287	36,449,287	34,329,991	(2,119,296)
<b>EXPENDITURES</b>				
Health and welfare	166,878,605	183,206,357	160,587,584	22,618,773
Total expenditures	166,878,605	183,206,357	160,587,584	22,618,773
Excess (deficiency) of revenues over (under) expenditures	(130,429,318)	(146,757,070)	(126,257,593)	20,499,477
<b>OTHER FINANCING SOURCES</b>				
Transfers in	130,429,318	130,429,318	130,429,318	-
Total other financing sources	130,429,318	130,429,318	130,429,318	-
Net change in fund balance	\$ -	(16,327,752)	4,171,725	20,499,477



## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2K

## Special Revenue Fund

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

For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 8,238,630	8,481,455	8,413,257	(68,198)
Revenue from the use of money and property	237,689	256,708	417,525	160,817
Total revenues	8,476,319	8,738,163	8,830,782	92,619
<b>EXPENDITURES</b>				
Parks, recreation, and cultural	10,238,358	14,590,581	7,851,670	6,738,911
Total expenditures	10,238,358	14,590,581	7,851,670	6,738,911
Excess (deficiency) of revenues over (under) expenditures	(1,762,039)	(5,852,418)	979,112	6,831,530
Net change in fund balance	\$ (1,762,039)	(5,852,418)	979,112	6,831,530

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2L

## Special Revenue Fund

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

For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 5,308,879	5,308,879	5,452,528	143,649
Revenue from the use of money and property	43,000	43,000	115,004	72,004
Total revenues	5,351,879	5,351,879	5,567,532	215,653
<b>EXPENDITURES</b>				
Parks, recreation, and cultural	5,351,879	12,088,696	8,440,426	3,648,270
Total expenditures	5,351,879	12,088,696	8,440,426	3,648,270
Net change in fund balance	\$ -	(6,736,817)	(2,872,894)	3,863,923

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2M

## Special Revenue Fund

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

For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 30,189	30,189	28,351	(1,838)
Revenue from the use of money and property	31,425	4,225	6,590	2,365
Total revenues	61,614	34,414	34,941	527
<b>EXPENDITURES</b>				
Parks, recreation, and cultural	45,711	284,120	229,884	54,236
Excess (deficiency) of revenues over (under) expenditures	15,903	(249,706)	(194,943)	54,763
Total expenditures	45,711	284,120	229,884	54,236
Net change in fund balance	\$ 15,903	(249,706)	(194,943)	54,763

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2N

## Special Revenue Fund

## Budgetary Comparison Schedule - E-911 Fund (Budget Basis)

For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local sales and use taxes	\$ 42,012,354	42,012,354	42,012,354	-
Intergovernmental	4,600,000	4,600,000	4,933,410	333,410
Charges for Services	-	-	2,751	2,751
Revenue from the use of money and property	10,000	10,000	67,009	57,009
Recovered costs	150,000	150,000	157,598	7,598
Total revenues	46,772,354	46,772,354	47,173,122	400,768
<b>EXPENDITURES</b>				
Public safety	47,611,893	55,493,492	41,750,513	13,742,979
Total expenditures	47,611,893	55,493,492	41,750,513	13,742,979
Net change in fund balance	\$ (839,539)	(8,721,138)	5,422,609	14,143,747

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2o

## Special Revenue Fund

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

For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 2,370,555	2,370,555	2,352,781	(17,774)
Revenue from the use of money and property	7,691	7,691	30,922	23,231
Total revenues	2,378,246	2,378,246	2,383,703	5,457
<b>EXPENDITURES</b>				
Health and welfare	2,062,578	2,083,934	990,139	1,093,795
Community development	1,142,766	1,217,661	890,670	326,991
Total expenditures	3,205,344	3,301,595	1,880,809	1,420,786
Excess (deficiency) of revenues over (under) expenditures	(827,098)	(923,349)	502,894	1,426,243
<b>OTHER FINANCING USES</b>				
Transfers out	(141,000)	(141,000)	(141,000)	-
Total other financing uses	(141,000)	(141,000)	(141,000)	-
Net change in fund balance	\$ (968,098)	(1,064,349)	361,894	1,426,243

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2p

## Special Revenue Fund

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

For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	4,348,504	2,260,573	(2,087,931)
Charges for services	70,398,306	70,398,306	70,835,960	437,654
Developers' contributions	-	46,500	56,500	10,000
Revenue from the use of money and property	-	-	32,513	32,513
Total revenues	70,398,306	74,793,310	73,185,546	(1,607,764)
<b>EXPENDITURES</b>				
Public works	69,273,306	142,061,756	75,450,657	66,611,099
Total expenditures	69,273,306	142,061,756	75,450,657	66,611,099
Excess (deficiency) of revenues over (under) expenditures	1,125,000	(67,268,446)	(2,265,111)	65,003,335
<b>OTHER FINANCING SOURCES (USES)</b>				
General obligation bonds issued	-	15,750,000	10,000,000	(5,750,000)
Transfers out	(1,125,000)	(1,125,000)	(1,125,000)	-
Total other financing sources (uses), net	(1,125,000)	14,625,000	8,875,000	(5,750,000)
Net change in fund balance	\$ -	(52,643,446)	6,609,889	59,253,335

COUNTY OF FAIRFAX, VIRGINIA  
 Special Revenue Fund  
 Budgetary Comparison Schedule - Leaf Collection Fund (Budget Basis)  
 For the fiscal year ended June 30, 2018

## EXHIBIT D-2Q

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 2,098,488	2,135,985	2,123,367	(12,618)
Revenue from the use of money and property	14,095	14,095	48,741	34,646
Total revenues	2,112,583	2,150,080	2,172,108	22,028
<b>EXPENDITURES</b>				
Public works	1,872,293	1,872,293	1,857,212	15,081
Total expenditures	1,872,293	1,872,293	1,857,212	15,081
Excess (deficiency) of revenues over (under) expenditures	240,290	277,787	314,896	37,109
Net change in fund balance	\$ 240,290	277,787	314,896	37,109

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2R

Special Revenue Fund  
 Budgetary Comparison Schedule - Refuse Collection and Recycling Operations Fund (Budget Basis)  
 For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 129,453	129,453	121,638	(7,815)
Fines and Forfeitures	-	-	180	180
Charges for services	16,638,839	16,638,839	16,783,540	144,701
Revenue from the use of money and property	217,400	217,400	219,451	2,051
Recovered costs	22,780	22,780	27,108	4,328
Total revenues	17,008,472	17,008,472	17,151,917	143,445
<b>EXPENDITURES</b>				
Public works	18,478,880	19,604,005	17,885,568	1,718,437
Total expenditures	18,478,880	19,604,005	17,885,568	1,718,437
Excess (deficiency) of revenues over (under) expenditures	(1,470,408)	(2,595,533)	(733,651)	1,861,882
<b>OTHER FINANCING USES</b>				
Transfers out	(548,000)	(548,000)	(548,000)	-
Total other financing uses	(548,000)	(548,000)	(548,000)	-
Net change in fund balance	\$ (2,018,408)	(3,143,533)	(1,281,651)	1,861,882

**COUNTY OF FAIRFAX, VIRGINIA**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule - Refuse Disposal Fund (Budget Basis)**  
**For the fiscal year ended June 30, 2018**

EXHIBIT D-2s

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Permits, privilege fees, and regulatory licenses	\$ 78,840	78,840	81,795	2,955
Charges for services	48,468,000	48,468,000	47,298,505	(1,169,495)
Revenue from the use of money and property	1,871,505	1,871,505	1,877,443	5,938
Recovered costs	10,000	10,000	21,633	11,633
Fines and forfeitures	-	-	72,423	72,423
<b>Total revenues</b>	<b>50,428,345</b>	<b>50,428,345</b>	<b>49,351,799</b>	<b>(1,076,546)</b>
<b>EXPENDITURES</b>				
Public works	53,514,775	57,426,688	52,366,485	5,060,203
<b>Total expenditures</b>	<b>53,514,775</b>	<b>57,426,688</b>	<b>52,366,485</b>	<b>5,060,203</b>
Excess (deficiency) of revenues over (under) expenditures	(3,086,430)	(6,998,343)	(3,014,686)	3,983,657
<b>OTHER FINANCING USES</b>				
Transfers in *	-	-	52,397,311	52,397,311
Transfers out	(626,000)	(626,000)	(626,000)	-
<b>Total other financing uses</b>	<b>(626,000)</b>	<b>(626,000)</b>	<b>51,771,311</b>	<b>52,397,311</b>
<b>Net change in fund balance</b>	<b>\$ (3,712,430)</b>	<b>(7,624,343)</b>	<b>48,756,625</b>	<b>56,380,968</b>

\*As part of the FY18 Adopted Budget Plan, Fund 40160, Energy Resource Recovery Facility, was consolidated into Fund 40150, Refuse Disposal. As a result, the FY 2018 Revised Budget Plan Beginning Balance reflects the \$52,397,310 FY 2017 Actual Ending Balance from Fund 40160.

**COUNTY OF FAIRFAX, VIRGINIA**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule - Energy Resource Recovery Facility Fund (Budget Basis)**  
**For the fiscal year ended June 30, 2018**

EXHIBIT D-2t

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Total revenues	\$ -	-	-	-
<b>EXPENDITURES</b>				
Total expenditures	-	-	-	-
<b>OTHER FINANCING USES</b>				
Transfers out*	-	-	(52,397,311)	(52,397,311)
<b>Total other financing uses</b>	<b>-</b>	<b>-</b>	<b>(52,397,311)</b>	<b>(52,397,311)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>-</b>	<b>(52,397,311)</b>	<b>(52,397,311)</b>

\*As part of the FY18 Adopted Budget Plan, Fund 40160, Energy Resource Recovery Facility, was consolidated into Fund 40150, Refuse Disposal. As a result, the FY 2018 Revised Budget Plan Beginning Balance reflects the \$52,397,310 FY 2017 Actual Ending Balance from Fund 40160.

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2u

## Special Revenue Fund

## Budgetary Comparison Schedule - I-95 Refuse Disposal Fund (Budget Basis)

For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Permits, privilege fees, and regulatory licenses	\$ 7,200	7,200	-	(7,200)
Charges for services	8,698,500	4,981,756	5,901,520	919,764
Revenue from the use of money and property	593,256	593,256	501,475	(91,781)
Total revenues	9,298,956	5,582,212	6,402,995	820,783
<b>EXPENDITURES</b>				
Public works	10,618,874	15,428,873	6,246,943	9,181,930
Total expenditures	10,618,874	15,428,873	6,246,943	9,181,930
Excess (deficiency) of revenues over (under) expenditures	(1,319,918)	(9,846,661)	156,052	10,002,713
<b>OTHER FINANCING USES</b>				
Transfers out	(186,000)	(186,000)	(186,000)	-
Total other financing uses	(186,000)	(186,000)	(186,000)	-
Net change in fund balance	\$ (1,505,918)	(10,032,661)	(29,948)	10,002,713

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2v

## Special Revenue Fund

## Budgetary Comparison Schedule - Community Development Block Grant Fund (Budget Basis)

For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	5,503,335	4,299,066	(1,204,269)
Charges for services	-	2,813	-	(2,813)
Revenue from the use of money and property	4,923,230	4,078,268	821,823	(3,256,445)
Total revenues	4,923,230	9,584,416	5,120,889	(4,463,527)
<b>EXPENDITURES</b>				
Community development	3,963,112	8,660,705	4,166,121	4,494,584
Debt service:				
Principal retirement	695,000	695,000	695,000	-
Interest and other charges:				
Interest	265,118	265,118	265,118	-
Bond issuance costs and other				
Total expenditures	4,923,230	9,620,823	5,126,239	4,494,584
Net change in fund balance	\$ -	(36,407)	(5,350)	31,057

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2w

## Special Revenue Fund

## Budgetary Comparison Schedule - Housing Trust Fund (Budget Basis)

For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Developers' contributions	\$ -	-	835,439	835,439
Revenue from the use of money and property	22,141	22,141	134,175	112,034
Other Revenue	535,791	535,791	1,574,973	1,039,182
Total revenues	557,932	557,932	2,544,587	1,986,655
<b>EXPENDITURES</b>				
Community development	557,932	11,607,422	2,967,138	8,640,284
Total expenditures	557,932	11,607,422	2,967,138	8,640,284
Net change in fund balance	\$ -	(11,049,490)	(422,551)	10,626,939

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2x

## Special Revenue Fund

## Budgetary Comparison Schedule - HOME Investment Partnership Grant Fund (Budget Basis)

For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	2,558,512	2,156,606	(401,906)
Revenue from the use of money and property	1,509,811	829,172	934,291	105,119
Total revenues	1,509,811	3,387,684	3,090,897	(296,787)
<b>EXPENDITURES</b>				
Community development	1,509,811	3,809,004	2,696,519	1,112,485
Total expenditures	1,509,811	3,809,004	2,696,519	1,112,485
Excess (deficiency) of revenues over (under) expenditures	-	(421,320)	394,378	815,698
Net change in fund balance	\$ -	(421,320)	394,378	815,698





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, 2018**

**EXHIBIT E**

	Debt Service	Mosaic Community Development Authority	Total Debt Service Funds
<b>ASSETS</b>			
Equity in pooled cash and temporary investments	\$ 13,963,321	-	13,963,321
Accrued interest	-	25,536	25,536
Loan to component unit	11,182,600	-	11,182,600
Lease to component unit	39,740,000	-	39,740,000
Restricted assets:			
Restricted assets - Cash with fiscal agents	11,939	6,929,796	6,941,735
Investments			
Total assets	64,897,860	6,955,332	71,853,192
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total deferred outflows of resources	-	-	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 64,897,860</b>	<b>6,955,332</b>	<b>71,853,192</b>
<b>LIABILITIES</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 4,400	-	4,400
Unearned revenues	39,740,000	-	39,740,000
Total liabilities	39,744,400	-	39,744,400
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Total deferred inflows of resources	-	-	-
<b>Total liabilities and deferred inflows of resources</b>	<b>39,744,400</b>	<b>-</b>	<b>39,744,400</b>
<b>FUND BALANCES</b>			
Restricted for:			
Debt service	-	6,955,332	6,955,332
Total Restricted	-	6,955,332	6,955,332
Committed to:			
Debt service	25,153,460	-	25,153,460
Total Committed	25,153,460	-	25,153,460
Total fund balance	25,153,460	6,955,332	32,108,792
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 64,897,860</b>	<b>6,955,332</b>	<b>71,853,192</b>

## 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, 2018

	Debt Service	Mosaic Community Development Authority	Total Debt Service Funds
<b>REVENUES</b>			
Intergovernmental	\$ 4,076,016	-	4,076,016
Revenue from the use of money and property	2,462,859	71,292	2,534,151
Total revenues	6,538,875	71,292	6,610,167
<b>EXPENDITURES</b>			
Principal retirement:			
County	98,234,055	780,000	99,014,055
Schools	126,897,500	-	126,897,500
Interest:			
County	48,349,490	4,502,150	52,851,640
Schools	63,595,458	-	63,595,458
Other charges:			
Bond issuance costs and other	2,129,555	-	2,129,555
Total expenditures	339,206,058	5,282,150	344,488,208
Deficiency of revenues under expenditures	(332,667,183)	(5,210,858)	(337,878,041)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in from:			
General Fund	335,166,178	-	335,166,178
Special revenue funds	-	5,282,150	5,282,150
Capital projects funds	1,337,191	-	1,337,191
Transfers out	(12,979,160)	-	(12,979,160)
Total other financing sources	323,524,209	5,282,150	328,806,359
Net change in fund balance	(9,142,974)	71,292	(9,071,682)
Fund balance, July 1, 2017	34,296,434	6,884,040	41,180,474
Fund balance, June 30, 2018	\$ 25,153,460	6,955,332	32,108,792

## 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, 2018

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 2,180,000	2,180,000	2,624,747	444,747
Total revenues	2,180,000	2,180,000	2,624,747	444,747
<b>EXPENDITURES</b>				
Principal retirement:				
County	93,631,273	99,096,349	98,188,494	907,855
Schools	120,047,500	126,897,500	126,897,500	-
Interest:				
County	53,803,321	54,878,631	48,395,052	6,483,579
Schools	70,391,553	66,974,365	63,595,458	3,378,907
Bond issuance costs and other	3,500,000	3,500,000	1,473,197	2,026,803
Total expenditures	341,373,647	351,346,845	338,549,701	12,797,144
Excess (deficiency) of revenues over (under) expenditures	(339,193,647)	(349,166,845)	(335,924,954)	13,241,891
<b>OTHER FINANCING SOURCES (USES)</b>				
General obligation bonds issued	500,000	500,000	680,834	180,834
Transfers in from:				
General Fund	335,166,178	335,166,178	335,166,178	-
Other funds	4,331,469	4,331,469	4,331,469	-
Transfers out	(804,000)	(12,979,160)	(12,979,160)	-
Total other financing sources, net	339,193,647	327,018,487	327,199,321	180,834
Net change in fund balance, net	\$ -	(22,148,358)	(8,725,633)	13,422,725



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, 2018**

	Contributed Roadway Improvement	Library Construction	County Construction	Capital Renewal Construction
<b>ASSETS</b>				
Equity in pooled cash and temporary investments	\$ 52,745,087	3,568,883	67,871,982	28,759,723
Receivables:				
Accounts	-	-	85,691	-
Accrued interest	316	-	-	-
Loans	-	-	-	-
Due from intergovernmental units	-	-	-	-
Restricted assets:				
Equity in pooled cash and temporary investments	-	7,077,958	8,216,866	2,366,733
Cash with fiscal agents	-	-	11,411,626	-
Total assets	52,745,403	10,646,841	87,586,165	31,126,456
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total deferred outflows of resources	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 52,745,403</b>	<b>10,646,841</b>	<b>87,586,165</b>	<b>31,126,456</b>
<b>LIABILITIES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 215,357	860,345	4,859,217	2,268,681
Contract retainages	-	252,298	731,554	-
Due to component units	-	-	1,090,201	-
Interfund payables	-	-	-	-
Unearned revenues	-	-	25,820,674	-
Performance and other deposits	22,141,231	1,337	1,252,591	-
Total liabilities	22,356,588	1,113,980	33,754,237	2,268,681
<b>DEFERRED INFLOW OF RESOURCES</b>				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
<b>Total liabilities and deferred inflows of resources</b>	<b>22,356,588</b>	<b>1,113,980</b>	<b>33,754,237</b>	<b>2,268,681</b>
<b>FUND BALANCES</b>				
Restricted for:				
Capital projects	30,388,815	9,532,861	8,216,866	2,366,733
Total Restricted	30,388,815	9,532,861	8,216,866	2,366,733
Committed to:				
Capital projects	-	-	45,615,062	26,491,042
Total Committed	-	-	45,615,062	26,491,042
Unassigned:				
Total fund balances	30,388,815	9,532,861	53,831,928	28,857,775
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 52,745,403</b>	<b>10,646,841</b>	<b>87,586,165</b>	<b>31,126,456</b>



## EXHIBIT F

Transportation Improvements	Pedestrian Walkway Improvements	Metro Operations and Construction	
<b>ASSETS</b>			
-	2,939,740	70	Equity in pooled cash and temporary investments
Receivables:			
-	-	-	Accounts
-	-	-	Accrued interest
-	-	-	Loans
-	17,516	-	Due from intergovernmental units
Restricted assets:			
20,497,566	-	-	Equity in pooled cash and temporary investments
-	-	-	Cash with fiscal agents
<u>20,497,566</u>	<u>2,957,256</u>	<u>70</u>	<u>Total assets</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
-	-	-	Total deferred outflows of resources
<u>20,497,566</u>	<u>2,957,256</u>	<u>70</u>	<u>Total assets and deferred outflows of resources</u>
<b>LIABILITIES</b>			
Liabilities:			
397,926	247,593	-	Accounts payable and accrued liabilities
643,829	24,655	-	Contract retainages
-	-	-	Due to component units
-	-	400	Interfund payables
-	-	-	Unearned revenues
-	128,722	-	Performance and other deposits
<u>1,041,755</u>	<u>400,970</u>	<u>400</u>	<u>Total liabilities</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
-	-	-	Unavailable revenue
-	-	-	Total deferred inflows of resources
<u>1,041,755</u>	<u>400,970</u>	<u>400</u>	<u>Total liabilities and deferred inflows of resources</u>
<b>FUND BALANCES</b>			
Restricted for:			
<u>19,455,811</u>	-	-	Capital projects
<u>19,455,811</u>	-	-	Total Restricted
Committed to:			
-	<u>2,556,286</u>	-	Capital projects
-	<u>2,556,286</u>	-	Total Committed
-	-	(330)	Unassigned:
<u>19,455,811</u>	<u>2,556,286</u>	<u>(330)</u>	<u>Total fund balances</u>
<u>20,497,566</u>	<u>2,957,256</u>	<u>70</u>	<u>Total liabilities, deferred inflows of resources, and fund balances</u>

continued

COUNTY OF FAIRFAX, VIRGINIA  
 Capital Projects Funds  
 Combining Balance Sheet  
 June 30, 2018

	Public Safety Construction	Commercial Revitalization Program	Pro Rata Drainage Construction
<b>ASSETS</b>			
Equity in pooled cash and temporary investments	\$ 5,750,000	902,863	4,037,834
Receivables:			
Accounts	-	-	-
Accrued interest	-	-	-
Loans	-	-	-
Due from intergovernmental units	-	-	-
Restricted assets:			
Equity in pooled cash and temporary investments	31,293,703	-	-
Cash with fiscal agents	23,647,505	-	-
Total assets	60,691,208	902,863	4,037,834
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total deferred outflows of resources	-	-	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 60,691,208</b>	<b>902,863</b>	<b>4,037,834</b>
<b>LIABILITIES</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 2,176,041	-	-
Contract retainages	3,517,103	-	-
Due to component units	-	-	-
Interfund payables	-	-	-
Unearned revenues	-	-	-
Performance and other deposits	-	-	6,000
Total liabilities	5,693,144	-	6,000
<b>DEFERRED INFLOW OF RESOURCES</b>			
Unavailable revenue	-	-	-
Total deferred inflows of resources	-	-	-
<b>Total liabilities and deferred inflows of resources</b>	<b>5,693,144</b>	<b>-</b>	<b>6,000</b>
<b>FUND BALANCES</b>			
Restricted for:			
Capital projects	49,148,064	902,863	4,031,834
Total Restricted	49,148,064	902,863	4,031,834
Committed to:			
Capital projects	5,850,000	-	-
Total Committed	5,850,000	-	-
Unassigned:			
Total fund balances	54,998,064	902,863	4,031,834
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 60,691,208</b>	<b>902,863</b>	<b>4,037,834</b>

## EXHIBIT F

concluded

Housing Assistance Program	The Penny for Affordable Housing	Total Capital Projects Funds	
2,162,412	32,027,448	200,766,042	<b>ASSETS</b>
-	-	85,691	Equity in pooled cash and temporary investments
-	3,821,664	3,821,980	Receivables:
-	42,630,882	42,630,882	Accounts
-	-	17,516	Accrued interest
3,589,314	-	73,042,140	Loans
-	-	35,059,131	Due from intergovernmental units
5,751,726	78,479,994	355,423,382	Restricted assets:
			Equity in pooled cash and temporary investments
			Cash with fiscal agents
			Total assets
-	-	-	<b>DEFERRED OUTFLOWS OF RESOURCES</b>
			Total deferred outflows of resources
5,751,726	78,479,994	355,423,382	Total assets and deferred outflows of resources
			<b>LIABILITIES AND FUND BALANCES</b>
5,007	1,166,890	12,197,057	Liabilities:
-	78,613	5,248,052	Accounts payable and accrued liabilities
-	-	1,090,201	Contract retainages
-	-	400	Due to component units
-	-	25,820,674	Interfund payables
-	-	23,529,881	Unearned revenues
5,007	1,245,503	67,886,265	Performance and other deposits
			Total liabilities
-	3,821,664	3,821,664	<b>DEFERRED INFLOW OF RESOURCES</b>
-	3,821,664	3,821,664	Unavailable revenue
			Total deferred inflows of resources
5,007	5,067,167	71,707,929	Total liabilities and deferred inflows of resources
			<b>FUND BALANCES</b>
5,746,719	-	129,790,566	Restricted for:
5,746,719	-	129,790,566	Capital projects
			Total Restricted
-	73,412,827	153,925,217	Committed to:
-	73,412,827	153,925,217	Capital projects
-	-	(330)	Total Committed
5,746,719	73,412,827	283,715,453	Unassigned:
5,751,726	78,479,994	355,423,382	Total fund balances
			Total liabilities, deferred inflows of resources, and fund balances

**COUNTY OF FAIRFAX, VIRGINIA**  
**Capital Projects Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the fiscal year ended June 30, 2018**

	Contributed Roadway Improvement	Library Construction	County Construction	Capital Renewal Construction
<b>REVENUES</b>				
Taxes	\$ -	-	-	-
Intergovernmental	-	-	33,000	410,290
Charges for services	-	-	1,710,981	-
Developers' contributions	3,902,405	-	65,304	-
Revenue from the use of money and property	563,588	-	544,116	-
Recovered costs	-	-	1,571,165	-
<b>Total revenues</b>	<b>4,465,993</b>	<b>-</b>	<b>3,924,566</b>	<b>410,290</b>
<b>EXPENDITURES</b>				
Current:				
General government administration	-	-	627,827	1,451,431
Public safety	-	-	-	-
Public works	-	90,309	162,050	-
Health and welfare	-	-	4,005,141	-
Community development	9,925,751	-	5,001,549	-
Parks, recreation, and cultural	-	-	4,313,769	-
Intergovernmental:				
Community development	-	-	-	-
Parks, recreation, and cultural	-	-	34,545,917	-
Education - for Public Schools	-	-	155,000,000	-
Capital outlay:				
General government administration	-	-	2,766,498	9,208,035
Public safety	-	-	-	-
Public works	-	-	193,697	-
Health and welfare	-	-	11,099,250	-
Community development	-	5,771,279	7,401,950	-
Parks, recreation, and cultural	-	-	2,053,759	-
Debt service:				
Principal retirement	-	-	645,000	-
Interest and other charges	-	-	2,326,786	-
<b>Total expenditures</b>	<b>9,925,751</b>	<b>5,861,588</b>	<b>230,143,193</b>	<b>10,659,466</b>
Excess (Deficiency of) revenues over (under) expenditures	(5,459,758)	(5,861,588)	(226,218,627)	(10,249,176)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	37,256,048	18,127,644
Transfers out	(150,380)	-	(2,569,377)	-
General obligation bonds issued	-	4,351,000	159,659,500	-
Premium on general obligation bonds issued	-	649,000	24,409,877	-
Revenue bonds issued	-	-	19,060,000	-
Premium on revenue bonds issued	-	-	5,350	-
Lease revenue refunding bonds issued	-	-	31,150,000	-
Premium on lease revenue refunding bonds issued	-	-	6,258,232	-
Payments to refunded bonds escrow agent	-	-	(37,063,950)	-
<b>Total other financing sources (uses), net</b>	<b>(150,380)</b>	<b>5,000,000</b>	<b>238,165,680</b>	<b>18,127,644</b>
Net change in fund balances	(5,610,138)	(861,588)	11,947,053	7,878,468
Fund balances, July 1, 2017	35,998,953	10,394,449	41,884,875	20,979,307
<b>Fund balances, June 30, 2018</b>	<b>\$ 30,388,815</b>	<b>9,532,861</b>	<b>53,831,928</b>	<b>28,857,775</b>

## EXHIBIT F-1

Transportation Improvements	Pedestrian Walkway Improvements	Metro Operations and Construction	
<b>REVENUES</b>			
-	-	-	- Taxes
-	788,896	-	- Intergovernmental
-	-	-	- Charges for services
19,399	208,445	-	- Developers' contributions
-	-	-	- Revenue from the use of money and property
-	-	-	- Recovered costs
<u>19,399</u>	<u>997,341</u>	-	- Total revenues
<b>EXPENDITURES</b>			
Current:			
-	-	-	- General government administration
-	-	-	- Public safety
-	-	-	- Public works
-	-	-	- Health and welfare
11,201,734	834,407	-	- Community development
-	-	-	- Parks, recreation, and cultural
-	-	40,904,940	Intergovernmental:
-	-	-	- Community development
-	-	-	- Parks, recreation, and cultural
-	-	-	- Education - for Public Schools
Capital outlay:			
-	-	-	- General government administration
-	-	-	- Public safety
-	-	-	- Public works
-	-	-	- Health and welfare
3,891,896	1,708,291	-	- Community development
-	-	-	- Parks, recreation, and cultural
Debt service:			
-	-	-	- Principal retirement
-	-	-	- Interest and other charges
<u>15,093,630</u>	<u>2,542,698</u>	<u>40,904,940</u>	- Total expenditures
Deficiency of revenues under expenditures			
<u>(15,074,231)</u>	<u>(1,545,357)</u>	<u>(40,904,940)</u>	
<b>OTHER FINANCING SOURCES (USES)</b>			
-	1,693,507	13,708,335	Transfers in
-	-	(2,803,394)	Transfers out
15,999,500	-	23,930,000	General obligation bonds issued
2,000,500	-	3,850,000	Premium on general obligation bonds issued
-	-	-	- Revenue bonds issued
-	-	-	- Premium on revenue bonds issued
-	-	-	- Refunding bonds issued
-	-	-	- Premium on refunding bonds issued
-	-	-	- Payments to refunded bonds escrow agent
<u>18,000,000</u>	<u>1,693,507</u>	<u>38,684,941</u>	- Total other financing sources (uses), net
2,925,769	148,150	(2,219,999)	Net change in fund balances
<u>16,530,042</u>	<u>2,408,136</u>	<u>2,219,669</u>	Fund balances, July 1, 2017
<u>19,455,811</u>	<u>2,556,286</u>	<u>(330)</u>	Fund balances, June 30, 2018

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, 2018**

	Public Safety Construction	Commercial Revitalization Program	Pro Rata Drainage Construction
<b>REVENUES</b>			
Taxes	\$ -	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Developers' contributions	1,467,152	-	-
Revenue from the use of money and property	314,591	-	-
Recovered costs	-	-	5,718,653
<b>Total revenues</b>	<b>1,781,743</b>	<b>-</b>	<b>5,718,653</b>
<b>EXPENDITURES</b>			
Current:			
General government administration	-	-	-
Public safety	2,034,425	-	-
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	18,494,885	-	-
Public works	-	-	2,719,139
Health and welfare	-	-	-
Community development	-	46,085	-
Parks, recreation, and cultural	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and other charges	-	-	-
<b>Total expenditures</b>	<b>20,529,310</b>	<b>46,085</b>	<b>2,719,139</b>
Excess (Deficiency of) revenues over (under) expenditures	(18,747,567)	(46,085)	2,999,514
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	350,000	-	-
Transfers out	-	-	-
General obligation bonds issued	7,000,000	-	-
Premium on general obligation bonds issued	1,000,000	-	-
Revenue bonds issued	-	-	-
Premium on revenue bonds issued	-	-	-
Refunding bonds issued	-	-	-
Premium on refunding bonds issued	-	-	-
Payments to refunded bonds escrow agent	-	-	-
<b>Total other financing sources (uses), net</b>	<b>8,350,000</b>	<b>-</b>	<b>-</b>
Net change in fund balances	(10,397,567)	(46,085)	2,999,514
Fund balances, July 1, 2017	65,395,631	948,948	1,032,320
<b>Fund balances, June 30, 2018</b>	<b>\$ 54,998,064</b>	<b>902,863</b>	<b>4,031,834</b>

**EXHIBIT F-1**  
concluded

Housing Assistance Program	The Penny for Affordable Housing	Total Capital Projects Funds	
			<b>REVENUES</b>
-	11,900,000	11,900,000	Taxes
-	5,200,000	6,432,186	Intergovernmental
-	-	1,710,981	Charges for services
-	-	5,662,705	Developers' contributions
-	517,835	1,940,130	Revenue from the use of money and property
-	-	7,289,818	Recovered costs
-	17,617,835	34,935,820	Total revenues
			<b>EXPENDITURES</b>
			Current:
-	-	2,079,258	General government administration
-	-	2,034,425	Public safety
-	-	252,359	Public works
-	-	4,005,141	Health and welfare
79,125	5,849,243	32,891,809	Community development
-	-	4,313,769	Parks, recreation, and cultural
			Intergovernmental:
444,626	530,734	41,880,300	Community development
-	-	34,545,917	Parks, recreation, and cultural
-	-	155,000,000	Education - for Public Schools
			Capital outlay:
-	-	11,974,533	General government administration
-	-	18,494,885	Public safety
-	-	2,912,836	Public works
-	-	11,099,250	Health and welfare
-	246,660	19,066,161	Community development
-	-	2,053,759	Parks, recreation, and cultural
			Debt service:
-	15,425,000	16,070,000	Principal retirement
-	3,882,028	6,208,814	Interest and other charges
523,751	25,933,665	364,883,216	Total expenditures
			Excess (Deficiency of) revenues over (under) expenditures
(523,751)	(8,315,830)	(329,947,396)	
			<b>OTHER FINANCING SOURCES (USES)</b>
-	-	71,135,534	Transfers in
-	(267,814)	(5,790,965)	Transfers out
-	-	210,940,000	General obligation bonds issued
-	-	31,909,377	Premium on general obligation bonds issued
-	11,175,000	30,235,000	Revenue bonds issued
-	-	5,350	Premium on revenue bonds issued
-	-	31,150,000	Lease revenue refunding bonds issued
-	-	6,258,232	Premium on lease revenue refunding bonds issued
-	-	(37,063,950)	Payments to refunded bonds escrow agent
-	10,907,186	338,778,578	Total other financing sources (uses), net
(523,751)	2,591,356	8,831,182	Net change in fund balances
6,270,470	70,821,471	274,884,271	Fund balances, July 1, 2017
5,746,719	73,412,827	283,715,453	Fund balances, June 30, 2018





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, 2018**

	Vehicle Services	Self- Insurance	Document Services
<b>ASSETS</b>			
Current assets:			
Equity in pooled cash and temporary investments	\$ 52,239,348	92,940,437	1,756,718
Accounts receivable	10,927	-	-
Accrued interest receivable	-	516	-
Due from intergovernmental units	-	-	2,800
Due from component units	-	-	23,662
Interfund receivables	-	-	-
Inventories of supplies	3,143,325	-	-
Total current assets	<u>55,393,600</u>	<u>92,940,953</u>	<u>1,783,180</u>
Long-term assets:			
Capital assets:			
Non-depreciable/non-amortizable:			
Land	1,938,688	-	-
Construction in progress	15,305,155	-	-
Equipment under construction	2,076,085	-	-
Depreciable:			
Equipment	135,977,262	-	5,360,735
Software	-	-	-
Buildings and improvements	20,855,984	-	-
Infrastructure	3,868,666	-	-
Accumulated depreciation	(101,199,141)	-	(2,062,846)
Accumulated amortization	-	-	-
Total capital assets, net	<u>78,822,699</u>	<u>-</u>	<u>3,297,889</u>
Total assets	<u>134,216,299</u>	<u>92,940,953</u>	<u>5,081,069</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total deferred outflows of resources	-	-	-
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	3,268,913	401,438	99,419
Accrued salaries and benefits	1,317,117	77,210	116,477
Compensated absences payable	1,019,133	77,864	84,840
Obligations under capital leases	-	-	995,130
Insurance and benefit claims payable	-	12,451,000	-
Total current liabilities	<u>5,605,163</u>	<u>13,007,512</u>	<u>1,295,866</u>
Long-term liabilities:			
Compensated absences payable	1,207,794	-	70,331
Obligations under capital leases	-	-	2,284,585
Insurance and benefit claims payable	-	51,710,000	-
Total long-term liabilities	<u>1,207,794</u>	<u>51,710,000</u>	<u>2,354,916</u>
Total liabilities	<u>6,812,957</u>	<u>64,717,512</u>	<u>3,650,782</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Total deferred inflows of resources	-	-	-
<b>NET POSITION</b>			
Net investment in capital assets	78,822,699	-	18,174
Unrestricted	48,580,643	28,223,441	1,412,113
Net position	<u>\$ 127,403,342</u>	<u>28,223,441</u>	<u>1,430,287</u>

## EXHIBIT G

Technology Infrastructure Services	Health Benefits	Total Internal Service Funds	
			<b>ASSETS</b>
			Current assets:
11,004,412	80,241,250	238,182,165	Equity in pooled cash and temporary investments
-	-	10,927	Accounts receivable
-	353	869	Accrued interest receivable
4,800	-	7,600	Due from intergovernmental units
-	-	23,662	Due from component units
-	1,519,075	1,519,075	Interfund receivables
-	-	3,143,325	Inventories of supplies
<u>11,009,212</u>	<u>81,760,678</u>	<u>242,887,623</u>	Total current assets
			Long-term assets:
			Capital assets:
			Non-depreciable/non-amortizable:
-	-	1,938,688	Land
-	-	15,305,155	Construction in progress
3,360,158	-	5,436,243	Equipment under construction
			Depreciable:
28,972,561	42,795	170,353,353	Equipment
2,200,587	-	2,200,587	Software
1,062,687	273,548	22,192,219	Buildings and improvements
-	-	3,868,666	Infrastructure
(22,794,248)	(54,336)	(126,110,571)	Accumulated depreciation
(1,396,744)	-	(1,396,744)	Accumulated amortization
<u>11,405,001</u>	<u>262,007</u>	<u>93,787,596</u>	Total capital assets, net
<u>22,414,213</u>	<u>82,022,685</u>	<u>336,675,219</u>	Total assets
			<b>DEFERRED OUTFLOWS OF RESOURCES</b>
-	-	-	Total deferred outflows of resources
			<b>LIABILITIES</b>
			Current liabilities:
651,889	5,440,746	9,862,405	Accounts payable and accrued liabilities
414,730	20,462	1,945,996	Accrued salaries and benefits
440,021	-	1,621,858	Compensated absences payable
-	-	995,130	Obligations under capital leases
-	12,272,000	24,723,000	Insurance and benefit claims payable
<u>1,506,640</u>	<u>17,733,208</u>	<u>39,148,389</u>	Total current liabilities
			Long-term liabilities:
460,512	-	1,738,637	Compensated absences payable
-	-	2,284,585	Obligations under capital leases
-	-	51,710,000	Insurance and benefit claims payable
<u>460,512</u>	<u>-</u>	<u>55,733,222</u>	Total long-term liabilities
<u>1,967,152</u>	<u>17,733,208</u>	<u>94,881,611</u>	Total liabilities
			<b>DEFERRED INFLOWS OF RESOURCES</b>
-	-	-	Total deferred inflows of resources
			<b>NET POSITION</b>
11,405,001	262,007	90,507,881	Net investment in capital assets
<u>9,042,060</u>	<u>64,027,470</u>	<u>151,285,727</u>	Unrestricted
<u>20,447,061</u>	<u>64,289,477</u>	<u>241,793,608</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, 2018**

	Vehicle Services	Self- Insurance	Document Services
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 83,490,129	27,136,911	4,792,909
Recovered costs	94,946	-	-
<b>Total operating revenues</b>	<b>83,585,075</b>	<b>27,136,911</b>	<b>4,792,909</b>
<b>OPERATING EXPENSES:</b>			
Personnel services	23,115,008	1,457,008	2,097,154
Materials and supplies	493,243	261,127	3,029,434
Equipment operation and maintenance	33,944,339	174,538	1,207,254
Risk financing and benefit payments	-	35,390,696	-
Depreciation	13,433,693	-	1,641,341
Professional consultant and contractual services	6,059,097	1,032,521	1,266,931
Other	103,762	87,053	40,930
<b>Total operating expenses</b>	<b>77,149,142</b>	<b>38,402,943</b>	<b>9,283,044</b>
Operating income (loss)	6,435,933	(11,266,032)	(4,490,135)
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Interest revenue	-	878,819	-
Interest expense	-	-	(346,023)
Gain (loss) on disposal of capital assets	192,415	-	(259,382)
Gain on early termination of capital lease	-	-	905,533
<b>Total nonoperating revenues (expenses), net</b>	<b>192,415</b>	<b>878,819</b>	<b>300,128</b>
Income (loss) before transfers and contributions	6,628,348	(10,387,213)	(4,190,007)
Capital contributions	315,670	-	-
Transfers in	-	-	3,941,831
Change in net position	6,944,018	(10,387,213)	(248,176)
Net position, July 1, 2017	120,459,324	38,610,654	1,678,463
<b>Net position, June 30, 2018</b>	<b>\$ 127,403,342</b>	<b>28,223,441</b>	<b>1,430,287</b>

## EXHIBIT G-1

Technology Infrastructure Services	Health Benefits	Total Internal Service Funds	
37,104,741	188,702,398	341,227,088	<b>OPERATING REVENUES:</b>
-	-	94,946	Charges for services
37,104,741	188,702,398	341,322,034	Recovered costs
			Total operating revenues
6,761,072	-	33,430,242	<b>OPERATING EXPENSES:</b>
216,891	24,829	4,025,524	Personnel services
4,157,460	129,528	39,613,119	Materials and supplies
-	168,014,697	203,405,393	Equipment operation and maintenance
3,919,303	16,458	19,010,795	Risk financing and benefit payments
25,366,969	83,089	33,808,607	Depreciation
110,573	11,840,894	12,183,212	Professional consultant and contractual services
40,532,268	180,109,495	345,476,892	Other
(3,427,527)	8,592,903	(4,154,858)	Total operating expenses
			Operating income (loss)
-	646,417	1,525,236	<b>NONOPERATING REVENUES (EXPENSES):</b>
(3,812)	-	(349,835)	Interest revenue
(17,244)	-	(84,211)	Interest expense
-	-	905,533	Gain (loss) on disposal of capital assets
(21,056)	646,417	1,996,723	Gain on early termination of capital lease
(3,448,583)	9,239,320	(2,158,135)	Total nonoperating revenues (expenses), net
-	-	315,670	Income (loss) before transfers and contributions
3,006,443	-	6,948,274	Capital contributions
(442,140)	9,239,320	5,105,809	Transfers in
20,889,201	55,050,157	236,687,799	Change in net position
20,447,061	64,289,477	241,793,608	Net position, July 1, 2017
			Net position, June 30, 2018

**COUNTY OF FAIRFAX, VIRGINIA**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the fiscal year ended June 30, 2018**

	Vehicle Services	Self- Insurance	Document Services
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from interfund services provided	\$ 83,635,615	27,136,911	4,781,834
Payments to suppliers and contractors	(40,127,448)	-	(5,447,569)
Payments to employees	(23,038,248)	(1,509,142)	(2,154,593)
Claims and benefits paid	-	(28,247,491)	-
Payments for interfund services used	(740,790)	(1,555,239)	-
Net cash provided by (used in) operating activities	19,729,129	(4,174,961)	(2,820,328)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	-	-	3,941,831
Net cash provided by noncapital financing activities	-	-	3,941,831
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from sale of capital assets	430,770	-	-
Purchase of capital assets	(15,880,628)	-	-
Principal payments on obligations under capital leases	-	-	(908,342)
Interest payments on obligations under capital leases	-	-	(346,023)
Net cash used in capital and related financing activities	(15,449,858)	-	(1,254,365)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	-	878,811	-
Net cash provided by investing activities	-	878,811	-
Net increase (decrease) in cash and cash equivalents	4,279,271	(3,296,150)	(132,862)
Cash and cash equivalents, July 1, 2017	47,960,077	96,236,587	1,889,580
Cash and cash equivalents, June 30, 2018	\$ 52,239,348	92,940,437	1,756,718
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ 6,435,933	(11,266,032)	(4,490,135)
Adjustments to reconcile operating income (loss) by operating activities:			
Depreciation and amortization	13,433,693	-	1,641,341
Change in assets and liabilities:			
(Increase) Decrease in accounts receivable	50,540	-	(10,497)
(Increase) in intergovernmental receivables	-	-	(578)
Decrease in interfund receivables	-	-	-
(Increase) in inventories of supplies	(335,854)	-	-
Increase (Decrease) in accounts payable and accrued liabilities	68,057	7,143,205	96,980
Increase (Decrease) in accrued salaries and benefits	76,760	(52,134)	(57,439)
Total adjustments to operating income	13,293,196	7,091,071	1,669,807
Net cash provided by (used in) operating activities	19,729,129	(4,174,961)	(2,820,328)
<b>Noncash capital and financing activities:</b>			
Initiation of an obligation under capital lease	\$ -	-	4,188,057
Early capital lease termination	-	-	905,533
Capital contributions - equipment	315,670	-	-

## EXHIBIT G-2

Technology Infrastructure Services	Health Benefits	Total Internal Service Funds	
			<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>
37,112,588	188,715,706	341,382,654	Receipts from interfund services provided
(30,284,151)	(5,632,714)	(81,491,882)	Payments to suppliers and contractors
(6,714,099)	-	(33,416,082)	Payments to employees
-	(174,011,435)	(202,258,926)	Claims and benefits paid
-	-	(2,296,029)	Payments for interfund services used
114,338	9,071,557	21,919,735	Net cash provided by (used in) operating activities
			<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>
3,006,443	-	6,948,274	Transfers from other funds
3,006,443	-	6,948,274	Net cash provided by noncapital financing activities
			<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>
-	-	430,770	Proceeds from sale of capital assets
(3,677,603)	-	(19,558,231)	Purchase of capital assets
(190,929)	-	(1,099,271)	Principal payments on obligations under capital leases
(5,251)	-	(351,274)	Interest payments on obligations under capital leases
(3,873,783)	-	(20,578,006)	Net cash used in capital and related financing activities
			<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>
-	646,422	1,525,233	Interest received
-	646,422	1,525,233	Net cash provided by investing activities
(753,002)	9,717,979	9,815,236	Net increase (decrease) in cash and cash equivalents
11,757,414	70,523,271	228,366,929	Cash and cash equivalents, July 1, 2017
11,004,412	80,241,250	238,182,165	Cash and cash equivalents, June 30, 2018
			<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>
(3,427,527)	8,592,903	(4,154,858)	Operating income (loss)
			Adjustments to reconcile operating income (loss) by operating activities:
3,919,303	16,458	19,010,795	Depreciation and amortization
12,647	-	52,690	Change in assets and liabilities:
(4,800)	-	(5,378)	(Increase) Decrease in accounts receivable
-	13,308	13,308	(Increase) in intergovernmental receivables
-	-	(335,854)	Decrease in interfund receivables
(432,258)	447,773	7,323,757	(Increase) in inventories of supplies
46,973	1,115	15,275	Increase (Decrease) in accounts payable and accrued liabilities
3,541,865	478,654	26,074,593	Increase (Decrease) in accrued salaries and benefits
114,338	9,071,557	21,919,735	Total adjustments to operating income
			Net cash provided by (used in) operating activities
			<b>Noncash capital and financing activities:</b>
-	-	4,188,057	Initiation of an obligation under capital lease
-	-	905,533	Early capital lease termination
-	-	315,670	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, 2018**

	Uniformed Retirement	Employees' Retirement	Police Officers Retirement
<b>ASSETS</b>			
Equity in pooled cash and temporary investments	\$ 2,150,141	6,678,963	2,021,327
Cash collateral for securities lending	18,008,041	129,947,304	9,607,296
Contributions receivable	4,415,963	9,518,576	3,176,665
Accrued interest and dividends receivable	2,623,631	9,574,475	2,279,382
Receivable from sale of pension investments	43,996,598	165,292,696	7,149,824
Buildings and improvements	4,670	21,791	4,670
Equipment	6,769	31,585	6,769
Investments:			
U.S. Government securities	44,831,697	201,900,499	49,053,811
Asset-backed securities	69,338,689	133,941,741	55,865,898
Corporate and other bonds	83,721,152	351,802,792	62,280,528
Common and preferred stock	284,512,370	865,717,015	135,060,345
Short-term investments	152,562,613	279,312,960	94,308,269
Investment in pooled funds	1,121,102,778	2,095,452,749	1,034,431,404
Total assets	<u>1,827,275,112</u>	<u>4,249,193,146</u>	<u>1,455,246,188</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total deferred outflows of resources	-	-	-
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	3,519,493	9,279,071	3,773,714
Payable for purchase of pension investments	45,789,010	168,779,495	5,886,321
Liabilities for collateral received under securities lending agreements	18,008,041	129,947,304	9,607,296
Compensated absences, short term	24,806	117,266	25,036
Long-term liabilities:			
Compensated absences, long-term	31,028	143,294	30,798
Total liabilities	<u>67,372,378</u>	<u>308,266,430</u>	<u>19,323,165</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Total deferred inflows of resources	-	-	-
<b>NET POSITION</b>			
Net Position restricted for pension/OPEB benefits	\$ 1,759,902,734	3,940,926,716	1,435,923,023

EXHIBIT H

Total Pension Trust Funds	OPEB Trust Fund	Total Trust Funds	
10,850,431	6,019,342	16,869,773	<b>ASSETS</b>
157,562,641	-	157,562,641	Equity in pooled cash and temporary investments
17,111,204	66,702	17,177,906	Cash collateral for securities lending
14,477,488	34,709	14,512,197	Contributions receivable
216,439,118	-	216,439,118	Accrued interest and dividends receivable
31,131	-	31,131	Receivable from sale of pension investments
45,123	-	45,123	Buildings and improvements
			Equipment
			Investments:
295,786,007	-	295,786,007	U.S. Government securities
259,146,328	-	259,146,328	Asset-backed securities
497,804,472	-	497,804,472	Corporate and other bonds
1,285,289,730	-	1,285,289,730	Common and preferred stock
526,183,842	-	526,183,842	Short-term investments
4,250,986,931	302,181,494	4,553,168,425	Investment in pooled funds
7,531,714,446	308,302,247	7,840,016,693	Total assets
-	-	-	<b>DEFERRED OUTFLOWS OF RESOURCES</b>
			Total deferred outflows of resources
16,572,278	4,224	16,576,502	<b>LIABILITIES</b>
220,454,826	-	220,454,826	Accounts payable and accrued liabilities
			Payable for purchase of pension investments
157,562,641	-	157,562,641	Liabilities for collateral received under securities
167,108	-	167,108	lending agreements
			Compensated absences, short term
205,120	-	205,120	Long-term liabilities:
394,961,973	4,224	394,966,197	Compensated absences, long-term
			Total liabilities
-	-	-	<b>DEFERRED INFLOW OF RESOURCES</b>
			Total deferred inflows of resources
7,136,752,473	308,298,023	7,445,050,496	<b>NET POSITION</b>
			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, 2018**

	Uniformed Retirement	Employees' Retirement	Police Officers Retirement
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 67,895,377	188,578,414	44,504,675
Plan members	12,262,288	36,357,591	9,895,922
Other	-	-	-
Total contributions	<u>80,157,665</u>	<u>224,936,005</u>	<u>54,400,597</u>
Investment income:			
From investment activities:			
Net appreciation in fair value of investments	123,411,110	237,952,310	94,597,481
Interest	11,752,099	49,941,732	12,272,637
Dividends	12,645,362	18,865,368	3,803,393
Total income from investment activities	<u>147,808,571</u>	<u>306,759,410</u>	<u>110,673,511</u>
Less investment activities expenses:			
Management fees	15,140,277	37,071,470	16,181,474
Other	786,372	1,310,869	412,628
Total investment activities expenses	<u>15,926,649</u>	<u>38,382,339</u>	<u>16,594,102</u>
Net income from investment activities	<u>131,881,922</u>	<u>268,377,071</u>	<u>94,079,409</u>
From securities lending activities:			
Securities lending income	370,114	3,455,272	180,294
Less securities lending expenses:			
Management fees	254,779	2,414,186	124,963
Total securities lending activities expenses	<u>254,779</u>	<u>2,414,186</u>	<u>124,963</u>
Net income from securities lending activities	<u>115,335</u>	<u>1,041,086</u>	<u>55,331</u>
Net investment income	<u>131,997,257</u>	<u>269,418,157</u>	<u>94,134,740</u>
Total additions	<u>212,154,922</u>	<u>494,354,162</u>	<u>148,535,337</u>
<b>DEDUCTIONS</b>			
Benefits	96,018,500	296,255,029	77,478,191
Refunds of contributions	877,705	4,386,395	360,176
Administrative expenses	619,827	2,170,638	618,207
Total deductions	<u>97,516,032</u>	<u>302,812,062</u>	<u>78,456,574</u>
Net increase	114,638,890	191,542,100	70,078,763
Net position, July 1, 2017	1,645,263,844	3,749,384,616	1,365,844,260
Net position, June 30, 2018	<u>\$ 1,759,902,734</u>	<u>3,940,926,716</u>	<u>1,435,923,023</u>

EXHIBIT H-1

Total Pension Trust Funds	OPEB Trust Fund	Total Trust Funds	
300,978,466	23,909,023	324,887,489	<b>ADDITIONS</b>
58,515,801	-	58,515,801	Contributions:
-	458,128	458,128	Employer
359,494,267	24,367,151	383,861,418	Plan members
			Other
			Total contributions
			Investment income:
			From investment activities:
455,960,901	26,274,549	482,235,450	Net appreciation in fair value of investments
73,966,468	86,016	74,052,484	Interest
35,314,123	-	35,314,123	Dividends
565,241,492	26,360,565	591,602,057	Total income from investment activities
			Less investment activities expenses:
68,393,221	200,787	68,594,008	Management fees
2,509,869	375	2,510,244	Other
70,903,090	201,162	71,104,252	Total investment activities expenses
494,338,402	26,159,403	520,497,805	Net income from investment activities
			From securities lending activities:
4,005,680	-	4,005,680	Securities lending income
			Less securities lending expenses:
2,793,928	-	2,793,928	Management fees
2,793,928	-	2,793,928	Total securities lending activities expenses
1,211,752	-	1,211,752	Net income from securities lending activities
495,550,154	26,159,403	521,709,557	Net investment income
855,044,421	50,526,554	905,570,975	Total additions
			<b>DEDUCTIONS</b>
469,751,720	21,670,001	491,421,721	Benefits
5,624,276	-	5,624,276	Refunds of contributions
3,408,672	122,532	3,531,204	Administrative expenses
478,784,668	21,792,533	500,577,201	Total deductions
376,259,753	28,734,021	404,993,774	Net increase
6,760,492,720	279,564,002	7,040,056,722	Net position, July 1, 2017
7,136,752,473	308,298,023	7,445,050,496	Net position, June 30, 2018

COUNTY OF FAIRFAX, VIRGINIA  
 Agency Funds  
 Combining Statement of Fiduciary Assets and Liabilities  
 June 30, 2018

	Sanitary Reimbursement	Special Welfare	State Taxes	Route 28
<b>ASSETS</b>				
Equity in pooled cash and temporary investments	\$ 1,679,878	536,437	73,994	315
Accounts receivable	-	-	-	251,480
Total assets	1,679,878	536,437	73,994	251,795
<b>LIABILITIES</b>				
Liabilities under reimbursement agreements	1,679,878	536,437	73,994	251,795
Total liabilities	\$ 1,679,878	536,437	73,994	251,795

EXHIBIT H-2

Lake Barcroft	Friends of Library	Toll Road Violations Penalties	Total Agency Funds	
				<b>ASSETS</b>
1,719	7,642	1,525	2,301,510	Equity in pooled cash and temporary investments
239	-	-	251,719	Accounts receivable
1,958	7,642	1,525	2,553,229	Total assets
				<b>LIABILITIES</b>
1,958	7,642	1,525	2,553,229	Liabilities under reimbursement agreements
1,958	7,642	1,525	2,553,229	Total liabilities

COUNTY OF FAIRFAX, VIRGINIA  
 Agency Funds  
 Combining Statement of Changes in Assets and Liabilities  
 For the fiscal year ended June 30, 2018

## EXHIBIT H-3

	Balances June 30, 2017	Additions	Deductions	Balances June 30, 2018
<b>Sanitary Reimbursement</b>				
<b>Assets:</b>				
Equity in pooled cash and temporary investments	\$ 1,665,741	17,418	3,281	1,679,878
Total assets	1,665,741	17,418	3,281	1,679,878
<b>Liabilities:</b>				
Liabilities under reimbursement agreements	1,665,741	17,418	3,281	1,679,878
Total liabilities	1,665,741	17,418	3,281	1,679,878
<b>Special Welfare</b>				
<b>Assets:</b>				
Equity in pooled cash and temporary investments	537,138	1,768,469	1,769,170	536,437
Total assets	537,138	1,768,469	1,769,170	536,437
<b>Liabilities:</b>				
Liabilities under reimbursement agreements	537,138	1,768,469	1,769,170	536,437
Total liabilities	537,138	1,768,469	1,769,170	536,437
<b>State Taxes</b>				
<b>Assets:</b>				
Equity in pooled cash and temporary investments	66,604	12,764,804	12,757,414	73,994
Total assets	66,604	12,764,804	12,757,414	73,994
<b>Liabilities:</b>				
Liabilities under reimbursement agreements	66,604	12,764,804	12,757,414	73,994
Total liabilities	66,604	12,764,804	12,757,414	73,994
<b>Route 28</b>				
<b>Assets:</b>				
Equity in pooled cash and temporary investments	16,406	10,616,305	10,632,396	315
Accounts receivable	59,295	11,591,905	11,399,720	251,480
Total assets	75,701	22,208,210	22,032,116	251,795
<b>Liabilities:</b>				
Liabilities under reimbursement agreements	75,701	22,208,210	22,032,116	251,795
Total liabilities	75,701	22,208,210	22,032,116	251,795
<b>Lake Barcroft</b>				
<b>Assets:</b>				
Equity in pooled cash and temporary investments	-	1,155,973	1,154,254	1,719
Accounts receivable	515	1,162,364	1,162,640	239
Total assets	515	2,318,337	2,316,894	1,958
<b>Liabilities:</b>				
Liabilities under reimbursement agreements	515	2,318,337	2,316,894	1,958
Total liabilities	515	2,318,337	2,316,894	1,958
<b>Friends of Library</b>				
<b>Assets:</b>				
Equity in pooled cash and temporary investments	7,753	84,991	85,102	7,642
Total assets	7,753	84,991	85,102	7,642
<b>Liabilities:</b>				
Liabilities under reimbursement agreements	7,753	84,991	85,102	7,642
Total liabilities	7,753	84,991	85,102	7,642
<b>Toll Road Violation Penalties Fund</b>				
<b>Assets:</b>				
Equity in pooled cash and temporary investments	68,444	1,768,971	1,835,890	1,525
Total assets	68,444	1,768,971	1,835,890	1,525
<b>Liabilities:</b>				
Liabilities under reimbursement agreements	68,444	1,768,971	1,835,890	1,525
Total liabilities	68,444	1,768,971	1,835,890	1,525
<b>Total Agency Funds:</b>				
<b>Assets:</b>				
Equity in pooled cash and temporary investments	2,362,086	28,176,931	28,237,507	2,301,510
Accounts receivable	59,810	12,754,269	12,562,360	251,719
Total assets	2,421,896	40,931,200	40,799,867	2,553,229
<b>Liabilities:</b>				
Liabilities under reimbursement agreements	2,421,896	40,931,200	40,799,867	2,553,229
Total liabilities	\$ 2,421,896	40,931,200	40,799,867	2,553,229





**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, 2018**

	General Fund	Capital Projects Fund	Nonmajor Governmental Special Revenue	
			Food and Nutrition Services	Grants and Self-Supporting Programs
<b>ASSETS</b>				
Equity in pooled cash and temporary investments	\$ 163,198,873	3,041	20,097,521	5,382,274
Cash with fiscal agents	90,547	-	-	-
Receivables:				
Accounts	84,878	-	53,903	-
Accrued interest	72	-	29,272	12,905
Due from intergovernmental units	25,379,719	-	1,861,903	19,338,899
Due from Primary Government	321,590	-	114,112	119,280
Interfund receivables	7,625,000	-	-	-
Inventories of supplies	-	-	1,133,347	-
Prepaid and other assets	649,151	-	28,717	-
Restricted assets - investments	-	82,416,323	-	-
Total assets	<u>197,349,830</u>	<u>82,419,364</u>	<u>23,318,775</u>	<u>24,853,358</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total deferred outflows of resources	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<u>\$ 197,349,830</u>	<u>82,419,364</u>	<u>23,318,775</u>	<u>24,853,358</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 16,260,342	17,775,415	509,002	608,827
Accrued salaries and benefits	42,248,966	11,006	916,215	107,053
Contract retainages	-	11,947,158	-	-
Interfund payables	-	7,625,000	-	-
Unearned revenues	239,473	-	2,521,883	2,893,560
Performance and other deposits	-	5,012,610	-	-
Total liabilities	<u>58,748,781</u>	<u>42,371,189</u>	<u>3,947,100</u>	<u>3,609,440</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Total deferred inflows of resources	-	-	-	-
<b>Total liabilities and deferred inflows of resources</b>	<u>58,748,781</u>	<u>42,371,189</u>	<u>3,947,100</u>	<u>3,609,440</u>
<b>FUND BALANCES</b>				
Nonspendable	649,151	-	1,162,064	-
Restricted	-	40,048,175	18,209,611	21,243,918
Committed	43,495,428	-	-	-
Assigned	92,438,870	-	-	-
Unassigned	2,017,600	-	-	-
Total fund balances	<u>138,601,049</u>	<u>40,048,175</u>	<u>19,371,675</u>	<u>21,243,918</u>
<b>Total liabilities, deferred inflows of resources,</b>	<u>\$ 197,349,830</u>	<u>82,419,364</u>	<u>23,318,775</u>	<u>24,853,358</u>

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

Fund balances - Total governmental funds	\$ 219,178,331
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 \$4,540,493,370 and accumulated depreciation/amortization is \$2,041,512,831.	2,498,980,539
OPEB liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds. The deferred outflow related to OPEB is \$59,108,387, and the net OPEB liability is \$466,690,768. The deferred inflow related to OPEB liability is \$163,132,924.	(570,715,305)
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 \$6,755,603.	6,505,231
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.	79,866,249
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.	(34,079,094)
Capital leases are not due and payable in the current periods and, therefore, are not reported in the funds.	(87,033,446)
Accrued rent	(4,067,755)
Revisions of capital lease agreement resulting in a reduction of capital lease obligation are reported as deferred inflows in the Statement of Net Position.	(3,733,438)
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 \$777,613,848, and the net pension liability is \$3,462,085,457. The deferred inflow related to pension liability is \$419,835,900.	(3,104,307,509)
Net position of governmental activities	<u>\$ (999,406,197)</u>

EXHIBIT I

Funds		
Adult and Community Education	Total Governmental Funds	
<b>ASSETS</b>		
483,585	189,165,294	Equity in pooled cash and temporary investments
-	90,547	Cash with fiscal agents
Receivables:		
237,779	376,560	Accounts
12,489	54,738	Accrued interest
-	46,580,521	Due from intergovernmental units
-	554,982	Due from Primary Government
-	7,625,000	Interfund receivables
-	1,133,347	Inventories of supplies
-	677,868	Prepaid and other assets
-	82,416,323	Restricted assets - investments
<u>733,853</u>	<u>328,675,180</u>	Total assets
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
-	-	Total deferred outflows of resources
<u>733,853</u>	<u>328,675,180</u>	Total assets and deferred outflows of resources
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
36,296	35,189,882	Accounts payable and accrued liabilities
424,447	43,707,687	Accrued salaries and benefits
-	11,947,158	Contract retainages
-	7,625,000	Interfund payables
359,596	6,014,512	Unearned revenues
-	5,012,610	Performance and other deposits
<u>820,339</u>	<u>109,496,849</u>	Total liabilities
<b>DEFERRED INFLOWS OF RESOURCES</b>		
-	-	Total deferred inflows of resources
<u>820,339</u>	<u>109,496,849</u>	Total liabilities and deferred inflows of resources
<b>FUND BALANCES</b>		
-	1,811,215	Nonspendable
-	79,501,704	Restricted
-	43,495,428	Committed
-	92,438,870	Assigned
(86,486)	1,931,114	Unassigned
<u>(86,486)</u>	<u>219,178,331</u>	Total fund balances
<u>733,853</u>	<u>328,675,180</u>	Total liabilities, deferred inflows of resources,

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, 2018

	General Fund	Capital Projects Fund	Nonmajor Governmental Special Revenue	
			Food and Nutrition Services	Grants and Self-Supporting Programs
<b>REVENUES</b>				
Intergovernmental	\$ 2,650,105,762	171,415,959	40,208,391	56,981,995
Charges for services	11,053,750	-	39,357,914	2,503,788
Revenue from the use of money and property	3,945,321	-	189,308	60,564
Recovered costs	46,010,298	-	-	-
Other	10,311,033	3,562,228	561,547	1,268,547
Total revenues	2,721,426,164	174,978,187	80,317,160	60,814,894
<b>EXPENDITURES</b>				
Current:				
Education	2,663,642,028	20,376,191	77,568,972	73,047,105
Capital outlay	18,239,771	160,034,710	196,596	750,933
Debt service:				
Principal retirement	20,450,573	-	17,937	2,761
Interest and other charges	3,120,192	-	918	590
Total expenditures	2,705,452,564	180,410,901	77,784,423	73,801,389
Excess (deficiency) of revenues over (under) expenditures	15,973,600	(5,432,714)	2,532,737	(12,986,495)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	13,534,317	-	17,711,506
Transfers out	(32,090,416)	-	-	-
Capital leases and installment purchases	7,858,270	-	-	-
Total other financing sources (uses), net	(24,232,146)	13,534,317	-	17,711,506
Net change in fund balances	(8,258,546)	8,101,603	2,532,737	4,725,011
Fund balances, July 1, 2017	146,859,595	31,946,572	16,896,056	16,518,907
Decrease in reserve for inventories of supplies	-	-	(57,118)	-
Fund balances, June 30, 2018	\$ 138,601,049	40,048,175	19,371,675	21,243,918

## EXHIBIT I-1

Funds			
Funds	Adult and Community Education	Total Governmental Funds	
			<b>REVENUES</b>
	1,977,336	2,920,689,443	Intergovernmental
	5,190,051	58,105,503	Charges for services
	43,511	4,238,704	Revenue from the use of money and property
	-	46,010,298	Recovered costs
	85,931	15,789,286	Other
	7,296,829	3,044,833,234	Total revenues
			<b>EXPENDITURES</b>
			Current:
	7,668,313	2,842,302,609	Education
	-	179,222,010	Capital outlay
			Debt service:
	5,746	20,477,017	Principal retirement
	609	3,122,309	Interest and other charges
	7,674,668	3,045,123,945	Total expenditures
			Deficiency of revenues over expenditures
	(377,839)	(290,711)	
			<b>OTHER FINANCING SOURCES (USES)</b>
	844,593	32,090,416	Transfers in
	-	(32,090,416)	Transfers out
	-	7,858,270	Capital leases and installment purchases
	844,593	7,858,270	Total other financing sources (uses), net
	466,754	7,567,559	Net change in fund balances
	(553,240)	211,667,890	Fund balances, July 1, 2017
	-	(57,118)	Decrease in reserve for inventories of supplies
	(86,486)	219,178,331	Fund balances, June 30, 2018

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, 2018**

**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 \$ 7,567,559

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	\$ 179,222,010	
Less depreciation/amortization expense	<u>(146,179,866)</u>	33,042,144

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. 404,612

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. (344,192)

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. 265,808

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. 20,477,017

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. (982,519)

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. 16,874,793

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. 156,815

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. (7,858,270)

Rent abatement charges reduce deferred rent in government-wide statements, but do not use current resources so are not reported in governmental funds. (216,057)

Inventory changes impact net position in government-wide statements, but are recorded as expenditures when purchase in governmental fund statements. (57,118)

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. 28,609,448

Contributions for OPEB benefits are reported as expenditure in governmental funds when they are due. In the government-wide statements, the effects of net OPEB liability, deferred outflows and inflows relating to OPEB accounting are expensed. 56,590,847

Change in net position of governmental activities \$ 154,530,887



COUNTY OF FAIRFAX, VIRGINIA  
 Fairfax County Public Schools  
 Budgetary Comparison Schedule - General Fund (Budget Basis)  
 For the fiscal year ended June 30, 2018

## EXHIBIT I-2

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 677,915,650	686,967,821	682,311,162	(4,656,659)
Charges for services	12,387,319	12,387,319	11,053,750	(1,333,569)
Revenue from the use of money and property	3,686,259	3,686,259	3,945,321	259,062
Recovered costs	45,955,699	46,159,417	46,010,298	(149,119)
Other	7,997,160	7,997,160	10,311,033	2,313,873
Total revenues	747,942,087	757,197,976	753,631,564	(3,566,412)
<b>EXPENDITURES</b>				
Education	2,720,178,208	2,802,767,751	2,694,123,194	108,644,557
Total expenditures	2,720,178,208	2,802,767,751	2,694,123,194	108,644,557
Excess (deficiency) of revenues over (under) expenditures	(1,972,236,121)	(2,045,569,775)	(1,940,491,630)	105,078,145
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,967,794,600	1,967,794,600	1,967,794,600	-
Transfers out	(31,400,953)	(35,561,516)	(35,561,516)	-
Total other financing sources, net	1,936,393,647	1,932,233,084	1,932,233,084	-
Net change in fund balance	\$ (35,842,474)	(113,336,691)	(8,258,546)	105,078,145

## COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT I-3A

## Fairfax County Public Schools

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

For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 41,058,682	41,058,682	40,208,391	(850,291)
Charges for services	42,487,480	42,487,480	39,357,914	(3,129,566)
Revenue from the use of money and property	18,037	18,037	189,308	171,271
Other	-	142,352	561,547	419,195
Total revenues	83,564,199	83,706,551	80,317,160	(3,389,391)
<b>EXPENDITURES</b>				
Education	96,558,228	100,602,607	77,784,423	22,818,184
Total expenditures	96,558,228	100,602,607	77,784,423	22,818,184
Net change in fund balance	\$ (12,994,029)	(16,896,056)	2,532,737	19,428,793

## 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, 2018

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 51,617,731	62,639,443	53,734,344	(8,905,099)
Charges for services	2,275,990	2,275,990	2,503,788	227,798
Revenue from the use of money and property	-	-	60,564	60,564
Other	380,107	1,487,995	1,268,547	(219,448)
Total revenues	54,273,828	66,403,428	57,567,243	(8,836,185)
<b>EXPENDITURES</b>				
Education	75,679,220	103,881,493	73,801,389	30,080,104
Total expenditures	75,679,220	103,881,493	73,801,389	30,080,104
Excess (deficiency) of revenues over (under) expenditures	(21,405,392)	(37,478,065)	(16,234,146)	21,243,919
<b>OTHER FINANCING SOURCES</b>				
Transfers in from other governmental funds	17,711,506	17,711,506	17,711,506	-
Transfers in from Primary Government	3,247,651	3,247,651	3,247,651	-
Total other financing sources	20,959,157	20,959,157	20,959,157	-
Net change in fund balance	\$ (446,235)	(16,518,908)	4,725,011	21,243,919

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, 2018

EXHIBIT I-3C

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 2,359,315	2,899,878	1,977,336	(922,542)
Charges for services	6,234,379	5,884,379	5,190,051	(694,328)
Revenue from the use of money and property	29,709	29,709	43,511	13,802
Other	316,961	316,960	85,931	(231,029)
Total revenues	8,940,364	9,130,926	7,296,829	(1,834,097)
<b>EXPENDITURES</b>				
Education	8,242,702	8,290,355	7,674,668	615,687
Total expenditures	8,242,702	8,290,355	7,674,668	615,687
Excess (deficiency) of revenues over (under) expenditures	697,662	840,571	(377,839)	(1,218,410)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	235,000	844,593	844,593	-
Total other financing sources	235,000	844,593	844,593	-
Net change in fund balance	\$ 932,662	1,685,164	466,754	(1,218,410)

COUNTY OF FAIRFAX, VIRGINIA  
 Fairfax County Public Schools  
 Combining Statement of Net Position - Internal Service Funds  
 June 30, 2018

## EXHIBIT I-4

	Health Benefits Trust	Insurance	Total Internal Service Funds
<b>ASSETS</b>			
Current assets:			
Equity in pooled cash and temporary investments	\$ 104,309,335	51,389,364	155,698,699
Accounts receivable	8,574,242	-	8,574,242
Accrued interest receivable	97,852	-	97,852
Total current assets	112,981,429	51,389,364	164,370,793
Long-term assets - Capital assets:			
Equipment	-	45,891	45,891
Accumulated depreciation	-	(27,111)	(27,111)
Total long-term assets	-	18,780	18,780
Total assets	112,981,429	51,408,144	164,389,573
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Total deferred outflows of resources	-	-	-
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	8,994,909	265,964	9,260,873
Compensated absences payable	157,029	47,805	204,834
Insurance and benefit claims payable	18,544,000	8,759,542	27,303,542
Unearned revenue	11,652,119	-	11,652,119
Total current liabilities	39,348,057	9,073,311	48,421,368
Long-term liabilities:			
Compensated absences payable	67,298	20,488	87,786
Insurance and benefit claims payable	976,000	35,038,170	36,014,170
Total long-term liabilities	1,043,298	35,058,658	36,101,956
Total liabilities	40,391,355	44,131,969	84,523,324
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Total deferred inflows of resources	-	-	-
<b>NET POSITION</b>			
Net investment in capital assets	-	18,780	18,780
Unrestricted	72,590,074	7,257,395	79,847,469
Net position	\$ 72,590,074	7,276,175	79,866,249

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, 2018

## EXHIBIT I-5

	Health Benefits Trust	Insurance	Total Internal Service Funds
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 406,760,996	13,197,358	419,958,354
Total operating revenues	406,760,996	13,197,358	419,958,354
<b>OPERATING EXPENSES:</b>			
Personnel services	2,802,583	959,526	3,762,109
Claims and benefit payments	375,667,585	11,735,021	387,402,606
Professional consultant and contractual services	10,930,133	1,353,159	12,283,292
Other	33,851	350,936	384,787
Total operating expenses	389,434,152	14,398,642	403,832,794
Operating gain / (loss)	17,326,844	(1,201,284)	16,125,560
<b>NONOPERATING REVENUES:</b>			
Interest revenue	749,233	-	749,233
Total nonoperating revenues	749,233	-	749,233
Change in net position	18,076,077	(1,201,284)	16,874,793
Net position, July 1, 2017	54,513,997	8,477,459	62,991,456
Net position, June 30, 2018	\$ 72,590,074	7,276,175	79,866,249

COUNTY OF FAIRFAX, VIRGINIA  
 Fairfax County Public Schools  
 Combining Statement of Cash Flows - Internal Service Funds  
 For the fiscal year ended June 30, 2018

## EXHIBIT I-6

	Health Benefits Trust	Insurance	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from interfund services provided	\$ 406,773,782	13,197,358	419,971,140
Payments to employees	(2,802,583)	(959,526)	(3,762,109)
Claims and benefits paid	(375,723,043)	(13,547,988)	(389,271,031)
Payments for professional services	(9,825,687)	(1,285,805)	(11,111,492)
Payments for other operating expenses	(33,851)	(350,936)	(384,787)
Net cash provided by (used in) operating activities	18,388,618	(2,946,897)	15,441,721
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	-	(18,780)	(18,780)
Net cash (used) by capital and related financing activities	-	(18,780)	(18,780)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	734,017	-	734,017
Net cash provided by investing activities	734,017	-	734,017
Net increase in cash and cash equivalents	19,122,635	(2,965,677)	16,156,958
Cash and cash equivalents, July 1, 2017	85,186,700	54,355,041	139,541,741
Cash and cash equivalents, June 30, 2018	104,309,335	51,389,364	155,698,699
<b>Reconciliation of operating loss to net cash provided by (used in) operating activities:</b>			
Operating gain (loss)	17,326,844	(1,201,284)	16,125,560
Adjustments to reconcile operating income to net cash provided by operating activities:			
Change in assets and liabilities:			
Increase in accounts receivable	(499,828)	-	(499,828)
Increase in accounts payable and accrued liabilities	1,104,447	67,354	1,171,801
Decrease in actuarial claims payable	(135,000)	(1,840,303)	(1,975,303)
Increase in compensated absences	79,541	27,336	106,877
Increase in unearned revenues	512,614	-	512,614
Total adjustments to operating loss	1,061,774	(1,745,613)	(683,839)
Net cash provided by (used in) operating activities	\$ 18,388,618	(2,946,897)	15,441,721
<b>Noncash capital activities:</b>			
Capital contributions - capital assets			-

COUNTY OF FAIRFAX, VIRGINIA  
 Fairfax County Public Schools  
 Statement of Fiduciary Net Position  
 June 30, 2018

## EXHIBIT I-7

	Pension Trust Fund - Educational Employees' Supplementary Retirement System	OPEB Trust Fund	Total Pension and OPEB Trust Funds
<b>ASSETS</b>			
Equity in pooled cash and temporary investments	\$ 2,495,347	-	2,495,347
Cash with fiscal agents	6,599,337	-	6,599,337
Cash collateral for securities lending	133,787,644	-	133,787,644
Short-term investments	54,453,002	-	54,453,002
Accounts receivable	-	37,200	37,200
Accrued interest and dividends receivable	3,128,184	-	3,128,184
Receivable from sale of pension investments	2,844,020	398,400	3,242,420
Investments:			
Commingled funds	801,350,870	-	801,350,870
U.S. government obligations	8,645,113	-	8,645,113
Mortgage-backed securities	3,001,481	-	3,001,481
Corporate and international bonds	79,340,256	-	79,340,256
Convertible and preferred securities	9,798,453	-	9,798,453
Stocks	710,610,287	-	710,610,287
Real estate	200,098,771	-	200,098,771
Global asset allocation	240,779,487	-	240,779,487
Better beta derivatives	121,560,075	-	121,560,075
Hedge funds	118,564,588	-	118,564,588
Private Equity	88,913,409	-	88,913,409
Investment in pooled funds	-	134,777,029	134,777,029
Equipment, net of depreciation	39,369	-	39,369
Total assets	<u>2,586,009,693</u>	<u>135,212,629</u>	<u>2,721,222,322</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total deferred outflows of resources	-	-	-
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	1,992,441	37,200	2,029,641
Payable for purchase of pension investments	3,928,604	-	3,928,604
Liabilities for collateral received under securities lending agreements	133,787,644	-	133,787,644
Capital Leases	21,107	-	21,107
Total liabilities	<u>139,729,796</u>	<u>37,200</u>	<u>139,766,996</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Total deferred inflows of resources	-	-	-
<b>NET POSITION</b>			
Held in trust for pension/OPEB benefits	\$ 2,446,279,897	135,175,429	2,581,455,326



COUNTY OF FAIRFAX, VIRGINIA  
 Fairfax County Public Schools  
 Statement of Changes in Plan Net Position - Trust Funds  
 For the fiscal year ended June 30, 2018

## EXHIBIT I-8

	Pension Trust Fund - Educational Employees' Supplementary Retirement System	OPEB Trust Fund	Total Pension and OPEB Trust Funds
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 91,704,877	59,806,266	151,511,143
Plan members	44,169,100	-	44,169,100
Total contributions	135,873,977	59,806,266	195,680,243
Investment income:			
From investment activities:			
Net appreciation in fair value of investments	169,848,297	11,562,197	181,410,494
Interest and dividends	29,445,533	2,403	29,447,936
Real estate income	2,498,060	-	2,498,060
Total gain from investment activities	201,791,890	11,564,600	213,356,490
Less investment activities expenses:			
Management fees	13,546,457	86,050	13,632,507
Other	820,498	500	820,998
Total investment activities expenses	14,366,955	86,550	14,453,505
Net gain from investment activities	187,424,935	11,478,050	198,902,985
From securities lending activities:			
Securities lending income	2,884,832	-	2,884,832
Less securities lending expenses:			
Management fees	(2,164,278)	-	(2,164,278)
Total securities lending activities expenses	(2,164,278)	-	(2,164,278)
Net income from securities lending activities	720,554	-	720,554
Net investment gain	188,145,489	11,478,050	199,623,539
Total additions	324,019,466	71,284,316	395,303,782
<b>DEDUCTIONS</b>			
Benefits payments	173,052,461	54,806,266	227,858,727
Refunds of contributions	4,667,835	-	4,667,835
Administrative expenses	4,300,927	-	4,300,927
Total deductions	182,021,223	54,806,266	236,827,489
Change in net position	141,998,243	16,478,050	158,476,293
Net position, July 1, 2017	2,304,281,654	118,697,379	2,422,979,033
Net position, June 30, 2018	\$ 2,446,279,897	135,175,429	2,581,455,326

COUNTY OF FAIRFAX, VIRGINIA  
 Fairfax County Public Schools  
 Statement of Changes in Assets and Liabilities - Agency Fund  
 For the fiscal year ended June 30, 2018

EXHIBIT I-9

	Balances June 30, 2017	Additions	Deductions	Balances June 30, 2018
<b>Student Activity Fund:</b>				
<b>Assets:</b>				
Cash with fiscal agents	\$ 22,241,052	51,898,835	(51,332,839)	22,807,048
Accounts receivable	335,926	467,007	(159,103)	643,830
Total assets	22,576,978	52,365,842	(51,491,942)	23,450,878
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	741,572	106,585	564,215	283,942
Due to student groups	21,835,406	7,159,181	5,827,650	23,166,937
Total liabilities	\$ 22,576,978	7,265,766	6,391,865	23,450,879

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, 2018

EXHIBIT J

	Housing Authority	Component Units	Total Entity
<b>ASSETS</b>			
Current assets:			
Equity in pooled cash and temporary investments	\$ 26,060,391	-	26,060,391
Cash in banks	30,547,516	3,997,116	34,544,632
Investments	4,655,000	-	4,655,000
Receivables (net of allowances):			
Accounts	1,526,338	14,991	1,541,329
Accrued interest	909,989	-	909,989
Notes	319,966	8,687	328,653
Property held for sale	848,942	-	848,942
Prepaid and other assets	701,584	322,767	1,024,351
Restricted assets:			
Cash reserves	721,964	-	721,964
Performance and other deposits	2,240,961	252,143	2,493,104
Investments	2,645,313	-	2,645,313
Total current assets	<u>71,177,964</u>	<u>4,595,704</u>	<u>75,773,668</u>
Long-term assets:			
Restricted assets:			
Cash reserves	<u>21,870,850</u>	<u>3,377,004</u>	<u>25,247,854</u>
Total restricted assets	<u>21,870,850</u>	<u>3,377,004</u>	<u>25,247,854</u>
Capital assets:			
Non-depreciable/non-amortizable:			
Land	37,108,907	5,533,962	42,642,869
Construction in progress	1,770,627	-	1,770,627
Depreciable/amortizable:			
Equipment	793,986	953,570	1,747,556
Buildings and improvements	190,840,610	42,204,166	233,044,776
Accumulated depreciation/amortization	(133,865,526)	(15,660,028)	(149,525,554)
Total capital assets, net	<u>96,648,604</u>	<u>33,031,670</u>	<u>129,680,274</u>
Other long-term assets:			
Notes receivable	22,407,307	-	22,407,307
Prepaid and other assets	708,958	46,093	755,051
Total other long-term assets	<u>23,116,265</u>	<u>46,093</u>	<u>23,162,358</u>
Total long-term assets	<u>141,635,719</u>	<u>36,454,767</u>	<u>178,090,486</u>
Total assets	<u>212,813,683</u>	<u>41,050,471</u>	<u>253,864,154</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflow for pensions	9,406,505	-	9,406,505
Deferred outflow for OPEB	525,562	-	525,562
Total deferred outflows of resources	<u>9,932,067</u>	<u>-</u>	<u>9,932,067</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	3,013,498	2,539,008	5,552,506
Accrued salaries and benefits	989,329	-	989,329
Unearned revenues	2,242,099	73,903	2,316,002
Performance and other deposits	1,763,995	200,252	1,964,247
Loans, notes and bonds payable, net of deferred financing fees	1,010,873	425,407	1,436,280
Compensated absences payable	649,286	-	649,286
Total current liabilities	<u>9,669,080</u>	<u>3,238,570</u>	<u>12,907,650</u>
Long-term liabilities:			
Loans, notes and bonds payable, net of deferred financing fees	42,341,672	31,415,754	73,757,426
Compensated absences payable	599,319	-	599,319
Net OPEB liability	791,633	-	791,633
Net pension liability	26,903,629	-	26,903,629
Other accrued long-term interest	7,010,904	3,467,827	10,478,731
Total long-term liabilities	<u>77,647,157</u>	<u>34,883,581</u>	<u>112,530,738</u>
Total liabilities	<u>87,316,237</u>	<u>38,122,151</u>	<u>125,438,388</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflow for pension	1,739,112	-	1,739,112
Deferred inflow for OPEB	987,798	-	987,798
Total deferred inflows of resources	<u>2,726,910</u>	<u>-</u>	<u>2,726,910</u>
<b>NET POSITION</b>			
Net investment in capital assets	73,598,639	-	73,598,639
Restricted	24,993,129	2,928,320	27,921,449
Unrestricted	34,110,835	-	34,110,835
Net Position	<u>\$ 132,702,603</u>	<u>2,928,320</u>	<u>135,630,923</u>

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, 2018

EXHIBIT J-1

	Housing Authority	Component Units	Total Entity
<b>OPERATING REVENUES:</b>			
Dwelling rentals	\$ 38,350,333	3,352,262	41,702,595
Other	4,839,622	528,905	5,368,527
Total operating revenues	43,189,955	3,881,167	47,071,122
<b>OPERATING EXPENSES:</b>			
Personnel services	20,190,402	862,331	21,052,733
Materials and supplies	6,243,128	1,385,347	7,628,475
Repairs and maintenance	9,792,331	648,174	10,440,505
Housing assistance payments	57,789,356	-	57,789,356
Depreciation and amortization	4,519,594	1,356,221	5,875,815
Contractual services	283,676	59,650	343,326
Utilities	5,207,111	361,997	5,569,108
Total operating expenses	104,025,598	4,673,720	108,699,318
Operating income (loss)	(60,835,643)	(792,553)	(61,628,196)
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Intergovernmental revenue	68,926,539	1,763,750	70,690,289
Interest revenue	556,347	8,226	564,573
Interest expense	(1,123,903)	(1,846,186)	(2,970,089)
Contribution from County	4,170,801	-	4,170,801
Contribution to County	(5,200,000)	-	(5,200,000)
Total nonoperating revenues (expenses), net	67,329,784	(74,210)	67,255,574
Income (loss) before contributions	6,494,141	(866,763)	5,627,378
<b>CONTRIBUTIONS:</b>			
HUD capital contributions	2,473,114	-	2,473,114
Total capital contributions	2,473,114	-	2,473,114
Change in net position	8,967,255	(866,763)	8,100,492
Net Position, July 1, 2017, as restated	123,735,348	3,795,083	127,530,431
Net Position, June 30, 2018	\$ 132,702,603	2,928,320	135,630,923

COUNTY OF FAIRFAX, VIRGINIA  
 Fairfax County Redevelopment and Housing Authority  
 Statement of Cash Flows  
 For the fiscal year ended June 30, 2018

## EXHIBIT J-2

	Housing Authority	Component Units	Total Entity
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Rental receipts	\$ 40,767,924	3,394,926	44,162,850
Other operating cash receipts	(87,780)	528,905	441,125
Payments to employees for services	(20,664,655)	(862,331)	(21,526,986)
Payments made for housing assistance	(57,789,356)	-	(57,789,356)
Payments to suppliers for goods and services	(10,043,867)	(2,638,685)	(12,682,552)
Purchase of property held for sale	(2,197,781)	-	(2,197,781)
Receipts from sale of property held for sale	1,908,033	-	1,908,033
Net cash provided (used) by operating activities	(48,107,482)	422,815	(47,684,667)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Intergovernmental revenue received	67,582,314	1,763,750	69,346,064
Amount provided to County	(1,812,389)	-	(1,812,389)
Net cash provided by noncapital financing activities	65,769,925	1,763,750	67,533,675
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	(3,166,457)	(23,112)	(3,189,569)
Interest payments	(668,391)	(1,230,720)	(1,899,111)
Debt principal payments	(1,196,421)	(404,718)	(1,601,139)
HUD debt service and capital contributions	2,473,114	-	2,473,114
Net cash used in capital and related financing activities	(2,558,155)	(1,658,550)	(4,216,705)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Receipt of loan and advance repayments	646,596	-	646,596
Disbursement of loans and advances receivable	(145,358)	-	(145,358)
Maturity of investments	(7,913)	-	(7,913)
Acquisition of investments	735,000	-	735,000
Interest received	556,421	8,226	564,647
Net cash provided by investing activities	1,784,746	8,226	1,792,972
Net increase in cash and cash equivalents	16,889,034	536,241	17,425,275
Cash and cash equivalents, July 1, 2017	64,552,648	7,090,022	71,642,670
Cash and cash equivalents, June 30, 2018	\$ 81,441,682	7,626,263	89,067,945
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ (60,835,643)	(792,553)	(61,628,196)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	4,519,594	1,356,221	5,875,815
Provision for doubtful accounts	2,499,635	-	2,499,635
Loss on sale of assets	31,412	-	31,412
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(78,665)	(796)	(79,461)
(Increase) decrease in prepaid and other assets	4,923,608	(115,045)	4,808,563
Net Pension Liability and related outflows/inflows	564,273	-	564,273
Increase (decrease) in accounts payable and accrued liabilities	480,645	(73,924)	406,721
Net OPEB liability and related outflows/inflows	105,677	-	105,677
Increase (Decrease) in performance and other deposits	(314,561)	5,452	(309,109)
Unearned revenues	(3,457)	43,460	40,003
Total adjustments to operating income	12,728,161	1,215,368	13,943,529
Net cash provided by (used in) operating activities	\$ (48,107,482)	422,815	(47,684,667)
<b>Noncash investing, capital, and financing activities:</b>			
Increase in fair value of restricted investments	\$ -	-	-

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, 2018**

	General Fund (Financed from County General Fund)	Major Governmental	
		Special Revenue Fund - Park Revenue	Capital Financed from County Construction Fund
<b>ASSETS</b>			
Equity in pooled cash and temporary investments	\$ -	12,620,482	-
Cash with fiscal agents	-	556,499	-
Receivables:			
Accounts	-	28,227	-
Accrued interest	-	-	-
Due from primary government	1,793,044	-	1,090,201
Due from intergovernmental units	-	16,868	-
Prepaid and other asset	134,374	328,782	59,628
Restricted assets:			
Equity in pooled cash and temporary investments	-	-	-
Total assets	<u>1,927,418</u>	<u>13,550,858</u>	<u>1,149,829</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total deferred outflows of resources	-	-	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 1,927,418</b>	<b>13,550,858</b>	<b>1,149,829</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 312,139	1,140,909	1,149,829
Accrued salaries and benefits	1,590,857	2,199,432	-
Due to primary government	24,422	-	-
Contract retainages	-	-	-
Unearned revenues	-	6,055,268	-
Performance and other deposits	-	66,288	-
Total liabilities	<u>1,927,418</u>	<u>9,461,897</u>	<u>1,149,829</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Total deferred inflows of resources	-	-	-
<b>Total liabilities and deferred inflows of resources</b>	<b>1,927,418</b>	<b>9,461,897</b>	<b>1,149,829</b>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid	134,374	-	59,628
Inventory	-	328,782	-
E.C.Lawrence Trust	-	-	-
Restricted for:			
Capital projects	-	-	-
Repair and replacement	-	-	-
Committed to:			
Revenue and operating fund stabilization	-	2,182,462	-
Donation	-	1,350,000	-
Debt service	-	556,499	-
Other capital projects	-	-	-
Unassigned:	(134,374)	(328,782)	(59,628)
Total fund balances	<u>-</u>	<u>4,088,961</u>	<u>-</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,927,418</b>	<b>13,550,858</b>	<b>1,149,829</b>

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

Fund balances - Total governmental funds \$ 31,471,224

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 \$885,702,740 and the accumulated depreciation is \$243,561,872. 642,140,868

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. 155,968

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	\$ (2,336,984)	
Compensated absences payable	(4,699,077)	
Loan from Primary Government	(11,182,600)	
Accrued interest payable	<u>(25,578)</u>	(18,244,239)

Pension and other postemployment benefit 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 \$19,477,607, and the net pension liability is \$56,701,964. The deferred inflow related to pension is \$4,342,787. The deferred outflow related to OPEB is \$1,059,149, and the net OPEB liability is \$1,668,459. The deferred inflow related to OPEB is \$2,081,899. (44,258,353)

Net position of governmental activities \$ 611,265,468



EXHIBIT K

Funds			
Projects Funds			
Construction Bond	Park Capital Improvement	Total Governmental Funds	
-	20,247,792	32,868,274	<b>ASSETS</b>
-	-	556,499	Equity in pooled cash and temporary investments
-	-	28,227	Cash with fiscal agents
-	64,223	64,223	Receivables:
-	-	2,883,245	Accounts
396,181	-	413,049	Accrued interest
-	-	522,784	Due from primary government
8,236,213	2,207,926	10,444,139	Due from intergovernmental units
8,632,394	22,519,941	47,780,440	Prepaid and other asset
			Restricted assets:
			Equity in pooled cash and temporary investments
			Total assets
			<b>DEFERRED OUTFLOWS OF RESOURCES</b>
			Total deferred outflows of resources
8,632,394	22,519,941	47,780,440	<b>Total assets and deferred outflows of resources</b>
			<b>LIABILITIES</b>
1,766,614	672,366	5,041,857	Accounts payable and accrued liabilities
-	-	3,790,289	Accrued salaries and benefits
-	-	24,422	Due to primary government
140,816	-	140,816	Contract retainages
-	294,728	6,349,996	Unearned revenues
-	895,548	961,836	Performance and other deposits
1,907,430	1,862,642	16,309,216	Total liabilities
			<b>DEFERRED INFLOWS OF RESOURCES</b>
			Total deferred inflows of resources
1,907,430	1,862,642	16,309,216	<b>Total liabilities and deferred inflows of resources</b>
			<b>FUND BALANCES</b>
		194,002	Nonspendable:
		328,782	Prepaid
	1,507,926	1,507,926	Inventory
			E.C.Lawrence Trust
6,724,964	11,252,777	17,977,741	Restricted for:
-	700,000	700,000	Capital projects
			Repair and replacement
		2,182,462	Committed to:
		1,350,000	Revenue and operating fund stabilization
		556,499	Donation
	7,196,596	7,196,596	Debt service
		(522,784)	Other capital projects
6,724,964	20,657,299	31,471,224	Unassigned:
8,632,394	22,519,941	47,780,440	Total fund balances
			<b>Total liabilities, deferred inflows of resources, and fund balances</b>

**COUNTY OF FAIRFAX, VIRGINIA**  
**Fairfax County Park Authority**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the fiscal year ended June 30, 2018**

	General Fund (Financed from County General Fund)	Major Governmental	
		Special Revenue Fund - Park Revenue	Capital Financed from County Construction Fund
<b>REVENUES</b>			
Intergovernmental	\$ 34,155,181	-	14,545,917
Charges for services	664,705	44,132,966	-
Developers' contributions	-	-	-
Revenue from the use of money and property	-	2,593,876	-
Gifts, donations, and contributions	-	867,319	422,856
Other	-	249,605	-
<b>Total revenues</b>	<b>34,819,886</b>	<b>47,843,766</b>	<b>14,968,773</b>
<b>EXPENDITURES</b>			
Current:			
Parks, recreation, and cultural	34,616,695	44,880,781	8,215,417
Intergovernmental	-	820,000	-
Capital outlay	203,191	167,960	6,753,356
Debt service:			
Principal retirement	-	1,102,300	-
Interest and other charges	-	560,344	-
<b>Total expenditures</b>	<b>34,819,886</b>	<b>47,531,385</b>	<b>14,968,773</b>
Excess (deficiency) of revenues over (under) expenditures	-	312,381	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	(350,000)	-
<b>Total other financing sources (uses), net</b>	<b>-</b>	<b>(350,000)</b>	<b>-</b>
Net change in fund balances	-	(37,619)	-
Fund balances, July 1, 2017	-	4,107,968	-
Increase in reserve for Inventories	-	18,612	-
<b>Fund balances, June 30, 2018</b>	<b>\$ -</b>	<b>4,088,961</b>	<b>-</b>

## EXHIBIT K-1

Funds			
Projects Funds			
Construction Bond	Park Capital Improvement	Total Governmental Funds	
20,272,763	12,654	68,986,515	<b>REVENUES</b>
-	-	44,797,671	Intergovernmental
-	3,248,785	3,248,785	Charges for services
-	1,259,480	3,853,356	Developers' contributions
-	335,408	1,625,583	Revenue from the use of money and property
-	-	249,605	Gifts, donations and contributions
20,272,763	4,856,327	122,761,515	Other
			Total revenues
			<b>EXPENDITURES</b>
728,900	1,734,595	90,176,388	Current:
-	-	820,000	Parks, recreation, and cultural
17,790,030	3,381,121	28,295,658	Intergovernmental
			Capital outlay
			Debt service:
-	-	1,102,300	Principal retirement
-	-	560,344	Interest and other charges
18,518,930	5,115,716	120,954,690	Total expenditures
			Excess (deficiency) of revenues over
1,753,833	(259,389)	1,806,825	(under) expenditures
			<b>OTHER FINANCING SOURCES (USES)</b>
-	350,000	350,000	Transfers in
-	-	(350,000)	Transfers out
-	350,000	-	Total other financing sources (uses), net
1,753,833	90,611	1,806,825	Net change in fund balances
4,971,131	20,566,688	29,645,787	Fund balances, July 1, 2017
-	-	18,612	Increase in reserve for Inventories
6,724,964	20,657,299	31,471,224	Fund balances, June 30, 2018

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, 2018**

**EXHIBIT K-1**  
concluded

Net change in fund balances - Total governmental funds \$ 1,806,825

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	\$ 28,295,658	
Depreciation expense	<u>(15,068,510)</u>	13,227,148

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.

4,900,511

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.

(731,317)

Increase/decrease in fund balance reserve

18,612

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		1,102,300
---------------------------------------	--	-----------

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	\$ 8,155	
Amortized premium and deferred loss	<u>8,230</u>	16,385

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		(4,403)
----------------------	--	---------

Pension liability does not require the use of current financial resources and, therefore, is not reported in governmental funds:

Pension expense		(1,574,055)
Other postemployment benefit expense		(271,261)

Change in net position of governmental activities

\$ 18,490,745

## 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, 2018

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 23,796,700	24,510,940	24,340,027	(170,913)
Charges for services	807,981	705,800	664,705	(41,095)
Total revenues	24,604,681	25,216,740	25,004,732	(212,008)
<b>EXPENDITURES</b>				
Current:				
Parks, recreation, and cultural	24,604,681	25,216,740	25,004,732	212,008
Total expenditures	24,604,681	25,216,740	25,004,732	212,008
Net change in fund balance	\$ -	-	-	-

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT K-2B

## Fairfax County Park Authority

## Budgetary Comparison Schedule - Park Revenue Fund (Budget Basis)

For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Charges for services	\$ 45,569,454	45,569,454	44,074,056	(1,495,398)
Revenue from the use of money and property	2,653,276	2,653,276	2,538,184	(115,092)
Gifts, donations, and contributions	945,611	945,611	1,141,170	195,559
Other	32,459	32,459	90,356	57,897
Total revenues	49,200,800	49,200,800	47,843,766	(1,357,034)
<b>EXPENDITURES</b>				
Parks, recreation, and cultural	48,609,604	48,609,604	47,531,385	1,078,219
Total expenditures	48,609,604	48,609,604	47,531,385	1,078,219
Excess of revenues over expenditures	591,196	591,196	312,381	(278,815)
<b>OTHER FINANCING USES</b>				
Transfers out	-	(350,000)	(350,000)	-
Total other financing uses	-	(350,000)	(350,000)	-
Net change in fund balance	\$ 591,196	241,196	(37,619)	(278,815)

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, 2018

EXHIBIT L

	Governmental Fund (Financed from County General Fund)
<b>ASSETS</b>	
Due from Primary Government	\$ 324,313
Total assets	<u>324,313</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Total deferred outflows of resources	<u>-</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 324,313</u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 48,080
Accrued salaries and benefits	276,233
Total liabilities	<u>324,313</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Total deferred inflows of resources	<u>-</u>
<b>Total liabilities and deferred inflows of resources</b>	<u>324,313</u>
<b>FUND BALANCE</b>	
Unassigned	<u>-</u>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<u>\$ 324,313</u>
<b>Reconciliation of the Balance Sheet to the Statement of Net Position</b>	
Fund balance - General Fund	\$ -
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$1,206,870 and the accumulated depreciation and amortization is \$727,699.	479,171
Long-term liabilities, including compensated absences payable, \$418,510, and unearned rent, \$753,661, are not due and payable in the current period and, therefore, are not reported in the fund.	(1,172,171)
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 \$2,803,405 and the net pension liability is \$7,688,056. The deferred inflow related to pension liability is \$373,842.	<u>(5,258,493)</u>
OPEB liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds. The deferred outflow related to OPEB is \$148,942 and the net pension liability is \$226,243. The deferred inflow related to OPEB liability is \$282,305	<u>(359,606)</u>
Net position of governmental activities	<u>\$ (6,311,099)</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, 2018

## EXHIBIT L-1

	Governmental Fund (Financed from County General Fund)
<b>REVENUES</b>	
Intergovernmental	9,522,799
Total revenues	<u>9,522,799</u>
<b>EXPENDITURES</b>	
Current:	
Community development	9,522,799
Total expenditures	<u>9,522,799</u>
Excess of revenues over expenditures	-
Fund balance, July 1, 2017	-
Fund balance, June 30, 2018	<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:

Depreciation and amortization expense	\$ (111,437)	
Increase in liability for compensated absences	(28,583)	
Unearned rent	119,131	
Pension Expense	(351,698)	
OPEB expense	<u>(31,462)</u>	<u>(404,049)</u>
Change in net position of governmental activities		<u>\$ (404,049)</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, 2018

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 7,638,060	7,873,060	7,873,057	(3)
Total revenues	7,638,060	7,873,060	7,873,057	(3)
<b>EXPENDITURES</b>				
Community development	7,638,060	7,873,060	7,873,057	3
Total expenditures	7,638,060	7,873,060	7,873,057	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				
	2018	2017 <sup>(4)</sup>	2016	2015	2014 <sup>(3)</sup>
<i>Governmental activities:</i>					
Net investment in capital assets	\$ 2,070,863,206	2,001,991,926	1,913,173,352	1,875,208,103	1,861,776,623
Restricted	456,321,016	388,129,831	355,513,953	318,966,582	286,196,280
Unrestricted (deficit) <sup>(1)</sup>	(3,045,029,065)	(2,881,760,586)	(2,732,479,263)	(2,802,308,892)	(2,960,996,275)
Net position, governmental activities	\$ (517,844,843)	(491,638,829)	(463,791,958)	(608,134,207)	(813,023,372)
<i>Business-type activities:</i>					
Net investment in capital assets	\$ 1,038,360,082	1,003,960,254	940,641,576	892,414,328	843,276,715
Restricted	18,178,132	14,185,711	73,853,503	66,038,662	43,116,468
Unrestricted	99,372,962	90,123,639	38,417,623	66,651,531	100,358,086
Net position, business-type activities	\$ 1,155,911,176	1,108,269,604	1,052,912,702	1,025,104,521	986,751,269
<i>Total Primary government:</i>					
Net investment in capital assets	\$ 3,109,223,288	3,005,952,180	2,853,814,928	2,767,622,431	2,705,053,338
Restricted	474,499,148	402,315,542	429,367,456	385,005,244	329,312,748
Unrestricted (deficit)	(2,945,656,103)	(2,791,636,947)	(2,694,061,640)	(2,735,657,361)	(2,860,638,189)
Net position, Primary Government	\$ 638,066,333	616,630,775	589,120,744	416,970,314	173,727,897

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				
	2018	2017	2016	2015	2014
	\$ 1,726,348,892	1,715,069,179	1,674,949,073	1,616,079,489	1,625,585,624

(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.

(4) Fiscal Year 2017 net position restated in Fiscal Year 2018 due to the implementation of GASB statement 75.

Fiscal Year					
2013	2012 <sup>(2)</sup>	2011	2010	2009	
					<i>Governmental activities:</i>
1,736,906,426	1,695,143,766	1,540,962,447	1,458,369,495	1,399,874,484	Net investment in capital assets
214,950,085	226,409,285	308,394,968	210,842,044	188,432,037	Restricted
(1,657,422,986)	(1,581,687,019)	(1,370,285,300)	(1,112,442,403)	(1,093,476,245)	Unrestricted (1)
294,433,525	339,866,032	479,072,115	556,769,136	494,830,276	Net position, governmental activities
					<i>Business-type activities:</i>
778,825,722	769,135,097	722,703,848	748,697,093	645,044,053	Net investment in capital assets
44,113,954	51,055,374	93,427,366	44,371,666	148,760,524	Restricted
147,119,567	116,578,189	81,180,178	76,855,173	84,277,881	Unrestricted
970,059,243	936,768,660	897,311,392	869,923,932	878,082,458	Net position, business-type activities
					<i>Total Primary government:</i>
2,515,732,148	2,464,278,863	2,263,666,295	2,207,066,588	2,044,918,537	Net investment in capital assets
259,064,039	277,464,659	401,822,334	255,213,710	337,192,561	Restricted
(1,510,303,419)	(1,465,108,830)	(1,289,105,122)	(1,035,587,230)	(1,009,198,364)	Unrestricted
1,264,492,768	1,276,634,692	1,376,383,507	1,426,693,068	1,372,912,734	Net position, Primary Government

Fiscal Year				
2013	2012	2011	2010	2009
1,596,333,283	1,453,383,980	1,431,198,421	1,371,914,260	1,342,939,932

COUNTY OF FAIRFAX, VA  
**TABLE 1.2 - Changes in Net Position**  
**Last Ten Fiscal Years**

	Fiscal Year				
	2018	2017	2016	2015	2014
<b>Expenses</b>					
<i>Governmental activities:</i>					
General government administration	\$ 190,974,147	199,163,586	188,767,791	183,647,484	201,180,941
Judicial administration	64,060,042	62,157,826	58,125,849	55,830,358	54,913,419
Public safety	783,282,501	743,811,404	702,043,058	670,432,665	695,690,761
Public works	255,772,468	220,029,595	204,873,695	204,114,861	195,014,404
Health and welfare	641,619,815	621,738,349	589,307,995	557,312,024	551,586,755
Community development	553,891,606	449,963,548	373,621,317	352,960,858	352,759,047
Parks, recreation, and cultural	132,413,348	124,438,465	112,957,367	112,338,852	107,762,594
Education - for Public Schools	2,139,229,138	2,085,926,217	1,998,723,980	1,936,673,334	1,883,055,936
Interest on long-term debt	113,312,939	108,077,416	94,644,722	101,276,354	109,563,020
<b>Total expenses, governmental activities</b>	<b>4,874,556,004</b>	<b>4,615,306,406</b>	<b>4,323,065,774</b>	<b>4,174,586,790</b>	<b>4,151,526,877</b>
<i>Business-type activities:</i>					
Public works - Sewer	\$ 188,232,208	177,630,559	183,076,813	174,932,128	174,845,675
<b>Total expenses, business-type activities</b>	<b>188,232,208</b>	<b>177,630,559</b>	<b>183,076,813</b>	<b>174,932,128</b>	<b>174,845,675</b>
<b>Total expenses, Primary Government</b>	<b>5,062,788,212</b>	<b>4,792,936,965</b>	<b>4,506,142,587</b>	<b>4,349,518,918</b>	<b>4,326,372,552</b>
<b>Program Revenues</b>					
<i>Governmental activities:</i>					
Charges for services:					
Public safety	\$ 74,116,426	70,562,165	70,934,542	71,729,966	58,202,390
Public works	158,834,077	129,171,598	139,528,323	141,711,640	131,355,271
Health and welfare	77,063,723	80,070,825	69,250,901	70,951,265	69,351,107
Other activities	345,815,823	335,242,533	301,673,838	309,689,155	334,124,545
Operating grants and contributions	273,051,191	264,019,862	250,208,494	243,282,980	222,115,446
Capital grants and contributions	49,319,980	22,209,405	29,020,526	34,407,375	22,578,476
<b>Total program revenues, governmental activities</b>	<b>978,201,220</b>	<b>901,276,388</b>	<b>860,616,624</b>	<b>871,772,381</b>	<b>837,727,235</b>
<i>Business-type activities:</i>					
Charges for services:					
Public works - Sewer	\$ 225,733,347	220,959,308	205,115,248	209,227,867	212,175,672
Capital grants and contributions	7,614,925	12,513,674	4,598,439	3,277,159	4,074,576
<b>Total program revenues, business-type activities</b>	<b>233,348,272</b>	<b>233,472,982</b>	<b>209,713,687</b>	<b>212,505,026</b>	<b>216,250,248</b>
<b>Total program revenues, Primary Government</b>	<b>1,211,549,492</b>	<b>1,134,749,370</b>	<b>1,070,330,311</b>	<b>1,084,277,407</b>	<b>1,053,977,483</b>
<b>Net (Expense) Revenue</b>					
Governmental activities	(3,896,354,784)	(3,714,030,018)	(3,462,449,150)	(3,302,814,409)	(3,313,799,642)
Business-type activities	45,116,064	55,842,423	26,636,874	37,572,898	41,404,573
<b>Total Primary Government</b>	<b>\$ (3,851,238,720)</b>	<b>(3,658,187,595)</b>	<b>(3,435,812,276)</b>	<b>(3,265,241,511)</b>	<b>(3,272,395,069)</b>

Fiscal Year					
2013	2012	2011	2010	2009	
					<b>Expenses</b>
					<i>Governmental activities:</i>
201,445,282	201,444,643 <sup>(3)</sup>	138,976,659	148,730,289	160,696,700	General government administration
46,336,343	54,731,149	52,295,620	40,825,671	44,885,189	Judicial administration
658,186,021	621,850,677	618,789,976	604,822,717	624,257,988	Public safety
185,250,816	176,714,926	192,081,461	198,458,714	195,125,647	Public works
542,052,102	562,237,332	546,852,765	495,727,107	494,493,208	Health and welfare
387,551,012	393,528,633	378,565,455	232,156,056	273,649,566	Community development
112,057,718	114,767,984	105,293,977	123,549,652	140,802,569	Parks, recreation, and cultural
1,843,611,090	1,769,700,781	1,744,248,387	1,784,128,380	1,784,670,681	Education - for Public Schools
117,251,705	112,604,312	98,596,584	97,587,106	95,151,292	Interest on long-term debt
<u>4,093,742,089</u>	<u>4,007,580,437</u>	<u>3,875,700,884</u>	<u>3,725,985,692</u>	<u>3,813,732,840</u>	Total expenses, governmental activities
					<i>Business-type activities:</i>
169,212,487	163,955,907 <sup>(3)</sup>	156,989,198	155,490,570	148,934,682	Public works - Sewer
<u>169,212,487</u>	<u>163,955,907</u>	<u>156,989,198</u>	<u>155,490,570</u>	<u>148,934,682</u>	Total expenses, business-type activities
<u>4,262,954,576</u>	<u>4,171,536,344</u>	<u>4,032,690,082</u>	<u>3,881,476,262</u>	<u>3,962,667,522</u>	Total expenses, Primary Government
					<b>Program Revenues</b>
					<i>Governmental activities:</i>
					Charges for services:
58,883,550	62,860,108	74,126,570	67,562,279	62,631,798	Public safety
117,037,898	110,804,240	113,296,977	95,740,931	88,943,909	Public works
64,938,672	68,152,942	70,834,601	63,641,537	60,789,511	Health and welfare
287,013,174	191,091,722	137,393,757	136,293,136	181,759,896	Other activities
239,536,892	256,182,164	292,921,660	440,962,393	247,996,754	Operating grants and contributions
22,312,264	29,696,488	17,033,448	45,298,191	30,537,124	Capital grants and contributions
<u>789,722,450</u>	<u>718,787,664</u>	<u>705,607,013</u>	<u>849,498,467</u>	<u>672,658,992</u>	Total program revenues, governmental activities
					<i>Business-type activities:</i>
					Charges for services:
194,030,949	188,917,214	154,118,716	137,350,273	120,184,626	Public works - Sewer
7,062,744	13,974,206	12,385,470	8,677,874	8,950,919	Capital grants and contributions
<u>201,093,693</u>	<u>202,891,420</u>	<u>166,504,186</u>	<u>146,028,147</u>	<u>129,135,545</u>	Total program revenues, business-type activities
<u>990,816,143</u>	<u>921,679,084</u>	<u>872,111,199</u>	<u>995,526,614</u>	<u>801,794,537</u>	Total program revenues, Primary Government
					<b>Net (Expense) Revenue</b>
(3,304,019,639)	(3,288,792,773)	(3,170,093,871)	(2,876,487,225)	(3,141,073,848)	Governmental activities
31,881,206	38,935,513	9,514,988	(9,462,423)	(19,799,137)	Business-type activities
<u>(3,272,138,433)</u>	<u>(3,249,857,260)</u>	<u>(3,160,578,883)</u>	<u>(2,885,949,648)</u>	<u>(3,160,872,985)</u>	Total Primary Government

(Continued)

COUNTY OF FAIRFAX, VA  
**TABLE 1.2 - Changes in Net Position (concluded)**  
**Last Ten Fiscal Years**

	Fiscal Year				
	2018	2017	2016	2015	2014
<b>General Revenues and Other Changes in Net Position</b>					
<i>Governmental activities:</i>					
Taxes:					
Real property	\$ 2,652,298,780	2,601,473,140	2,437,535,377	2,356,421,557	2,215,898,422
Personal property	412,251,446	403,229,884	380,123,202	368,390,092	362,772,805
Business licenses	167,766,061	160,711,944	158,380,380	154,681,661	158,619,113
Local sales and use	252,019,165	246,876,636	249,278,074	247,734,220	261,193,846
Consumers utility	104,785,290	104,327,491	102,181,691	100,484,941	74,633,997
Motor vehicle decals	-	-	-	-	-
Recordation	24,623,858	25,401,332	23,808,125	23,898,873	19,968,520
Occupancy, tobacco, and other	35,969,332	36,206,695	34,115,345	33,775,982	31,296,981
Unrestricted grants and contributions	211,426,419	211,464,000	211,423,471	211,423,648	230,920,811
Revenue from the use of money	9,008,419	6,653,142	9,945,734	10,892,600	8,577,857
Special item	-	-	-	-	-
<b>Total general revenues and other changes in net position, governmental activities</b>	<b>3,870,148,770</b>	<b>3,796,344,264</b>	<b>3,606,791,399</b>	<b>3,507,703,574</b>	<b>3,363,882,352</b>
<i>Business-type activities:</i>					
Revenue from the use of money	\$ 2,525,508	1,022,586	1,171,307	780,354	484,332
Special item	-	-	-	-	-
<b>Total general revenues and other changes in net position, business-type activities</b>	<b>2,525,508</b>	<b>1,022,586</b>	<b>1,171,307</b>	<b>780,354</b>	<b>484,332</b>
<b>Total general revenues and other changes in net position, Primary Government</b>	<b>3,872,674,278</b>	<b>3,797,366,850</b>	<b>3,607,962,706</b>	<b>3,508,483,928</b>	<b>3,364,366,684</b>
<b>Change in Net Position</b>					
Governmental activities	(26,206,014)	82,314,246	144,342,249	204,889,165	50,082,710
Business-type activities	47,641,572	56,865,009	27,808,181	38,353,252	41,888,905
<b>Total Primary Government</b>	<b>\$ 21,435,558</b>	<b>139,179,255</b>	<b>172,150,430</b>	<b>243,242,417</b>	<b>91,971,615</b>

Source: Fairfax County Department of Finance

Notes:

- (1) 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.
- (2) 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.
- (3) Fiscal Year 2012 expenses restated due to the implementation of GASB statement 65.



Fiscal Year					
2013	2012	2011	2010	2009	
					<b>General Revenues and Other Changes in Net Position</b>
					<i>Governmental activities:</i>
					Taxes:
2,123,759,406	2,057,935,398	2,028,435,622	2,126,498,175	2,093,518,885	Real property
353,275,799	316,966,006	301,272,265	296,610,992	316,717,991	Personal property
158,768,484	155,480,677	150,669,671	138,684,942	142,922,838	Business licenses
265,029,666	257,770,918	158,772,098	151,354,001	154,902,699	Local sales and use
73,450,331	65,254,197	113,731,677	117,882,816	113,556,023	Consumers utility
-	-	27,408,623	-	-	Motor vehicle decals
28,281,179	26,223,747	26,407,596	24,891,357	25,063,223	Recordation
32,694,178	33,360,801	47,946,003	47,772,667	40,122,826	Occupancy, tobacco, and other
209,291,717	218,287,716	211,818,969	366,331	211,981,020	Unrestricted grants and contributions
9,836,372	14,807,663	18,634,630	34,364,804	87,529,721	Revenue from the use of money
4,200,000 <sup>(1)</sup>	3,499,567 <sup>(1)</sup>	7,299,696 <sup>(1)</sup>	-	-	Special item
<b>3,258,587,132</b>	<b>3,149,586,690</b>	<b>3,092,396,850</b>	<b>2,938,426,085</b>	<b>3,186,315,226</b>	Total general revenues and other changes in net position, governmental activities
					<i>Business-type activities:</i>
1,409,377	521,755	1,084,587	1,303,897	2,301,005	Revenue from the use of money
-	-	16,787,885 <sup>(2)</sup>	-	-	Special item
<b>1,409,377</b>	<b>521,755</b>	<b>17,872,472</b>	<b>1,303,897</b>	<b>2,301,005</b>	Total general revenues and other changes in net position, business-type activities
<b>3,259,996,509</b>	<b>3,150,108,445</b>	<b>3,110,269,322</b>	<b>2,939,729,982</b>	<b>3,188,616,231</b>	Total general revenues and other changes in net position, Primary Government
					<b>Change in Net Position</b>
(45,432,507)	(139,206,083)	(77,697,021)	61,938,860	45,241,378	Governmental activities
33,290,583	39,457,268	27,387,460	(8,158,526)	(17,498,132)	Business-type activities
<b>(12,141,924)</b>	<b>(99,748,815)</b>	<b>(50,309,561)</b>	<b>53,780,334</b>	<b>27,743,246</b>	Total Primary Government

COUNTY OF FAIRFAX, VA  
**TABLE 1.3 - Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**

	Fiscal Year				
	2018	2017	2016	2015	2014
<i>General Fund:</i>					
Reserved	\$ -	-	-	-	-
Unreserved	-	-	-	-	-
Nonspendable	1,996,914	2,122,029	514,559	880,201	614,966
Restricted	-	-	-	-	-
Committed	381,006,291	318,449,966	271,363,898	237,696,440	220,628,054
Assigned	29,257,275	29,810,689	31,420,067	33,264,339	29,406,539
Unassigned	66,563,791	71,072,769	38,093,937	54,080,837	52,154,540
Total general fund	<u>\$ 478,824,271</u>	<u>421,455,453</u>	<u>341,392,461</u>	<u>325,921,817</u>	<u>302,804,099</u>
<i>All Other Governmental Funds:</i>					
Reserved	\$ -	-	-	-	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Nonspendable	292,733	502,104	369,676	385,364	457,598
Restricted	869,259,392	875,478,273	822,378,966	806,622,981	779,237,002
Committed	237,969,839	217,556,600	179,787,832	161,136,329	151,287,756
Assigned	-	-	-	-	-
Unassigned	-	-	(20,854)	-	-
Total all other governmental funds	<u>\$ 1,107,521,964</u>	<u>1,093,536,977</u>	<u>1,002,515,620</u>	<u>968,144,674</u>	<u>930,982,356</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					
2013	2012	2011 <sup>(1)</sup>	2010 <sup>(2)</sup>	2009	
<i>General Fund:</i>					
-	-	-	42,842,683	41,356,567	Reserved
-	-	-	343,838,486	237,826,810	Unreserved
727,441	1,129,586	308,818	-	-	Nonspendable
-	-	-	-	-	Restricted
216,879,261	213,718,785	206,627,013	-	-	Committed
34,841,916	29,080,155	34,411,546	-	-	Assigned
76,819,631	109,742,640	135,051,587	-	-	Unassigned
<u>329,268,249</u>	<u>353,671,166</u>	<u>376,398,964</u>	<u>386,681,169</u>	<u>279,183,377</u>	Total general fund
<i>All Other Governmental Funds:</i>					
-	-	-	204,151,525	219,337,769	Reserved
Unreserved, reported in:					
-	-	-	327,654,603	342,552,944	Special revenue funds
-	-	-	12,918,625	10,487,202	Debt service funds
-	-	-	74,003,428	(64,900,755)	Capital projects funds
748,799	48,513,721	51,702,443	-	-	Nonspendable
565,814,956	569,803,909	566,941,106	-	-	Restricted
162,348,750	155,083,147	158,420,964	-	-	Committed
-	-	-	-	-	Assigned
<u>(13,108,305)</u>	<u>(2,604,408)</u>	<u>-</u>	<u>-</u>	<u>-</u>	Unassigned
<u>715,804,200</u>	<u>770,796,369</u>	<u>777,064,513</u>	<u>618,728,181</u>	<u>507,477,160</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				
	2018	2017	2016	2015	2014
<b>Revenues</b>					
Taxes	\$ 3,649,017,783	3,576,143,127	3,384,696,039	3,289,084,031	3,119,946,744
Permits, privilege fees, and regulatory licenses	77,285,673	78,789,135	74,165,960	71,026,501	63,886,989
Intergovernmental	591,245,422	588,060,996	565,562,122	559,309,630	609,843,183
Charges for services	381,639,549	373,123,236	367,293,019	387,763,613	351,597,808
Fines and forfeitures	15,349,405	16,172,236	14,675,893	16,437,938	16,817,313
Revenue from the use of money and property	64,497,904	45,195,094	39,360,901	31,080,667	31,544,136
Recovered costs	18,643,367	14,851,978	15,369,266	20,109,855	16,141,935
Contributions and other	8,795,789	2,822,015	8,571,664	12,221,739	3,408,767
<b>Total revenues</b>	<b>4,806,474,892</b>	<b>4,695,157,817</b>	<b>4,469,694,864</b>	<b>4,387,033,974</b>	<b>4,213,186,875</b>
<b>Expenditures</b>					
Current:					
General government administration	156,249,168	160,694,938	165,144,963	163,023,642	164,384,546
Judicial administration	58,752,207	57,242,859	55,337,889	53,183,629	50,760,212
Public safety	747,806,458	737,122,371	711,044,003	699,203,895	690,063,408
Public works	197,520,108	212,209,456	188,198,288	199,205,144	202,904,525
Health and welfare	629,650,541	614,513,160	598,715,227	568,675,553	553,250,576
Community development	288,415,827	243,788,329	226,958,426	230,287,575	193,976,264
Parks, recreation, and cultural	55,055,417	52,985,491	52,721,664	50,642,925	51,709,656
Intergovernmental: <sup>(1)</sup>					
Community development	216,205,206	190,913,914	134,236,475	111,031,149	146,812,410
Parks, recreation, and cultural	68,701,097	63,077,723	56,967,246	57,848,921	52,381,153
Education	2,139,229,138	2,085,926,217	1,998,723,980	1,936,673,334	1,878,460,936
Capital outlay	185,888,125	176,169,811	179,067,050	160,667,922	224,900,077
Debt service:					
Principal retirement	257,426,810	225,198,620	386,099,648	280,109,469	204,975,519
Interest and other charges	141,690,140	134,359,311	156,503,054	137,140,834	132,973,357
<b>Total expenditures</b>	<b>5,142,590,242</b>	<b>4,954,202,200</b>	<b>4,909,717,913</b>	<b>4,647,693,992</b>	<b>4,547,552,639</b>
Deficiency of revenues under expenditures	(336,115,350)	(259,044,383)	(440,023,049)	(260,660,018)	(334,365,764)
<b>Other Financing Sources (Uses)</b>					
Transfers in	696,481,666	610,776,813	587,755,580	555,297,170	581,375,596
Transfers out	(703,429,940)	(618,264,035)	(594,655,237)	(581,266,174)	(587,133,301)
Bonds issued	283,089,727	339,653,241	450,743,979	257,188,745	480,886,115
Refunding bonds issued	37,408,232	-	297,981,112	311,478,707	108,080,978
Payments to escrow agent	(37,063,950)	-	(338,948,636)	(270,710,041)	(107,703,910)
Capital leases, installment purchases, and other	130,983,420	97,962,713	86,987,841	48,951,647	47,574,292
<b>Total other financing sources, net</b>	<b>407,469,155</b>	<b>430,128,732</b>	<b>489,864,639</b>	<b>320,940,054</b>	<b>523,079,770</b>
<b>Special Item</b>	-	-	-	-	-
<b>Net change in fund balances</b>	<b>\$ 71,353,805</b>	<b>171,084,349</b>	<b>49,841,590</b>	<b>60,280,036</b>	<b>188,714,006</b>
Debt service as a percentage of noncapital expenditures	8.1%	7.5%	11.5%	9.3%	7.8%

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					
2013	2012	2011	2010	2009	
3,036,288,822	2,907,905,803	2,857,920,425	2,899,801,062	2,888,968,005	<b>Revenues</b>
62,411,104	59,935,796	55,402,463	47,681,442	41,148,793	Taxes
554,886,927	500,063,928	516,260,179	482,379,557	476,787,036	Permits, privilege fees, and regulatory licenses
337,660,061	323,151,828	314,079,106	305,372,921	372,034,854	Intergovernmental
16,842,952	17,230,369	16,645,115	15,065,700	16,507,756	Charges for services
34,239,413	38,113,332	35,214,790	34,949,962	56,222,006	Fines and forfeitures
14,076,599	20,294,568	21,034,191	16,701,652	18,153,938	Revenue from the use of money and property
2,337,036	4,353,629	2,727,276	4,482,245	6,639,296	Recovered costs
4,058,742,914	3,871,049,253	3,819,283,545	3,806,434,541	3,876,461,684	Contributions and other
					<b>Total revenues</b>
					<b>Expenditures</b>
					Current:
172,947,861	142,882,772	131,833,676	133,726,104	149,274,890	General government administration
45,751,873	50,071,223	50,502,397	39,347,205	43,230,230	Judicial administration
639,655,183	594,264,731	573,559,767	565,403,962	583,525,248	Public safety
198,203,970	194,764,262	203,941,440	218,774,283	215,701,070	Public works
542,814,370	557,655,637	539,471,030	489,662,065	488,328,771	Health and welfare
192,000,269	185,214,980	166,588,005	150,881,980	148,394,752	Community development
54,270,433	51,248,180	45,300,724	65,451,624	71,536,790	Parks, recreation, and cultural
					Intergovernmental: <sup>(1)</sup>
178,024,166	195,414,873	196,331,575	64,962,498	111,546,162	Community development
52,494,525	56,373,285	51,963,744	50,660,393	57,753,807	Parks, recreation, and cultural
1,843,611,090	1,769,700,781	1,744,248,387	1,784,128,380	1,784,670,681	Education
173,558,840	215,858,520	126,573,819	108,546,444	103,631,142	Capital outlay
					Debt service:
234,615,416	199,199,649	192,553,364	180,329,456	181,248,484	Principal retirement
127,353,770	122,995,432	111,835,136	113,476,133	107,665,231	Interest and other charges
4,455,301,766	4,335,644,325	4,134,703,064	3,965,350,527	4,046,507,258	<b>Total expenditures</b>
(396,558,852)	(464,595,072)	(315,419,519)	(158,915,986)	(170,045,574)	Deficiency of revenues under expenditures
					<b>Other Financing Sources (Uses)</b>
525,335,599	547,558,731	485,495,544	515,765,999	519,572,088	Transfers in
(536,354,136)	(551,771,067)	(485,707,880)	(508,672,574)	(514,736,191)	Transfers out
298,776,517	434,761,982	449,668,535	370,806,378	211,699,021	Bonds issued
171,151,301	297,015,139	50,968,368	199,228,007	61,224,951	Refunding bonds issued
(145,945,515)	(295,465,222)	(50,785,617)	(198,007,662)	(61,085,125)	Payments to escrow agent
-	-	6,535,000	-	5,197,257	Capital leases, installment purchases, and other
312,963,766	432,099,563	456,173,950	379,120,148	221,872,001	<b>Total other financing sources, net</b>
4,200,000	3,499,567	3,499,567	-	-	<b>Special Item</b>
(79,395,086)	(28,995,942)	144,253,998	220,204,162	51,826,427	Net change in fund balances
8.5%	7.8%	7.6%	7.6%	7.3%	Debt service as a percentage of noncapital expenditures

**2.0 - R** 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 <sup>(1)</sup>  
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 <sup>(2)</sup>
2018	\$ 177,009,973	60,781,189	969,415	238,760,577	17,878,071	1.130
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

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 <sup>(1)</sup>  
Last Ten Fiscal Years**

Fiscal Year	County Direct Rate <sup>(2)</sup>	Overlapping Rates <sup>(3)</sup>	
		Town of Herndon	Town of Vienna
2018	\$ 1.130	0.265	0.2250
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

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 2018			
Rank	Taxpayer	Taxable Assessed Value <sup>(1)</sup>	Pct. of Total Taxable Assessed Value <sup>(2)</sup>
1	Tyson's Corner Property Holdings LLC	\$ 1,376,257,960	0.58 %
2	PR Springfield Town Center LLC	597,030,680	0.25
3	Capital One Bank	524,313,260	0.22
4	Fairfax Company of Virginia LLC	466,683,300	0.20
5	Camden Summit Partnership LP	351,573,180	0.15
6	Washington Gas Light Co	321,508,844	0.14
7	Federal Home Loan Mortgage Corp	311,075,800	0.13
8	Homart Newco One Inc	301,531,350	0.13
9	Reston Town Center Property LLC	300,421,890	0.13
10	U S Bank National Association	298,783,890	0.13
<b>Totals</b>		<b>\$ 4,849,180,154</b>	<b>2.06 %</b>

Source: Fairfax County Department of Tax Administration

Notes:

<sup>(1)</sup> Assessed values are as of January 1 of the prior calendar year.

<sup>(2)</sup> Total taxable assessed value for fiscal year 2018 is \$237,791,162,200. Assessment excludes Public Service Corporations. Total taxable assessed value for fiscal year 2009 is \$229,669,844,640. 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 <sup>(1)</sup>	Collected within the Fiscal Year of the Levy		Adjustments to Original Levy in Subsequent Years <sup>(2)</sup>	Total Adjusted Levy
		Amount	Pct. of Original Levy		
2018	\$ 2,665,889,198	2,657,434,969	99.68 %	-	2,665,889,198
2017	2,614,861,824	2,607,565,912	99.72	(1,182,489)	2,613,679,335
2016	2,450,462,549	2,443,167,137	99.70	(1,352,023)	2,449,110,526
2015	2,367,484,875	2,360,588,850	99.71	(1,541,628)	2,365,943,247
2014	2,226,943,153	2,220,155,139	99.70	(1,458,875)	2,225,484,278
2013	2,132,072,324	2,124,865,909	99.66	(1,767,455)	2,130,304,869
2012	2,055,354,905	2,048,202,774	99.65	(1,419,442)	2,053,935,463
2011	2,024,903,008	2,017,592,586	99.64	(1,149,979)	2,023,753,029
2010	2,122,256,675	2,113,800,763	99.60	(2,460,504)	2,119,796,171
2009	2,088,602,937	2,078,433,868	99.51	(1,377,891)	2,087,225,046

Source: Fairfax County Department of Tax Administration

Notes:

<sup>(1)</sup> Taxes are levied on assessed property values as of January 1 of prior calendar year, i.e. FY2018, taxes are levied for calendar year 2017.

<sup>(2)</sup> Adjustments to the original levy include exonerations, tax relief, and supplemental assessments.



Fiscal Year 2009			
Rank	Taxpayer	Taxable Assessed Value <sup>(1)</sup>	Pct. of Total Taxable Assessed Value <sup>(2)</sup>
1	Tysons Corner Property Holdings LLC	\$ 1,025,702,010	0.45 %
2	CESC Skyline LLC	680,643,610	0.30
3	West Group Properties LLC	459,835,370	0.20
4	Virginia Electric & Power Company	409,028,973	0.18
5	Reston Town Center	404,523,590	0.18
6	SRI Seven Fair Lakes LLC	365,538,090	0.16
7	Brandywine Acquisition Partners LP	352,979,900	0.15
8	Home Properties	326,115,950	0.14
9	Fairfax Company of Virginia LLC	325,596,450	0.14
10	PS Business Parks LP	295,361,340	0.13
Totals		<u>\$ 4,645,325,283</u>	<u>2.03 %</u>

Collections in Subsequent Years	Total Collections to Date	
	Amount	Pct. of Adjusted Levy <sup>(3)</sup>
-	2,657,434,969	99.68 %
4,273,663	2,611,839,575	99.93
5,083,790	2,448,250,927	99.96
4,933,682	2,365,522,532	99.98
5,097,643	2,225,252,782	99.99
5,263,404	2,130,129,313	99.99
5,598,507	2,053,801,281	99.99
6,045,912	2,023,638,498	99.99
5,893,245	2,119,694,008	100.00
8,712,423	2,087,146,291	100.00

<sup>(3)</sup> 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 <sup>(1)</sup>					
	General Obligation Bonds (000s)	Revenue Bonds		Certificates of Participation <sup>(3)</sup> (000s)	Notes (000s)	Capital Leases (000s)
		Revenue- Backed Bonds <sup>(6)</sup> (000s)	Lease Revenue Bonds <sup>(2) (6)</sup> (000s)			
2018	\$ 2,474,659	444,433	443,757	-	352,861	18,535
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

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 <sup>(1)</sup> Revenue Bonds (000s)	Total Primary Government (000s)	Pct. of Personal Income <sup>(4)</sup>	Debt Per Capita <sup>(5)</sup>
8,088	-	649,572	4,391,905	5.058 %	3,843
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

COUNTY OF FAIRFAX, VA  
**TABLE 3.2 - Ratios of General Bonded Debt Outstanding  
 Last Ten Fiscal Years**

Fiscal Year	General Bonded Debt Outstanding <sup>(1)</sup>					Pct. of Actual Taxable Value of Real Property <sup>(3)</sup>	Debt Per Capita <sup>(4)</sup>
	General Obligation Bonds (000s)	Lease Revenue Bonds <sup>(2)(5)</sup> (000s)	Certificates of Participation (000s)	State Literary Fund Loans (000s)	Total (000s)		
2018	\$ 2,474,659	443,757	-	-	2,918,416	1.22 %	2,554
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

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 <sup>(2)</sup>	Share of Overlapping Debt (000s) <sup>(1)</sup>
<i>Overlapping debt:</i>			
Town of Herndon			
General obligation bonds	\$ 11,778	100.0 %	\$ 11,778
Public Improvement notes	-		-
Total overlapping debt, Town of Herndon			<u>11,778</u>
Town of Vienna			
General obligation bonds	27,284	100.0	27,284
Capital leases	1,967	100.0	<u>1,967</u>
Total overlapping debt, Town of Vienna			<u>29,251</u>
Total overlapping debt			<u>41,029</u>
<i>County direct debt:</i> <sup>(3)</sup>			
General obligation bonds			2,474,659
Revenue-Backed bonds			444,433
Lease Revenue bonds			443,757
Notes			352,861
Capital leases			18,535
HUD Section 108 loans			<u>8,088</u>
Total direct debt			<u>3,742,333</u>
Total direct and overlapping debt			<u>\$ 3,783,362</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)				
	2018	2017	2016	2015	2014
(a) Debt limit <sup>(2)</sup>	\$ 7,687,822	7,551,723	7,331,913	7,092,110	6,731,089
Total debt applicable to limit <sup>(3)</sup>	2,918,416	2,895,516	2,875,166	2,863,139	2,832,532
Self-imposed debt margin	\$ 4,769,406	4,656,207	4,456,747	4,228,971	3,898,557
Total debt applicable to limit as a percentage of debt limit	37.96%	38.34%	39.21%	40.37%	42.08%
Total debt applicable to limit as a percentage of assessed value	1.14%	1.15%	1.18%	1.21%	1.19%

*Debt Margin Calculation for Fiscal Year 2018:*

Assessed value <sup>(2)</sup>	\$ 256,260,725
Debt limit (3% of assessed value)	7,687,822
Debt applicable to limit: <sup>(3)</sup>	
General obligation bonds <sup>(1)</sup>	2,474,659
Lease Revenue bonds <sup>(1)</sup>	443,757
Total debt applicable to limit	2,918,416
Self-imposed debt margin	\$ 4,769,406

	Fiscal Year (000s)				
	2018	2017	2016	2015	2014
(b) Debt service limit	\$ 411,255	400,584	386,066	372,962	363,784
Total debt service requirements applicable to limit <sup>(4)</sup>	337,077	313,389	323,859	313,969	295,451
Self-imposed debt service margin	\$ 74,178	87,195	62,207	58,993	68,333
Total debt service requirements applicable to limit as a percentage of the debt service limit	81.96%	78.23%	83.89%	84.18%	81.22%
Total debt service requirements applicable to limit as a percentage of annual General Fund expenditures and transfers	8.20%	7.82%	8.39%	8.42%	8.12%

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)					
2013	2012	2011	2010	2009	
6,513,757	6,320,578	6,108,656	6,680,146	7,354,368	Debt limit <sup>(2)</sup>
2,575,596	2,734,135	2,554,051	2,318,699	2,131,273	Total debt applicable to limit <sup>(3)</sup>
3,938,161	3,586,443	3,554,605	4,361,447	5,223,095	Self-imposed debt margin
39.54%	43.26%	41.81%	34.71%	28.98%	Total debt applicable to limit as a percentage of debt limit
1.19%	1.30%	1.25%	1.04%	0.87%	Total debt applicable to limit as a percentage of assessed value

Fiscal Year (000s)					
2013	2012	2011	2010	2009	
353,329	341,854	334,490	330,895	335,364	Debt service limit
289,714	288,302	285,551	277,370	276,105	Total debt service requirements applicable to limit <sup>(4)</sup>
63,615	53,552	48,939	53,525	59,259	Self-imposed debt service margin
82.00%	84.33%	85.37%	83.82%	82.33%	Total debt service requirements applicable to limit as a percentage of the debt service limit
8.20%	8.43%	8.54%	8.38%	8.23%	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 <sup>(1)</sup>	Operating <sup>(2)</sup>	Net Available	Debt Service <sup>(3)</sup>			Coverage
	Revenues (000s)	Expenses (000s)		Revenue (000s)	Principal (000s)	Interest (000s)	
2018	\$ 228,259	100,996	127,263	21,192	22,152	43,344	2.94 %
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

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 <sup>(1)</sup>	Personal Income <sup>(2)</sup> (000s)	Per Capita Personal Income <sup>(2)</sup>	Median Age (yrs) <sup>(3)</sup>	Pct. of People ≥ 25 Years Old with a Bachelor's Degree <sup>(3)</sup>	Public School Enrollment <sup>(4)</sup>	Unemployment Rate <sup>(5)</sup>
2017	1,142,888	86,834,344	75,978	38.1	60.3 %	187,484	3.0 %
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

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 2017 is estimated using percent change in per capita personal income from 2016.
- (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 2018 <sup>(1)</sup>			Fiscal Year 2009 <sup>(1)</sup>		
	Number of <sup>(2)</sup>		Pct. of Total <sup>(3)</sup>	Number of <sup>(2)</sup>		Pct. of Total <sup>(3)</sup>
	Employees	Rank		County Employment	Employees	
Fairfax County Public Schools	24,715	1	3.92 %	23,014	1	4.02 %
Federal Government	24,080	2	3.82	15,393	2	2.69
Fairfax County Government	12,552	3	1.99	11,393	3	1.99
Inova Health System	7,000-10,000	4	1.35	7,000-10,000	4	1.49
George Mason University	5,000-9,999	5	1.19	-	-	-
Booz-Allen Hamilton	5,000-9,999	6	1.19	7,000-10,000	5	1.49
Federal Home Loan Mortgage	5,000-9,999	7	1.19	4,000-6,999	9	0.96
Capital One	5,000-9,999	8	1.19	-	-	-
General Dynamics	5,000-9,999	9	1.19	1,000-3,999	10	0.44
Northrop Grumman	2,500-4,999	10	0.56	7,000-10,000	6	1.49
Science Applications International Corporation <sup>(4)</sup>	2,500-4,999	-	-	4,000-6,999	7	0.96
Lockheed Martin	1,000-1,499	-	-	4,000-6,999	8	0.96
<b>Totals</b>			<b>17.59 %</b>			<b>16.49 %</b>

- Notes:
- (1) Employment information for fiscal year 2018, excluding data for Fairfax County Government and Fairfax County Public Schools, is from the 1st quarter of calendar year 2018 VEC. Employment information for fiscal year 2009 is as was presented 2009 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 2018 is estimated at 629,698 based on Virginia Employment Commission. Average total County employment for fiscal year 2009 was estimated at 572,000.
  - (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				
	2018	2017	2016	2015	2014
<b>Primary Government:</b>					
General government administration	2,268.0	2,259.0	2,259.0	2,258.0	2,251.0
Judicial administration	407.0	401.0	398.0	394.0	391.0
Public safety	4,501.0	4,459.0	4,398.0	4,390.0	4,318.0
Public works	594.0	566.0	551.0	538.0	520.0
Health and welfare	3,536.0	3,508.0	3,464.0	3,475.0	3,490.0
Community development	537.0	528.0	529.0	516.0	513.0
Parks, recreation, and cultural	709.0	717.0	736.0	755.0	757.0
<b>Total</b>	<b>12,552.0</b>	<b>12,438.0</b>	<b>12,335.0</b>	<b>12,326.0</b>	<b>12,240.0</b>
<b>Component Units:</b>					
<i>Public Schools:</i>					
Education	24,715.0	24,688.0	24,581.0	24,181.0	24,590.0
<i>Redevelopment and Housing Authority:</i>					
Community development	225.0	226.0	226.0	233.0	233.0
<i>Park Authority:</i>					
Parks, recreation, and cultural	574.0	575.0	582.0	595.0	600.0

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

2013	2012	2011	2010	2009	Function/Program
<u>Primary Government:</u>					
2,254.0	2,257.0	1,362.0	1,375.0	1,466.5	General government administration
392.0	390.0	386.0	386.0	391.0	Judicial administration
4,330.0	4,335.0	4,256.0	4,304.0	4,331.0	Public safety
511.0	481.0	972.0	970.5	1,118.5	Public works
3,571.0	3,571.0	2,976.0	2,865.8	2,913.3	Health and welfare
481.0	491.0	666.0	678.0	531.0	Community development
763.0	753.0	422.0	604.5	641.5	Parks, recreation, and cultural
<u>12,302.0</u>	<u>12,278.0</u>	<u>11,040.0</u>	<u>11,183.8</u>	<u>11,392.8</u>	Total
<u>Component Units:</u>					
<i>Public Schools:</i>					
24,232.0	23,534.0	22,938.8	22,851.6	23,014.3	Education
<i>Redevelopment and Housing Authority:</i>					
230.0	230.0	228.0	228.0	238.0	Community development
<i>Park Authority:</i>					
598.0	605.0	603.0	600.0	620.0	Parks, recreation, and cultural

COUNTY OF FAIRFAX, VA  
**TABLE 5.2 - Operating Indicators by Function**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year				
	2018	2017	2016	2015	2014
<b>Primary Government:</b>					
<i>General government administration:</i>					
Real property parcels assessed	360,954	360,617	360,495	359,265	359,099
Personal property vehicles assessed	994,746	986,610	980,114	979,836	979,424
Businesses licensed	49,071	49,408	49,309	49,063	48,202
Best qualified job applicants forwarded to departments	15,544	16,806	17,177	17,374	15,577
<i>Judicial administration:</i>					
Cases filed in General District Court	297,213	302,665	310,879	316,727	313,055
Booking transactions	36,435	36,820	37,537	40,248	43,543
General District Court probation program new adult enrollment	1,290	1,091	1,127	1,168	1,252
<i>Public safety:</i>					
Police:					
Recruits graduating					
Criminal Justice Academy <sup>(3)</sup>	72	72	104	72	49
Total cases assigned <sup>(4)</sup>	4,181	30	6,725	9,166	11,559
Total cases cleared <sup>(4)</sup>	3,545	2,329	2,141	3,590	4,742
Parking tickets issued	52,111	46,886	45,775	48,645	59,097
Sheriff:					
Court cases heard annually	474,377	499,583	451,837	420,081	510,857
Average daily Adult Detention Center inmate population	994	1,029	1,038	1,062	1,228
Fire and rescue:					
Fire investigations conducted	264	335	350	386	283
Fire inspection activities conducted	16,659	19,981	20,520	20,943	21,920
EMS incidents	75,123	75,019	72,037	69,486	66,550
Animals impounded	4,416	4,311	4,354	4,553	4,090
<i>Public works:</i>					
Gross square feet of facilities maintained	11,105,648	10,838,046	10,799,658	10,652,102	8,590,360
Tons of County waste disposed	731,706	735,287	727,734	709,936	700,170
Total tons recycled	494,734	611,171	520,628	484,783	518,575
Total average daily wastewater flow treated (million gallons)	95.8	90.5	96.2	102.9	104.2
<i>Health and welfare:</i>					
Persons served through Community Services Board programs: <sup>(1)</sup>					
Mental Health Services	6,803	6,748	6,884	7,082	6,619
Substance Abuse Services	1,523	1,600	1,658	2,406	2,602
Developmental Services	2,231	2,104	1,969	1,901	1,910
Infant Toddler Connection	3,889	3,642	3,559	3,372	3,164
Emergency and Ancillary Services	17,749	16,587	15,154	14,245	13,442
Home and Congregate Meals for Older Adults <sup>(5)</sup>	512,881	519,959	468,022	433,170	443,865
Food Stamp applications (SNAP)	19,576	21,260	18,469	18,466	17,416
Medicaid/FAMIS Applications	32,544	35,061	39,361	31,609	17,472
Primary care clinic visits	35,388	30,925	37,365	48,100	50,174
Child immunization vaccines given at clinics	28,277	37,659	31,559	34,417	30,590

Fiscal Year					Function/Program
2013	2012	2011	2010	2009	
<i>Primary Government:</i>					
<i>General government administration:</i>					
358,555	358,489	357,943	357,872	358,179	Real property parcels assessed
970,361	963,595	956,528	948,285	947,698	Personal property vehicles assessed
47,454	46,919	46,597	46,872	47,750	Businesses licensed
21,828	22,466	20,563	11,672	11,028	Best qualified job applicants forwarded to departments
<i>Judicial administration:</i>					
310,883	313,369	328,580	334,971	345,240	Cases filed in General District Court
43,857	42,290	48,569	49,784	55,806	Booking transactions
1,286	755	1,353	1,300	1,819	General District Court probation program new adult enrollment
<i>Public safety:</i>					
<i>Police:</i>					
					Recruits graduating
31	28	42	37	41	Criminal Justice Academy <sup>(3)</sup>
12,686	12,549	12,661	9,103	11,078	Total cases assigned <sup>(4)</sup>
5,722	5,234	4,339	3,039	6,158	Total cases cleared <sup>(4)</sup>
52,182	58,550	61,252	64,079	66,003	Parking tickets issued
<i>Sheriff:</i>					
490,492	478,726	451,744	435,853	459,836	Court cases heard annually
1,220	1,257	1,226	1,279	1,309	Average daily Adult Detention Center inmate population
<i>Fire and rescue:</i>					
329	260	306	312	276	Fire investigations conducted
18,024	17,917	19,251	15,468	24,641	Fire inspection activities conducted
67,243	67,073	64,066	65,898	65,662	EMS incidents
3,228	4,323	4,365	4,087	5,176	Animals impounded
<i>Public works:</i>					
8,688,860	8,613,111	8,532,386	8,494,171	8,079,711	Gross square feet of facilities maintained
724,606	796,472	789,721	789,198	845,541	Tons of County waste disposed
647,456	571,116	472,646	445,625	491,113	Total tons recycled
98.0	102.7	100	107.7	101	Total average daily wastewater flow treated (million gallons)
<i>Health and welfare:</i>					
<i>Persons served through Community Services Board programs: <sup>(1)</sup></i>					
6,874	6,736	12,390	11,447	11,318	Intellectual Disability Services (IDS)
2,944	3,281	5,153	5,115	5,136	Alcohol and drug services
1,645	2,087	2,319	2,297	2,685	Intellectual disability
2,975	2,803	2,801	2,448	2,374	Infant Toddler Connection
13,248	11,549	-	-	-	Emergency and Ancillary Services
451,945	479,555	504,093	584,942	624,745	Senior home-delivered meals
18,725	17,604	17,593	17,739	15,412	Food Stamp applications (SNAP)
22,161	20,544	19,711	17,760	18,700	Medicaid/FAMIS applications
50,287	54,336	56,018	51,447	50,012	Primary care clinic visits
27,849	29,365	31,152	65,725	36,062	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				
	2018	2017	2016	2015	2014
<i>Community development:</i>					
Building inspections	159,090	158,289	153,055	156,331	148,587
Building permits issued	63,224	59,814	57,972	59,471	59,956
Zoning permits processed	19,459	19,990	21,513	19,223	19,163
Fairfax Connector bus passengers	8,312,983	8,631,906	8,984,180	9,764,166	10,655,021
<i>Parks, recreation, and cultural:</i>					
Senior Center attendance	361,908	361,270	302,637	296,883	277,342
Teen Center attendance	70,486	74,401	81,975	94,142	92,895
Community Center attendance	330,152	327,950	330,782	308,143	269,279
Library visits	4,532,886	4,633,327	4,727,927	4,814,043	4,990,860
Circulation of all library materials	11,175,980	11,405,157	12,042,565	12,095,926	12,881,013
<u>Component Units:</u>					
<i>Public Schools:</i>					
Combined SAT scores <sup>(6)</sup>	1,213	1,187	1,672	1,669	1,668
Number of lunches served daily	80,374	80,660	82,168	81,526	83,355
Number of breakfasts served daily	26,591	22,261	20,102	19,193	19,090
Student enrollment	189,022	187,484	185,979	185,914	183,895
Special education enrollment	25,779	25,697	25,740	25,490	25,358
ESOL enrollment	27,572	27,896	31,120	31,104	31,204
<i>Redevelopment and Housing Authority:</i>					
Residents housed through subsidized rental programs:					
Federal Public Housing <sup>(7)</sup>	-	2,651	2,762	2,637	2,701
Federal Housing Choice Vouchers <sup>(7)</sup>	12,380	9,541	9,917	9,327	9,530
County Rental Program-multifamily and seniors	6,198	5,789	6,034	6,223	6,202
Homes sold in First-Time Homebuyer Program	27	10	18	15	27
<i>Park Authority:</i>					
REC Center attendance	1,756,187	1,837,807	1,851,595	1,817,882	1,796,905
Golf course rounds	235,287	259,094	268,801	259,313	268,151
Visits to natural, cultural, historic and interpretive sites <sup>(2)</sup>	1,798,157	1,997,855	1,813,942	1,601,690	1,324,432
Class, camp, and program participation	170,206	176,561	175,701	179,575	178,861

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.
- (7) In FY 2018, Federal Public Housing units were converted to project-based voucher units under the federal Rental Assistance Demonstration (RAD). The number of units were included with Federal Housing Choice Voucher.



Fiscal Year					Function/Program
2013	2012	2011	2010	2009	
<i>Community development:</i>					
150,877	136,532	131,236	119,132	130,492	Building inspections
59,714	54,138	52,450	59,662	49,783	Building permits issued
17,982	15,000	15,768	14,791	14,379	Zoning permits processed
10,650,401	10,895,833	10,283,313	9,629,993	10,901,053	Fairfax Connector bus passengers
<i>Parks, recreation, and cultural:</i>					
284,392	260,943	258,359	254,830	278,054	Senior Center attendance
84,180	97,913	95,993	99,267	90,600	Teen Center attendance
264,144	224,163	219,768	211,637	211,781	Community Center attendance
5,221,226	5,246,854	5,439,426	5,685,827	6,128,289	Library visits
13,091,690	13,034,816	13,241,259	13,879,073	13,931,027	Circulation of all library materials
<u>Component Units:</u>					
<i>Public Schools:</i>					
1,663	1,659	1,654	1,664	1,664	Combined SAT scores
85,006	86,703	85,154	83,514	83,385	Number of lunches served daily
17,171	15,400	12,825	11,911	10,456	Number of breakfasts served daily
181,259	177,918	174,933	172,391	169,538	Student enrollment
25,114	24,807	24,489	14,157	14,071	Special education enrollment
28,090	27,944	22,650	19,222	22,001	ESOL enrollment
<i>Redevelopment and Housing Authority:</i>					
Residents housed through subsidized rental programs:					
2,789	2,818	2,839	2,866	2,863	Federal Public Housing
9,636	9,317	9,103	8,138	8,454	Federal Housing Choice Vouchers
6,224	6,166	6,006	6,113	6,398	County Rental Program-multifamily and seniors
42	32	51	63	120	Homes sold in First-Time Homebuyer Program
<i>Park Authority:</i>					
1,919,684	2,006,294	1,988,830	1,868,390	1,847,391	REC Center attendance
276,759	294,828	281,930	289,384	298,631	Golf course rounds
791,038	881,510	723,351	616,441	606,411	Visits to natural, cultural, historic and interpretive sites <sup>(2)</sup>
180,336	176,240	166,430	152,002	157,590	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				
	2018	2017	2016	2015	2014
<b>Primary Government:</b>					
<i>General government administration:</i>					
Government office buildings (square feet)	2,017,255	1,739,631	2,706,311	3,191,961	3,763,174
Vehicle maintenance facilities	3	3	3	3	3
<i>Judicial administration:</i>					
Correctional facilities (inmate capacity)	1,260	1,260	1,371	1,260	1,157
Courtrooms	44	44	44	44	44
<i>Public safety:</i>					
<i>Police:</i>					
Stations	8	8	8	8	8
Vehicles	1,467	1,456	1,441	1,498	1,491
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	30	29
Volunteer fire and rescue stations	8	8	8	8	9
Combination stations	2	4	4	4	4
Vehicles	505	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	153
<i>Public works:</i>					
Miles of sanitary sewer lines	3,247	3,242	3,430	3,425	3,420
Sewer pumping stations	63	61	59	59	59
Refuse collection, recycling, and disposal vehicles	229	229	229	239	244
Miles of stormwater drainage lines	1,668	1,662	1,653	1,641	1,633
Stormwater retention ponds	1,471	1,456	1,440	1,425	1,414
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	7	10
<i>Community development:</i>					
Community centers	8	8	8	7	7
Bus shelters	421	534	563	557	410
Transit centers and park & ride lots	46	46	43	47	36
Fairfax Connector buses	309	302	302	284	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)	711	694	689	677	664

Fiscal Year					Function/Program
2013	2012	2011	2010	2009	
<i>Primary Government:</i>					
<i>General government administration:</i>					
3,621,104	3,605,182	3,792,927	3,630,519	3,836,771	Government office buildings (square feet)
3	4	4	4	4	Vehicle maintenance facilities
<i>Judicial administration:</i>					
1,220	1,257	1,260	1,260	1,260	Correctional facilities (inmate capacity)
44	44	40	39	35	Courtrooms
<i>Public safety:</i>					
<i>Police:</i>					
8	8	8	8	8	Stations
1,486	1,263	1,255	1,289	1,290	Vehicles
2	2	2	2	2	Helicopters
240	240	240	240	240	Criminal justice academy (trainee capacity)
<i>Fire and rescue:</i>					
29	28	28	27	26	County-operated fire and rescue stations
9	9	9	10	11	Volunteer fire and rescue stations
4	4	4	4	4	Combination stations
502	495	496	502	495	Vehicles
2	4	2	2	2	Boats
186	186	186	186	186	Training facilities (trainee capacity)
137	158	134	146	158	Animal shelters (animal capacity)
<i>Public works:</i>					
3,412	3,398	3,390	3,380	3,378	Miles of sanitary sewer lines
59	65	65	65	65	Sewer pumping stations
263	264	264	263	254	Refuse collection, recycling, and disposal vehicles
1,621	1,607	1,593	1,586	1,575	Miles of stormwater drainage lines
1,396	1,373	1,349	1,334	1,303	Stormwater retention ponds
3	3	3	3	3	Landfills and transfer stations
<i>Health and welfare:</i>					
8	8	5	5	5	Health-related clinics
6	6	6	6	6	Shelters
10	10	10	10	10	Community Services Board centers
<i>Community development:</i>					
7	7	7	7	7	Community centers
375	350	194	184	184	Bus shelters
36	38	45	51	51	Transit centers and park & ride lots
278	254	271	255	220	Fairfax Connector buses
<i>Parks, recreation, and cultural:</i>					
23	23	23	23	22	Libraries
1	2	2	2	2	Community centers
656	649	645	641	634	Trails and walkways (miles)

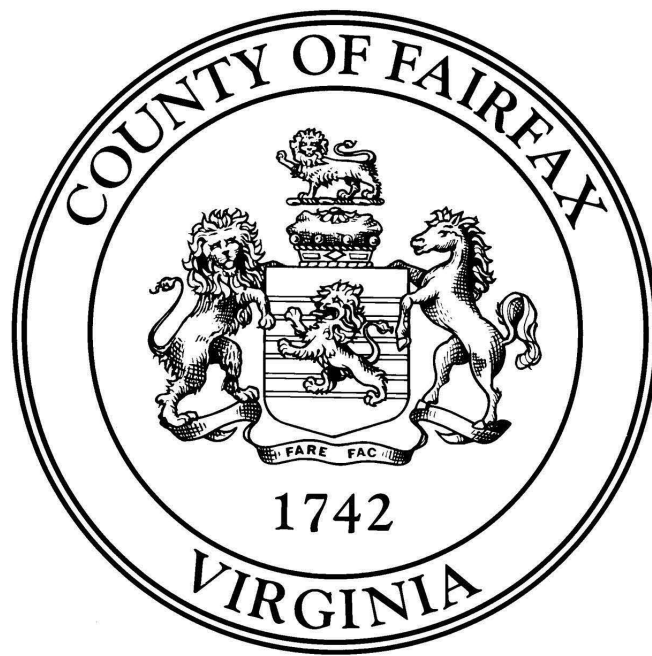
(Continued)

COUNTY OF FAIRFAX, VA  
**TABLE 5.3 - Capital Asset Statistics by Function (concluded)**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year				
	2018	2017	2016	2015	2014
<b>Component Units:</b>					
<i>Public Schools:</i>					
Elementary schools	141	141	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	1,478	1,471	1,467	1,458	1,456
Senior Housing Program	476	476	476	494	494
Partnership Program	699	695	690	779	779
<i>Park Authority:</i>					
Acres of park land	23,513	23,418	23,372	23,346	23,310
Athletic fields	262	263	268	268	272
Trail miles	327	326	324	324	324
Play areas and tot lots	209	210	212	210	209
Tennis courts	254	254	254	254	252
Multi-use courts	131	120	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
2013	2012	2011	2010	2009	
<u>Component Units:</u>					
<i>Public Schools:</i>					
139	138	139	139	137	Elementary schools
23	22	22	22	22	Middle schools
25	25	25	25	25	High/secondary schools
7	7	8	8	9	Special education centers
2	2	2	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	1,420	1,429	1,442	County Rental Program
494	494	494	494	494	Senior Housing Program
779	779	779	779	689	Partnership Program
<i>Park Authority:</i>					
23,265	23,196	22,894	22,524	24,277	Acres of park land
272	274	273	284	289	Athletic fields
320	320	317	314	312	Trail miles
205	205	204	201	201	Play areas and tot lots
252	227	229	229	229	Tennis courts
124	132	132	132	132	Multi-use courts
9	9	9	9	9	Recreational centers
9	9	9	9	9	Golf courses
68	68	68	67	67	Historic sites
7	7	7	7	7	Nature/visitor centers
3	3	3	3	3	Marinas





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