Fairfax County, Virginia

Popular Annual Financial Report

July 1, 2021 - June 30, 2022

For the Fiscal Year
Ended June 30, 2022

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November 22, 2022

We are pleased to present to you, our residents, the Popular Annual Financial Report (PAFR) for the County of Fairfax, Virginia, covering Fiscal Year (FY) 2022, from July 1, 2021 through June 30, 2022. The PAFR is designed to offer, those with a general interest in the County's financial activities, a glimpse at selected data from the FY 2022 Annual Comprehensive Financial Report (ACFR) presented in a highly readable format.

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

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

Respectfully,

Bryan J. Hill
County Executive

Christina C. Jackson
Chief Financial Officer

Christopher J. Pietsch
Director of Finance

Photo Credits:

Front Cover – The Boro in Tysons Corner area

Back cover – Fairfax County District Map

Please visit the County's website here to access the full FY 2022 ACFR.

Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

County of Fairfax
Virginia

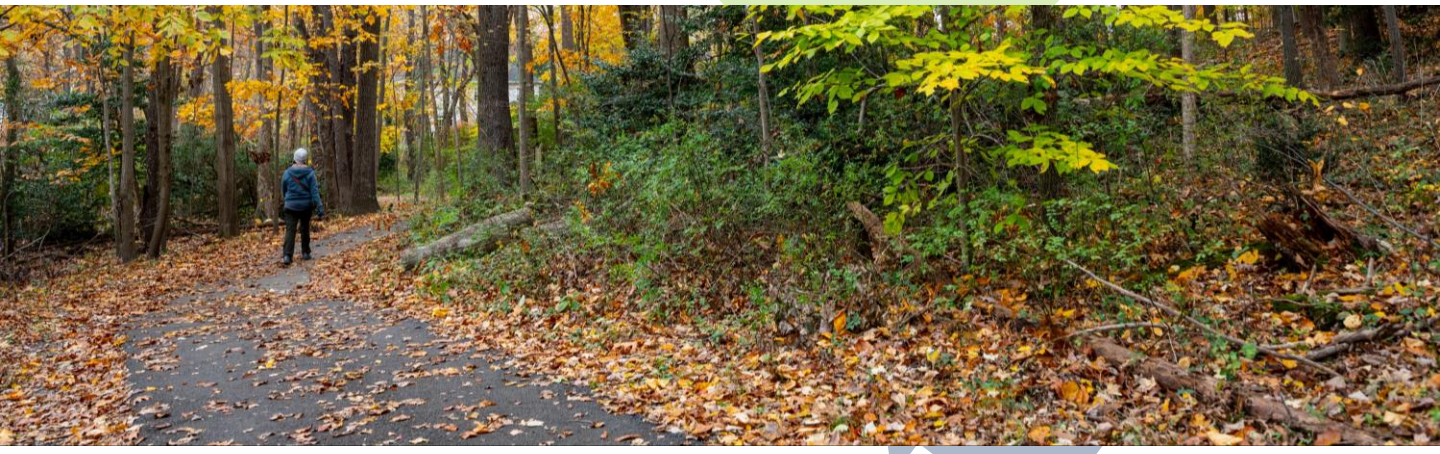
For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

Left photo: Wakefield Streambed
Below photo: Autumn in McLean



Left photo: Young child vaccinations
Below photo: PCR testing

About Fairfax County

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

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

Government Structure

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

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

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

The Basic Needs Support program funded through the CARES Act was designed to address the community's increased need for food and financial assistance as a result of the pandemic. During FY 2022, the County disbursed the majority of the remaining federal Emergency Rental Assistance award. In total, the Emergency Rental Assistance program served 6,064 households in need of housing assistance and 529 households in need of utility assistance totaling $59.2 million of assistance provided.

The Food Access Program (FAP) is intended to aid the community in recovering from the COVID-19 pandemic. Community based organizations and Houses of Worship (501(c)3 organizations located in or serving Fairfax County) can apply for funding in **two different lanes**:

Lane 1 is for the direct food assistance in the amount of $1.5 million and will be proportionately allocated according to regional need. This lane will support program proposals for new and existing food programs to purchase of food.

Lane 2 will be in the amount of $500,000 for innovative models in food service delivery. This lane is designed to support food providers in creating innovative ways to respond to hunger in Fairfax County.

A second investment of $2 million is available, funded through the American Rescue Plan Act (ARPA). These funds may be subject to federal regulations.

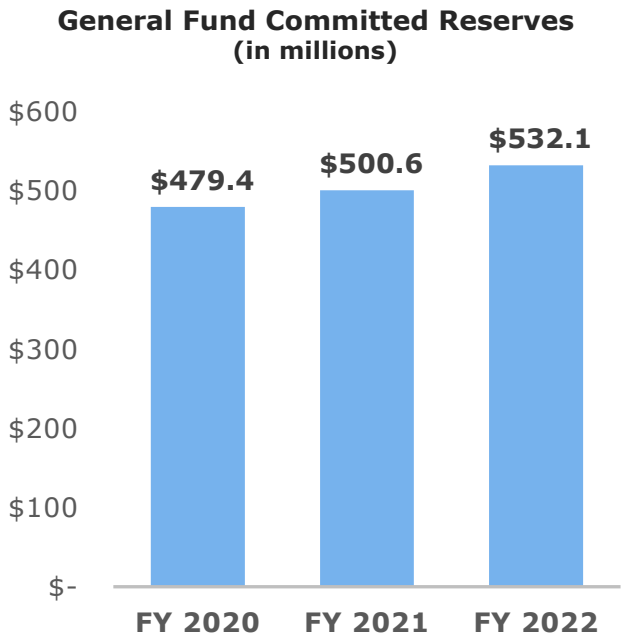
Virginia Task Force 1 is a premier disaster response and humanitarian resource sponsored by the Fairfax County Fire and Rescue Department through partnerships with the United States Agency for International Development Bureau for Humanitarian Assistance, and the Department of Homeland Security Federal Emergency Management Agency. Nationally, the team deploys as VA-TF1, and, internationally, as USA-01 to natural and man-made disasters on short notice. During FY 2022, Task Force members deployed to support response efforts for an earthquake in Haiti, flooding after Hurricane Ida in New Jersey, and after a tornado in Kentucky.

Fiscal Integrity

The keystone to the County's ability to maintain its fiscal integrity is the continuing commitment of the Board. This commitment is evidenced by their adoption of the Ten Principles of Sound Financial Management (Ten Principles), first adopted in 1975, which remain the policy context within which financial decisions are considered and made. These principles relate primarily to the integration of capital planning, debt planning, cash management, and productivity as a means of ensuring prudent and responsible allocation of the County's resources. From time to time the Board amends the Ten Principles in order to address changing economic conditions and management practices. In FY 2016, as a response to concerns from the bond rating agencies, the Board committed to increasing the County's reserve policies to strengthen the County's financial position. The total target balance is ten percent of the General Fund disbursements, which is in-line with other **Triple A Jurisdictions**. The chart below illustrates the General Fund Committed Reserves for FY 2019 through FY 2022. The County has established General Fund committed reserves which are available to allow the County to respond to both anticipated and unforeseen events. At June 30, 2022, those reserves were primarily revenue stabilization fund reserves and managed reserves.

10 Principles of Sound Financial Management

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

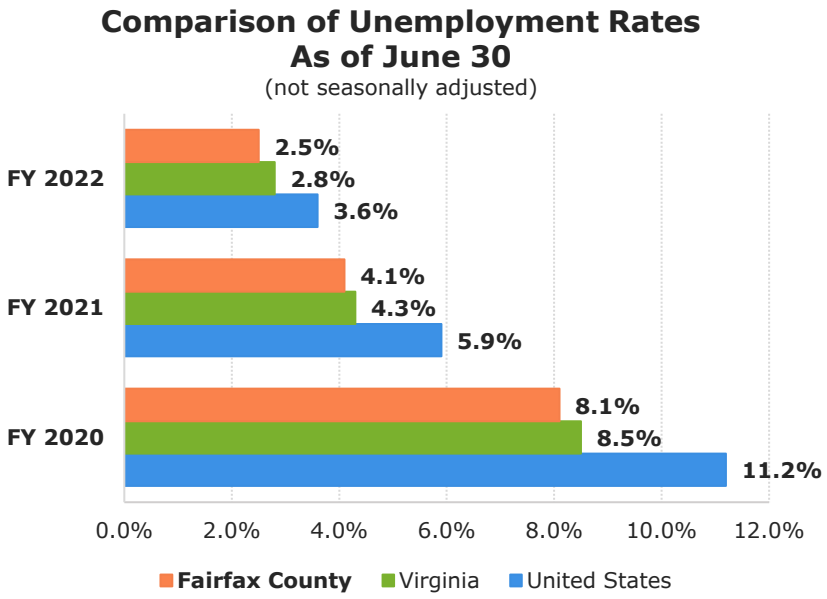


Triple A Jurisdiction

The County has held a Aaa rating from Moody's Investors Service since 1975, a AAA rating from Standard and Poor's Corporation since 1978, and a AAA rating from Fitch Investors Services since 1997. As of January 2022, only 13 states, 49 counties, and 31 cities currently hold the AAA rating from all three agencies. Having the top bond rating allows Fairfax to borrow funds at lower interest rates, as investors would have confidence the government would not default on its debt. Since 1978, taxpayers have saved $618.44 million in interest payments because of the high credit rating. Including savings of $395.44 million from the various refunding sales, the total benefit to the County equates to just over $1.00 billion.

Business and Employment Facts

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

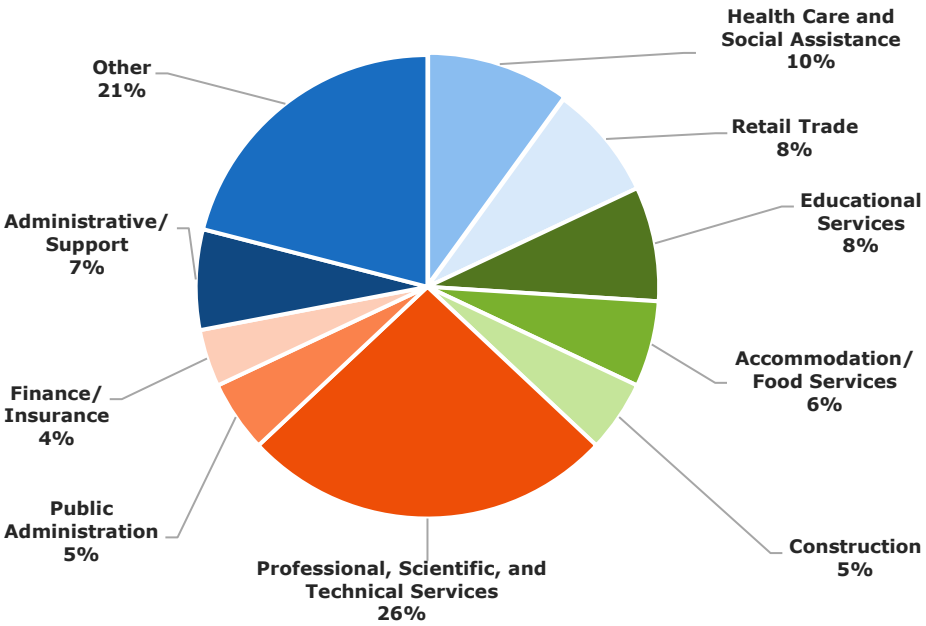


Source: U.S. Bureau of Labor and Statistics

Economic Accolades

- **8,800+** technology-focused enterprises
- **3rd** largest metro area for technology employment
- **150K** tech workers
- **440** foreign-owned or foreign-affiliated companies
- **9** Fortune 500 headquarters
- **1,666** financial services establishments
- **7** Fortune 500 defense and aerospace firms operate in Fairfax County

Employment By Industry



Source: Fairfax County Economic Development Authority

Ten Largest Employers in Fairfax County

Federal Government

Fairfax County Public Schools

Fairfax County Government

Inova Health System

George Mason University

Booz, Allen and Hamilton

Amazon

Capital One

Science Applications International Corporation

Federal Home Loan Mortgage

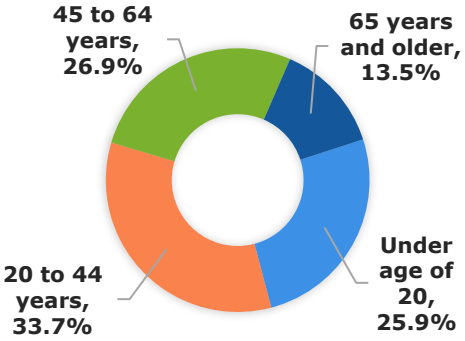
Demographic Facts

Over **1.17** million residents

53% of residents identify as a racial/ethnic minority

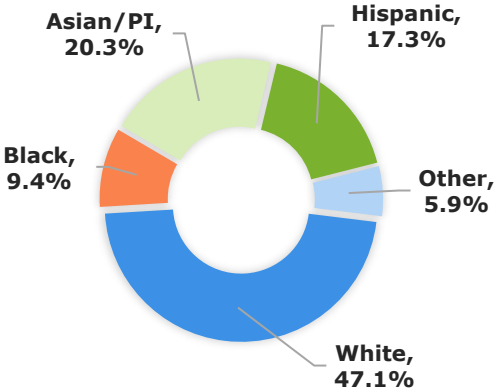
40% of residents over the age of 5 speak a language other than English at home

POPULATION AGE DISTRIBUTION



Source: Fairfax County Economic, Demographic, & Statistical Research

RACE/ETHNICITY DISTRIBUTION



$16,505 Average cost per student

178,000+ Students (Pre-K – 12th grade)

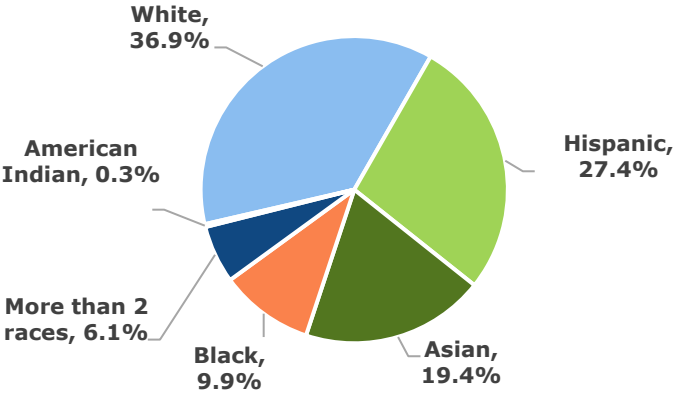
1,600+ School Buses

199 Schools and centers

173 Energy Star certified buildings*

*More than any other school system in the country

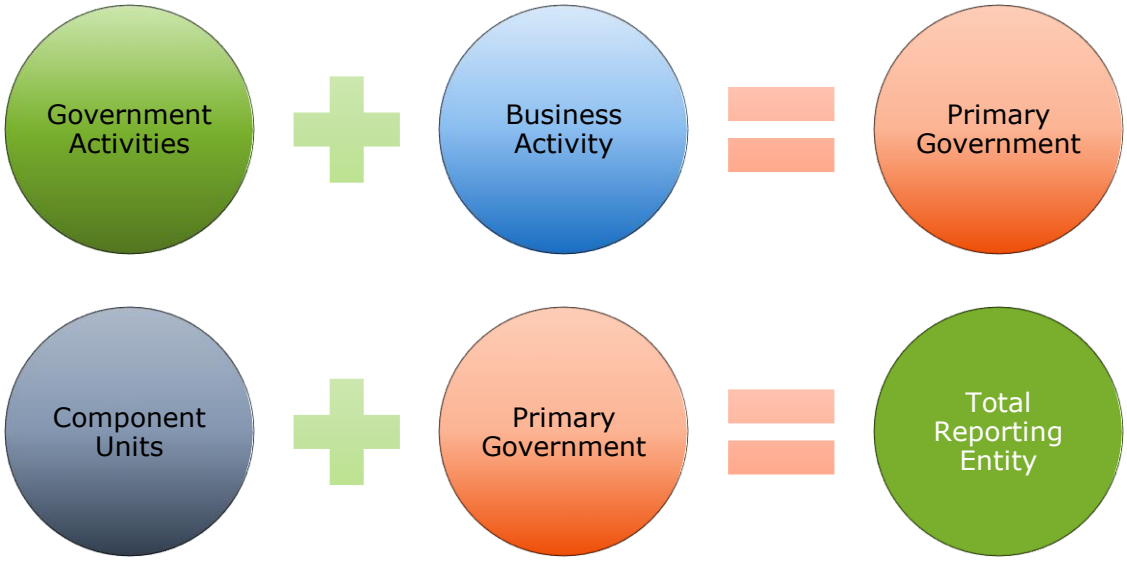
FCPS Student Population



Source: 2021 Fall Membership by Subgroup

Financial Facts

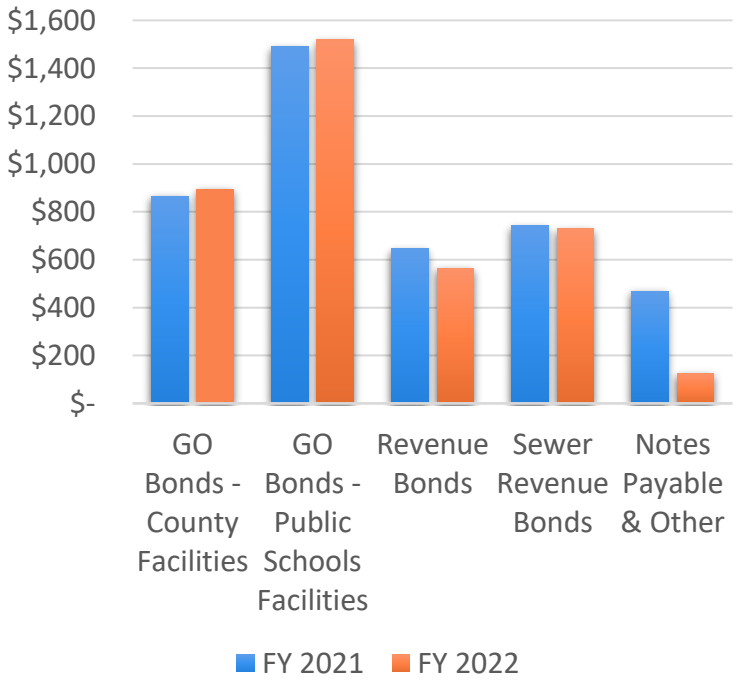
Government-wide financial statements consist of three categories: Government Activities; Business-type Activities; and Discretely Presented Component Units. The County's governmental and business-type activities are collectively referred to as the Primary Government. Together, the Primary Government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



Primary Government Long-term Debt

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

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



Financial Facts

Summary of Changes in Net Position Total Primary Government For the Fiscal Years Ended June 30 ($-millions)	FY 2022	FY 2021
Revenues		
Program Revenues		
Charges for services	$ 905.8	$ 876.2
Operating grants & contributions	522.3	505.0
Capital grants & contributions	41.0	65.8
General Revenues		
Real property tax	3,053.6	3,008.7
Personal property tax	475.1	432.9
Other taxes	657.7	612.2
Unrestricted grants & contributions	211.4	211.4
Revenue from the use of money	(61.0)	(4.4)
Total Revenues	$ 5,805.9	$ 5,707.8
Expenses		
Expenses		
General government administration	$ 192.5	$ 258.1
Judicial administration	61.8	71.1
Public safety	801.6	882.3
Public works	420.5	477.5
Health and welfare	775.3	797.8
Community development	443.1	569.7
Parks, recreation, and cultural	195.3	133.2
Education	2,368.9	2,339.3
Interest on long-term debt*	96.1	99.9
Total expenses	$ 5,355.1	$ 5,628.9
Increase (decrease) in net position	$ 450.8	$ 78.9
Beginning net position	$ 884.8	$ 805.9
Ending net position	$ 1,335.6	$ 884.8

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

Net Position

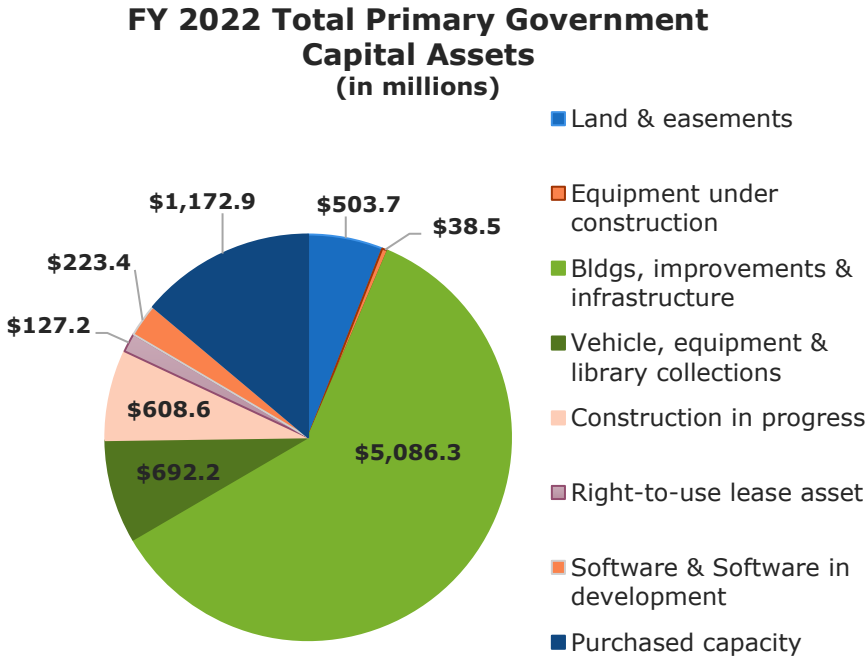
For the Total Primary Government, assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by $1,335.6 million for FY 2022, representing an increase of $450.8 million in the net position over FY 2021. The increase in fiscal year 2022 net position was mainly due to increases in current and other assets, capital assets and decrease in long-term liabilities offset by increases in deferred tax revenue and deferred inflows related to pension.

Total revenues increased by $98.1 as compared to FY 2021. This increase is directly attributed to real property taxes, personal property taxes, and other taxes.

Education expenses totaled $2,368.9 million in fiscal year 2022, an increase of $29.6 million over fiscal year 2021. Health and welfare decreased by $22.5 million in total cost of services compared to fiscal year 2021. A significant portion of this arises from reduced capacity of programs in health and social services.

Primary Government Capital Assets

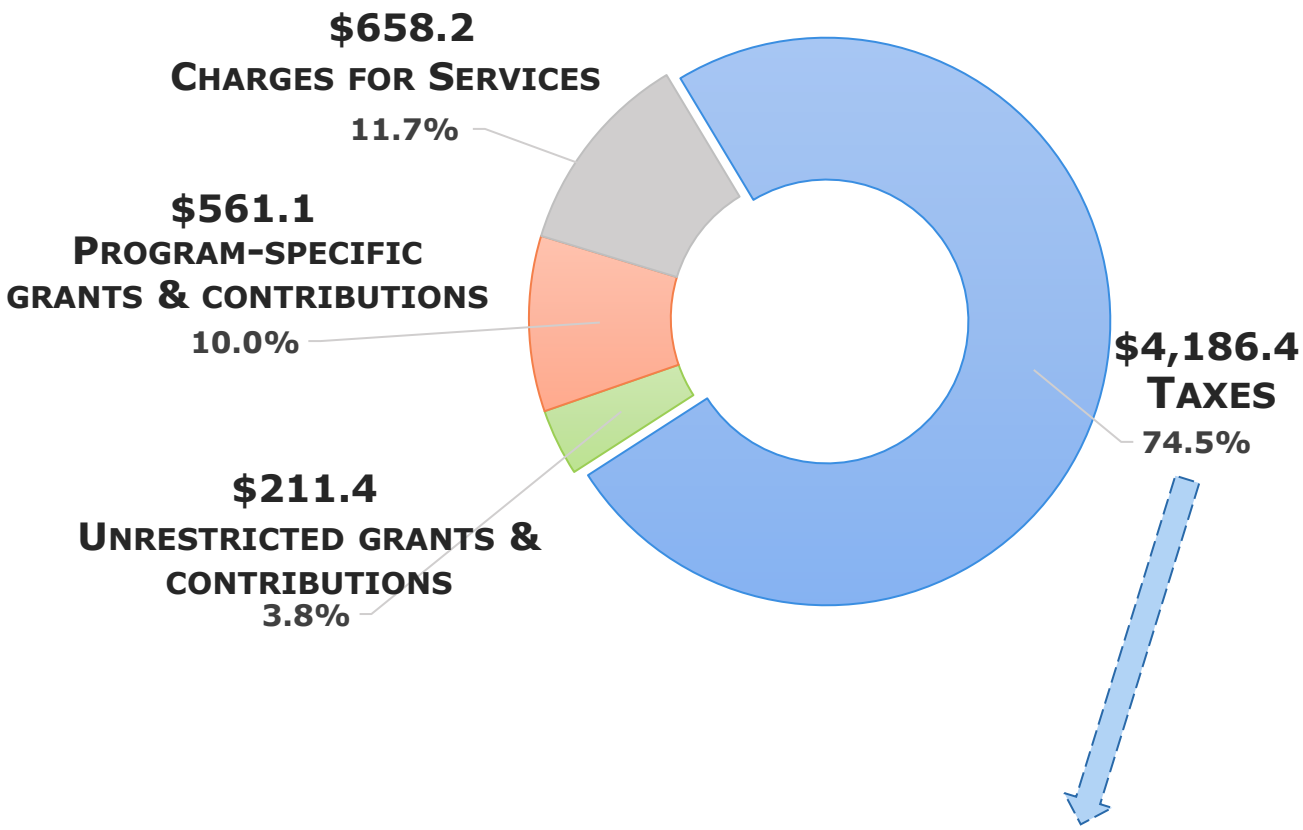
The Total Primary Government's investment in capital assets for FY 2022, amounted to $8.5 billion. Major activities for FY 2022 included: improvements to transportation, including bus and rail services; and upgrades to the Sewer System's share of the Noman Cole Treatment Plant Renovation; acquisition of software to improve general government administration; and due to the implementation of GASB 87, the County reported Right-To-Use assets for use of office space, land, infrastructure, and office equipment as a lessee. For more information about capital assets refer to Note F of the 2022 ACFR.



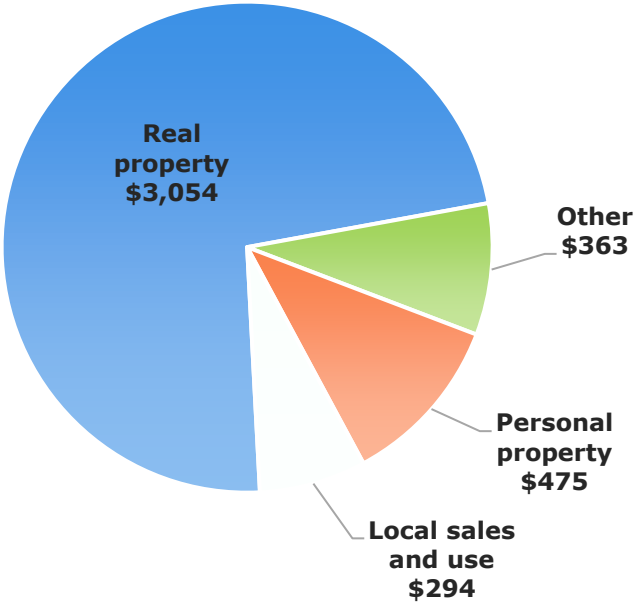
Please visit the County's website here to access the full FY 2022 ACFR.

Government Activities – Major Revenues by Source

(in millions)



Tax Revenue by Source
(in millions)



Taxes totaled $4,186.4M for fiscal year 2022, an increase of $132.6M over prior fiscal year.

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

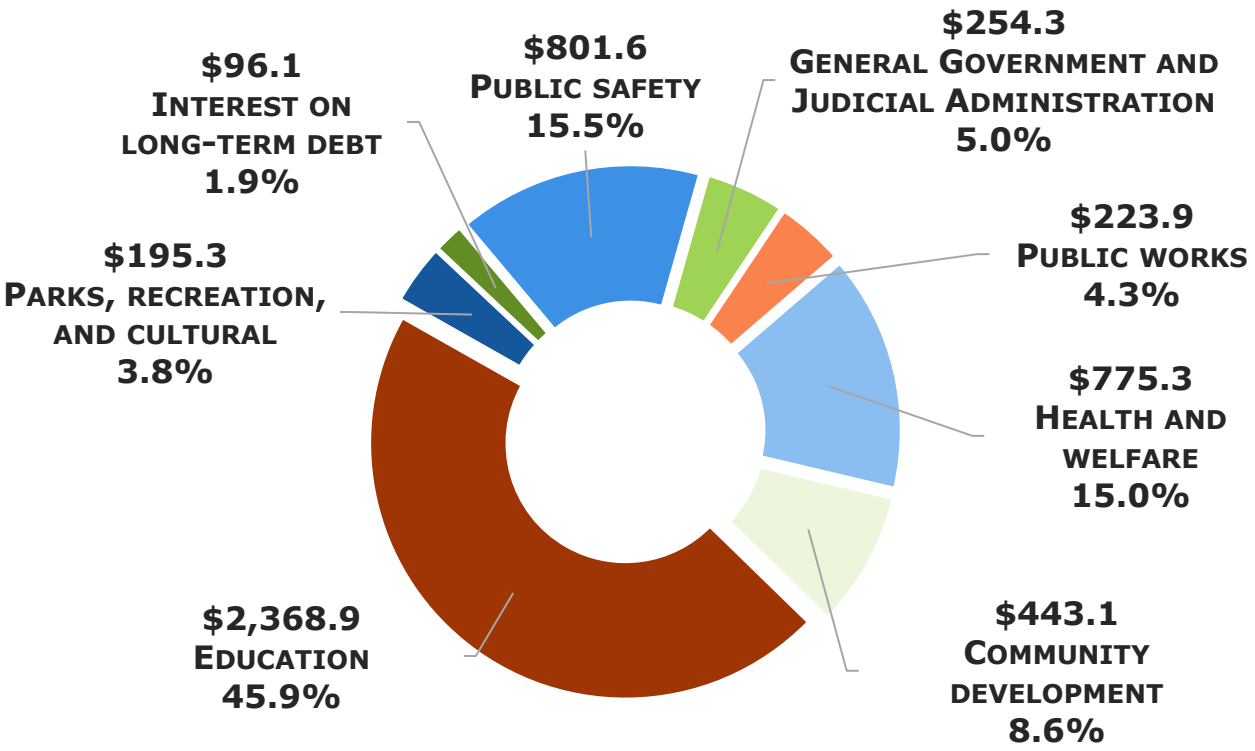
Real Property taxes represent 72.9% of total taxes and over half of all revenues combined.

The real estate tax rate remained at $1.14 per $100 of assessed value, but real estate assessments increased by $59.8M.

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

Total Primary Government - Expenditures

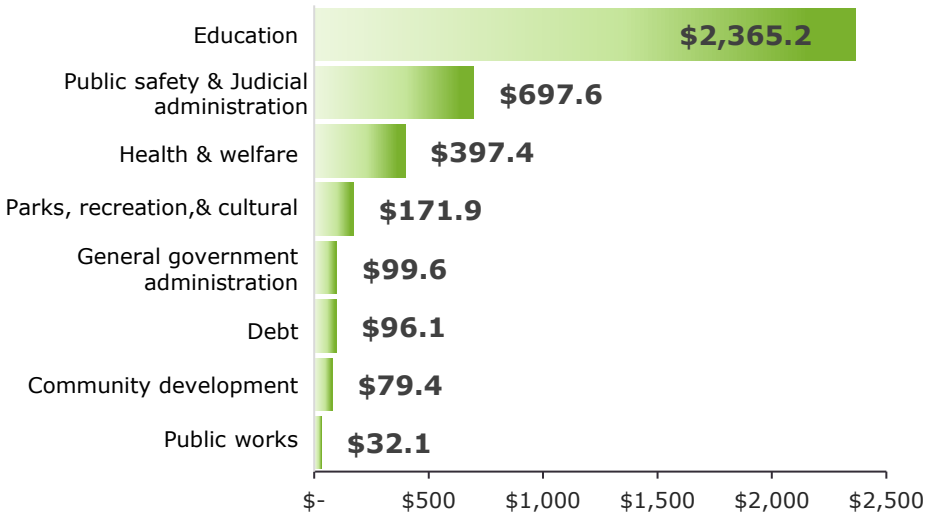
(in millions)



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

Net Cost of Governmental Activities

(in millions)



Some of the cost of governmental activities is paid by those who directly benefit from the programs, as well as by subsidies from other governments and organizations for certain programs through grants and contributions. County taxpayers subsidized the balance of $3,939.3 million net cost of governmental activities.

Fairfax County Strategic Plan

The following ten outcome areas represent the issues of the greatest importance to the Fairfax County community. They were developed based on extensive community input and were reinforced repeatedly over an 18-month outreach period. You can find the full Fairfax County Strategic Plan report online at www.fairfaxcounty.gov/strategicplan/.

- CULTURAL AND RECREATIONAL OPPORTUNITIES
- ECONOMIC OPPORTUNITY
- EFFECTIVE AND EFFICIENT GOVERNMENT
- EMPOWERMENT AND SUPPORT FOR RESIDENTS FACING VULNERABILITY
- ENVIRONMENT
- HEALTH

HOUSING AND NEIGHBORHOOD LIVABILITY

LIFELONG EDUCATION AND LEARNING

MOBILITY AND TRANSPORTATION

SAFETY AND SECURITY

Facts about the Fairfax Countywide Strategic Plan

Developed with input from **22,881 community voices**, through **4 rounds of community engagement**

Implementation will **kick-off** with 2 Community Outcome Areas: **Economic Opportunity** and **Effective and Efficient Government**

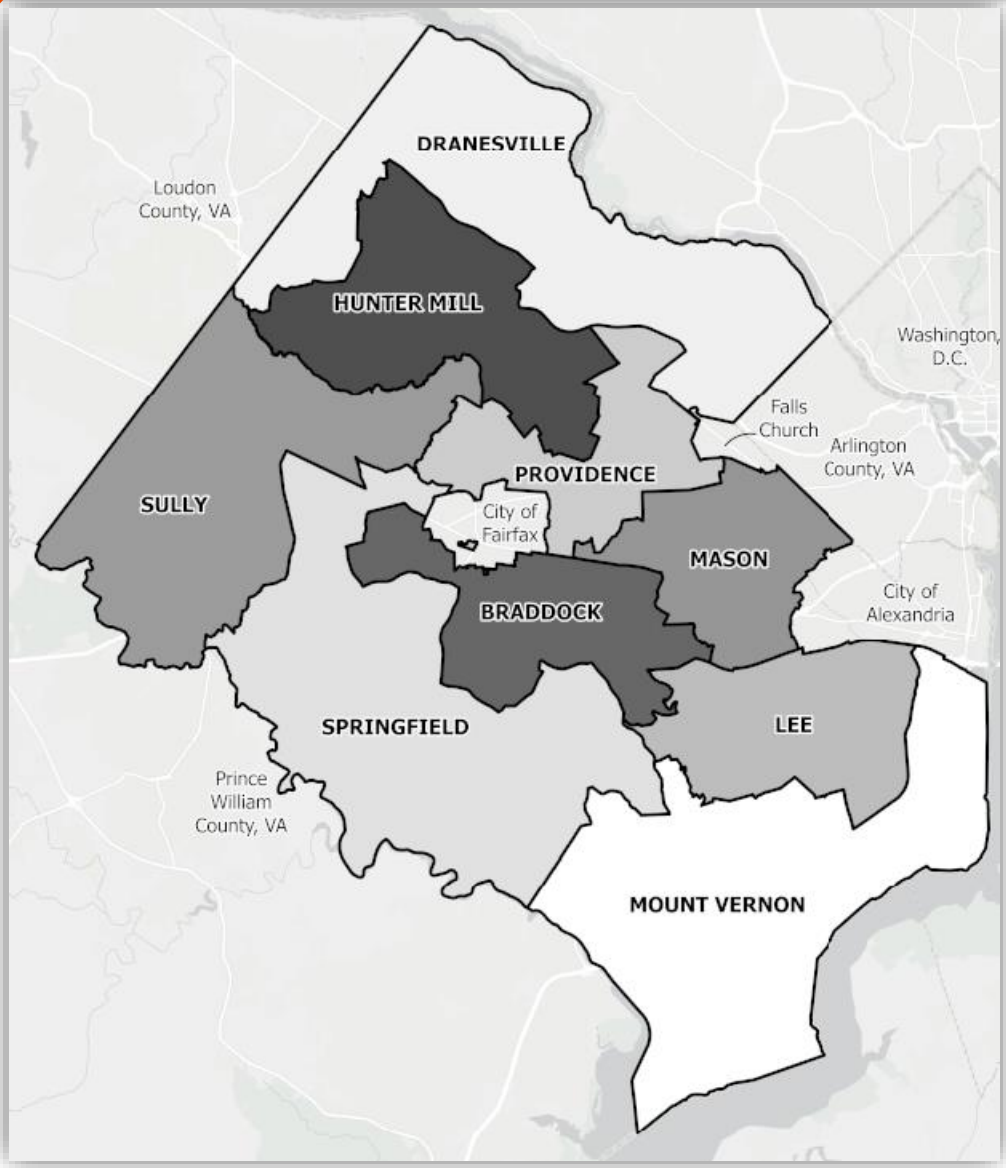
Serves as a tool to **prioritize county initiatives** over the next **3-5 years**

Adopted by the Board of Supervisors in October 2021

SHAPING THE FUTURE OF FAIRFAX COUNTYWIDE STRATEGIC PLAN

The FY 2022 Popular Annual Financial Report was prepared by:

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



Fairfax County is committed to a policy of nondiscrimination in all County programs, services, and activities. Reasonable accommodations will be provided upon request.

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

Call 703-324-3120, TTY 711