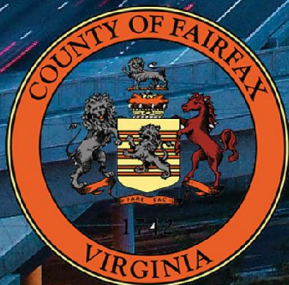


County of Fairfax, Virginia



Comprehensive Annual Financial Report

For the Fiscal Year
Ended June 30, 2016



Front Cover Photographs:

Spring* - Green Spring Gardens, Alexandria

Summer** - Frying Pan Farm Park , Herndon

Fall** - Lake Accotink Park, Springfield

Winter** - Hidden Pond Nature Center, Springfield

Background*** - Tysons

** photograph courtesy of the Fairfax County Park Authority*

***photographs courtesy of the Fairfax County Office of Public Affairs*

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2016



DEPARTMENT OF FINANCE

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COUNTY OF FAIRFAX, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2016
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Introductory Section

The Introductory Section contains the letter of transmittal, which provides an overview of the County of Fairfax's finances, economic prospects, and achievements. Also, included in this section is the Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association. It is the highest form of recognition in governmental financial reporting.



County of Fairfax, Virginia

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

November 18, 2016

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) 2016 (July 1, 2015 - June 30, 2016) 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
- Acknowledgements

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

ECONOMIC CONDITION AND OUTLOOK

While long acclaimed as an economic success story, Fairfax County leaders recognized the headwinds facing the County with regard to federal budget cuts and the resulting impact on the local economy in terms of lost jobs, during the two year period preceding 2015, as well as higher office vacancy rates. The Board of Supervisors (the Board) subsequently directed development of an economic strategic plan. With wide-ranging input from all sectors of the community and County government, a Strategic Plan to Facilitate the Economic Success of Fairfax County was adopted by the Board in March 2015 to advance the following six goals:

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

Staff from a number of agencies began efforts in FY 2016 to implement the strategies associated with each of the above goals, with regular reporting on progress provided to the Board.

Online Resource: <http://www.fairfaxcounty.gov/success/strategic-plan-facilitate-economic-success-2015.pdf>

The Local Economy

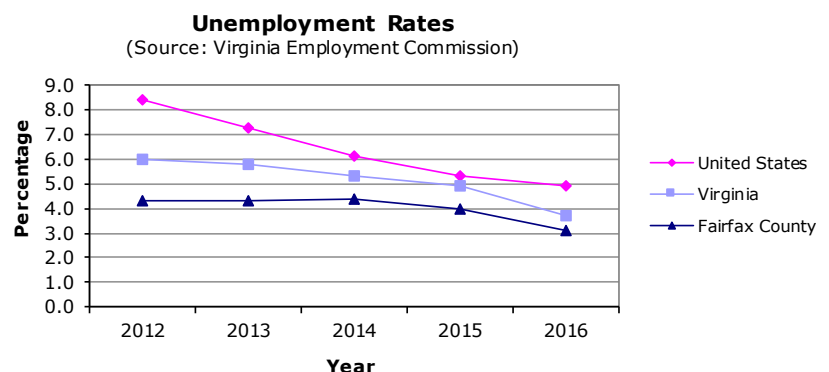
While job growth resumed in Fairfax County in 2015 after two consecutive years of job losses, the sectors gaining jobs had lower wages. Job growth in the Professional and Business Services sector, which had shed almost 12,600 jobs in the previous two years primarily as a result of sequestration, was essentially flat during 2015. Federal procurement spending in the County, which has a substantial impact on the local economy, decreased 2.6 percent in FY 2015, after increasing 2.2 percent the previous year. Defense procurement contract awards were 26.0 percent below the FY 2011 peak level.

Business, Professional, and Occupational License (BPOL) and Sales Taxes, two revenue sources that are a good indicator of economic activity in the County, saw a very modest growth during FY 2016. BPOL receipts increased 0.7 percent over the FY 2015 level. Sales Tax receipts grew a modest 1.4 percent after increasing a strong 6.6 percent in FY 2015. Transient Occupancy Tax receipts were up 3.1 percent over the FY 2015 level.

For the commercial real estate market, office vacancy rates remain elevated. According to the Fairfax County Economic Development Authority, the direct office vacancy rate in the County decreased just slightly from 16.3 percent in 2014 to 16.2 percent as of year-end 2015.

The unemployment rate in the County as of August 2016 is 3.2 percent, down from 3.5 percent last August. During the first nine months of 2016, the number of home sales in Fairfax County increased 5.3 percent.

The chart reflects the unemployment rates as of June 2016. The Fairfax County unemployment rate was 3.1%. The unemployment rates for the state of Virginia and the United States were 3.7% and 4.9% 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 by the constrained economic federal spending. In March of 2016, the U.S. Census Bureau released data revealing that the business community in Fairfax County is rapidly diversifying with more companies owned by minorities, women and veterans. Specifically, minority-owned businesses have grown as a share of the Fairfax County economy, from 33 percent of all businesses in 2007 to 41 percent in 2012, according to the Survey of Business Owners (SBO). About 36 percent of businesses in the County are women-owned, compared to 31 percent in 2007. In addition, approximately 11 percent of companies are veteran-owned.

Economic development activities of the County are carried out through the Fairfax County Economic Development Authority (FCEDA), which promotes Fairfax County as a preferred location for business start-up, expansion, relocation and capital investment. FCEDA commissioners are appointed by the Board. It works with new and existing businesses to help identify their facility needs, offer business development support, and assist in resolving County and state related issues. The FCEDA maintains offices in six important global business centers: Bangalore, India; London, England; Los Angeles; Munich, Germany; Seoul, South Korea; and Tel Aviv, Israel.

In 2015, FCEDA assisted 40 foreign-owned businesses with their decision to locate or expand operations in Fairfax County. Fairfax County is home to more than 415 foreign-owned firms from 45 countries – more such firms than any other jurisdiction in the Washington D.C., area.

Online Resource: <http://www.fairfaxcountyeda.org/publications/annual-report-2015>

Jobs

During the calendar year 2015, the FCEDA worked with 179 businesses adding almost 8,700 jobs to Fairfax County's economy. Companies in a wide range of professional services and information technology sectors dominated the year's announcements. Not only are these companies creating jobs, they are building the commercial tax base that the Board uses to fund high-quality public services essential for the quality of life that more than 1.1 million county residents enjoy.

Of the 179 businesses making job announcements, 139 are U.S.-based. Among the U.S. firms, 17 are minority-owned, woman-owned or veteran-owned companies. Of international businesses, 40 companies with headquarters or parent companies overseas, announced expansions in Fairfax County in 2015.

Online Resource: www.fairfaxcounty.gov/economic/indicat/2015/2015_08.pdf

Vendor Forum

The importance of small businesses on the economic and civic strength of Fairfax County continues to be seen through the annual Vendor Forum presented by the Department of Procurement and Material Management. During the most recent Vendor Forum, approximately 400 small business owners, entrepreneurs, and industry leaders gathered at the Fairfax County Government Center to network and learn how to grow their businesses. The Vendor Forum coalesced business experts from around the DC metropolitan area to hear from Keynote Speaker Sylvia Henderson who spoke on the importance of education in raising the strength of current and future small business owners. Workshops topics and speakers were handpicked by the Small Business Commission to cover topics ranging from effective networking tips to strategies on preparing effective government proposals.

The Reverse Vendor Trade show featured over 50 exhibitors gathering county departments and regional partners in one place for guests to network with. These connections build the county's supplier base and increase competition while expanding opportunities for local small businesses. Success stories include

the discovery of solicitations by vendors leading to contract awards, and the start of business partnerships between companies that met at the Vendor Forum. These achievements along with record attendance proves that the local business community embraces the opportunity to work with Fairfax County and each other and the Vendor Forum will continue to provide the place to do so.

Office Space

The total inventory of office space in the County was more than 116.2 million square feet as of year-end 2015, 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 38.9 million square feet. As of year-end 2015, the vacancy rates (including vacant sublet space) for the office market and industrial/flex markets were 17.2 percent and 11.5 percent, respectively.

Online Resource: www.fairfaxcountyeda.org
www.fairfaxcounty.gov/budget

MAJOR INITIATIVES AND ACCOMPLISHMENTS

Board of Supervisors - Lines of Business

The 2016 Lines of Business (LOBs) exercise was the first step of a multi-year process to shape the County's strategic direction and validate County priorities. The LOBs process will cross multiple years and consist of two phases. Initially, LOBs are anticipated to be used to educate readers on the array of services provided by Fairfax County and to begin discussions at the Board and community levels regarding which programs/services should be more closely evaluated. During FY 2016, the Board received presentations of the LOBs from each County department. These detailed discussions focused on trends, challenges, metrics, and issues facing the departments and their respective LOBs. The presentations provided an opportunity for discussion with the Board, to have questions answered, and for the identification of items for the next steps.

A key goal of the LOBs exercise was for a very broad-based level of involvement. Online opportunities for detailed review of documents and submission of questions was provided along with meetings throughout the County to share the details of the first phase of the process and direct the community to the online opportunities. LOBs details were shared as part of budget meetings sponsored by Board members, civic associations, and community groups, as well as three focused presentations in the community to respond to Frequently Asked Questions (FAQs) and to solicit input. In addition, a survey instrument was made available to solicit additional ideas and input.

Based on the discussions that took place during the initial educational phase of LOBs, Phase 2 will focus on programs/services to be reviewed for improved efficiency and effectiveness. At the direction of the Board, County staff will develop project plans to further evaluate these programs and provide recommendations for the Board's consideration and approval. Ultimately, the Board will be better positioned to approve a sustainable financial plan to invest in the County's future success.

Online Resource: <http://www.fairfaxcounty.gov/dmb/2016-lines-of-business.htm>

Text to 9-1-1

On September 22, 2015, Fairfax County's 9-1-1 Center began accepting text to 9-1-1 calls for service. Fairfax County is the first jurisdiction in Northern Virginia – and one of the largest 9-1-1 centers in the country – to implement this service. Less than 5 percent of the United States has text to 9-1-1.

Text to 9-1-1 is available within Fairfax County and the Towns of Herndon, Vienna and Clifton, as well as the City of Fairfax. The service is set up to operate similar to the way 9-1-1 voice calls are handled. A text to 9-1-1 call will generally route the same way a voice call to 9-1-1 is routed. While voice calls are best and the preferred method for contacting 9-1-1, the Text to 9-1-1 feature is intended primarily for use: for an individual who is deaf, hard-of-hearing or has a speech disability; for someone who is in a situation where it is not safe to place a voice call to 9-1-1; or, in a medical emergency that renders the person incapable of speech.



Ad Hoc Police Practices Review Commission

At the March 3, 2015, Board meeting, Chairman Sharon Bulova announced the creation of an Ad Hoc Commission to review Fairfax County Police Department (FCPD) policies and practices. In her announcement, she stated, "The Board of Supervisors and the Police Department recognize the importance of maintaining that public trust and the importance of always reviewing policies and practices and seeking to improve...Our Board has been taking a hard look at our policies involving the timing and manner of releasing information in the case of critical police-involved incidents. This effort can be greatly enhanced by engaging with the community in an open, transparent way. This Commission will be charged with recommending changes to Fairfax County policies that would help us achieve our goal of maintaining a safe community, ensuring a culture of public trust and making sure our policies provide for the fair and timely resolution of police-involved incidents."

During FY 2016, the Ad Hoc Commission was tasked with reviewing all FCPD policies related to critical incidents including use of force as well as how and when information is released to the public. Policies reviewed included those related to training policies, threat assessments and the Internal Affairs Division. The Commission also reviewed practices related to the release of information and considered the roles of Police Public Information Officers and the Office of Public Affairs, along with the relationship between the FCPD and the Office of the Commonwealth's Attorney, as well as the provisions of the Virginia Freedom of Information Act.

The Board continues to hold meetings to consider and act upon the commission's recommendations as well as monitor progress on the implementation of those recommendations. Additional information, including the commission's report can be found at: <http://www.fairfaxcounty.gov/policecommission/>.

Diversion First

The Board announced their commitment to set up a basic jail diversion program by January 1, 2016. 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. The program is designed to stop repeat encounters with the criminal justice system, improve public safety, promote a healthier community and use public funding most cost-effectively.

As of January 1, 2016, a police officer and/or deputy sheriff are on duty at the Merrifield Crisis Response Center (MCRC) 21.5 hours a day, seven days a week to accept custody of a person experiencing a crisis so that the patrol officer can get back on the street quickly. Crisis Intervention Team training is also ongoing for local law enforcement personnel. As part of Diversion First, Fairfax County police officers and deputy sheriffs are receiving



40 hours of state-certified Crisis Intervention Team (CIT) training to learn about the challenges of living with a mental illness and how to de-escalate crisis situations, both in the community and in the jail. CIT training is also aimed at changing the way law enforcement and the judicial system interact with people who have intellectual or developmental disabilities.

After completing the training, CIT officers and deputies can make an informed decision to take persons to the MCRC for assessment rather than arresting them and bringing them to the Adult Detention Center. Or they may be able to de-escalate the crisis and resolve the situation on the spot. MCRC is staffed by the Fairfax-Falls Church Community Services Board (CSB), the county's publicly funded mental health provider. Ninety employees graduated the 40-hour CIT Training Course in 2015 and 160 are projected to graduate in 2016.

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

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. In the past, teams have deployed to Armenia, Kenya, Turkey, Taiwan, Iran, Haiti, Oklahoma City, The Pentagon, Hurricane Katrina, Japan, Hurricane Sandy, Nepal and numerous other disaster locations within the United States. The Federal Government pays the costs for training, equipment, supplies and personnel.



During Fiscal Year 2016, VA-TF1 deployed an 80 member team to South Carolina in October 2015 for severe flooding, deployed a group of personnel trained in disaster coordination to Ecuador following a major earthquake, and successfully completed a multi-day International Reclassification Exercise through the United Nations. Additionally, Task Force members participated in capability building and training of other rescue resources around the world.

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

Technology Initiatives

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

Technology Strategy

The County's technology strategy is strategic and agile, enabling response to new challenges and economic conditions, continuing to build upon investments that provide government efficiencies and meeting growth and associated service demands. The strategy includes leveraging common systems workforce mobility which enhances productivity, business intelligence harnessing 'big' data, financial transparency, energy-efficient data centers, enhanced infrastructure resiliency/IT systems recovery, and information security. A major accomplishment in leveraging opportunities for use of shared systems to provide overall operational efficiencies is the joint Fairfax County government and schools enterprise systems that support finance and procurement and related administrative applications under a single, integrated platform, known as the Fairfax County Unified System (FOCUS). This shared modern platform includes management and employee self-service portals

which has resulted in higher level of productivity and more efficient tech operations costs, and a responsive Financial Transparency application. In FY 2016 and 2017 the county and schools team continues to leverage the system with procure-to-pay enhancements, travel administration, and development of data repositories with analytics that enhance budget projections and planning.

e-Government



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

The web strategy remains consistently ranked in the top five nationally, recognizing its technology governance and investments model, advances in digital solutions communication with residents, government communities and business; e-services; and incorporation of social media capabilities in county agencies business tool-kit. It is a multi-channel platform that includes the County's Web site, Interactive Voice Response, mobile applications, emergency alerts, and, social media utilizing podcasts, RSS newsfeeds, moderated discussion sessions, Newswire, and Fairfax County presence on YouTube, Facebook, Twitter, and others, as well as specialized blogs as key public engagement tools to reach extended audiences in many county agencies augmenting their programs. Crowdsourcing and Alert notification allow for enhanced reporting of emergency information to and from the public. Integrated with Customer Relationship Management (CRM) technology, it is a cornerstone of the county's Customer Services goals for agencies' information, services and engagement. In FY 2016 a multi-disciplinary team began work on the redesign of the county's website, which is done periodically to keep up with industry best practices.

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

Big Data

Other FY 2016 initiatives include harnessing 'big data' including data repositories for public works data; major upgrade of the Library system; the Human Services Integrative Strategy which is designed to facilitates efficiency in social and health services client support delivery and reporting across many programs, modernization Personal Property Tax system, and Next Generation 9-1-1. The electronic plans project allows for submission and review to enable architects, engineers and construction professionals to submit changes online by marking up or editing drawings 24 hours a day, 7 days a week, from anywhere in the world, and enables constant communication where clients are able to collaborate for real time editing and track progress and organize plans in an inexpensive manner.

Cloud Services and Cyber Security

Fairfax County has also been a leader in developing an enterprise-wide approach for the underlying technology infrastructure using a centralized open- systems architecture and standards that supports the needs of all agencies which has realized optimal cost for these commodities, and supportability with fewer resources than published industry benchmarks. The architecture includes cloud hosting, co-location services with commercial high availability providers. The County's network strategy has also enabled furtherance

of secure Wi-Fi services. The County's shared services 'cloud' includes an Apps Store available for use by all employees saving unnecessary spending. The County's IT security infrastructure uses a 'defense in depth cyber security approach'. The County is recognized in FY 2016 for implementing Next Generation Firewalls, and Federated Identity Management. Access controls and policy enforcement has enabled 99.98 % performance and data integrity. To further environmental responsibility while also reducing energy consumption, the County has implemented server consolidation and virtualization, and implementation of automated power down for desk-top computers saving over 250,000 Kilowatts per year. Finally, Fairfax continues to provide secure remote access capacity for county workers implementing a top tier mobile device management technology - in addition to providing flexibility and improve worker productivity, also supporting County Continuity of Operations (COOP) needs. Fairfax County also continues its PCI (Payment Card Industry) Compliance and Certification for e-commerce transactions.

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

Development Initiatives

Tysons



On June 22, 2010, the Fairfax County Board of Supervisors (Board) adopted a new Comprehensive Plan (Plan) for the Tysons Corner 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. Phase I of the 23 mile Silver Line extension, including four new Metrorail stations in Tysons and one in Reston, began operation on July 26, 2014.

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 2015-2016 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 six new buildings
- Approval of five major rezoning applications
- Review of the Silver Line Metro Rail ridership and other modes of transportation
- Implementation progress on the Grid of Streets
- Delivery of two new urban pocket parks and Westgate Elementary School field upgrade
- Updates on public facilities proffered and delivered in Tysons

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 webpage, www.fairfaxcounty.gov/tysons, continues to serve as the primary point of entry for information about Tysons. The website contains information on the Plan and pending amendments,

upcoming public meetings, general news of interest in Tysons, planning efforts, and development applications submitted and approved within Tysons.

Online Resource: http://www.fairfaxcounty.gov/tysons/implementation/annual_report.htm

Reston Town Center North

Located midway between Tysons and Dulles International Airport, future Reston Town Center North is part of a quickly urbanizing area in northwestern Fairfax County. The Board envisions redeveloping the property from a collection of irregularly-shaped parcels, which are incompatible with Reston Town Center and surrounding development, into a vibrant urban, mixed-use environment that complements Reston Town Center and surrounding development. Reston Town Center North will be accessible from the Dulles Toll Road, Fairfax County Parkway, and Reston Parkway, and nearby public transportation includes the Wiehle-Reston East Metrorail station (two miles) and the future Reston Town Center Metrorail station (one mile).

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

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

Inova Center for Personalized Health

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

The Inova Center for Personalized Health will be a hub, not only for translational cancer research, genomic science and personalized medicine, but for companies that want to do business in Fairfax County, with possible hotels, health-focused restaurants and entertainment options in concert with a medical campus that derives excellence from the area's technology base and highly educated workforce.

Inova expects to have about 3,000 employees at the center in several years when all five existing buildings have been retrofitted and renovated. The project will convert approximately 1.3 million square feet of office space into the Inova 360 Clinic for Integrated Medicine, headquarters for the Inova Schar Cancer Institute, a life science research center designed to attract industry and academic partners that will pilot new treatment concepts and techniques, as well as a conference and wellness center.

Online Resource: <http://www.fairfaxcountypedata.org/ebird/inovahealthsystem2>
<http://www.inova.org/inovacenterforpersonalizedhealth>

Merrifield Center

The Fairfax-Falls Church Community Services Board's (CSB) new Merrifield Center, centrally located in Fairfax, VA, replaced the Woodburn Mental Health Center and consolidated other community services in one location. The 200,000-square-foot facility houses behavioral and primary health care services, which allows CSB staff to better serve those who have complex disorders and needs. Each floor has a distinctive natural color theme and graphics to help guide visitors through the facility. Natural materials and motifs were used throughout the building to reduce stress. The landscape design includes walking paths and gardens that contribute to the therapeutic environment.

The Merrifield Center won an Award of Excellence at an awards gala hosted by the Northern Virginia chapter of the National Association of Industrial and Office Properties (NAIOP) on Nov. 19, 2015. Fairfax County's

Department of Public Works and Environmental Services was recognized along with team members Noritake Associates and Manhattan Construction Group in the Building category for Best Build-to-Suit Institutional Facility (\$20+ million).

Online Resource: www.fairfaxcounty.gov/dpwes/news/merrifield-center-wins-award.htm

Public Safety Headquarters

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

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

Transportation Improvements

In April 2015, the Northern Virginia Transportation Authority (NVTA) approved \$90.9 million in funding for nine Fairfax County projects. The FY 2015-2016 program provides funding for key transportation priorities in Fairfax County and throughout Northern Virginia which will improve congestion and travel options on major corridors.

NVTA's Two-Year (FY 2015-2016) Program includes the following projects the County requested:

- Fairfax County Parkway Improvements (Study) - \$10 million
 - Frontier Drive Extension & Braided Ramps - \$2 million
 - Rolling Road Widening from Old Keene Mill Road to Franconia Springfield Pkwy - \$5 million
 - Route 7 Widening over the Dulles Toll Road Bridge - \$13.9 million
 - Route 28 Widening from the Prince William County Line to Route 29 - \$5 million
 - Connector Bus Service Expansion – \$6 million
 - West Ox Bus Garage - \$20 million
 - Innovation Center Metrorail Station - \$28 million
 - Route 1 Richmond Highway from Mt. Vernon Memorial Highway to Napper Road - \$1 million.
- This is in addition to the \$9 million in federal funding approved for the project by the Authority in January 2015.

In addition to the projects requested by the County, funding was approved for several projects requested by other agencies that will benefit the County, including:

- East Elden Street Improvements & Widening Project (Town of Herndon) - \$10.4 million
- Franconia-Springfield Platform Expansion (VRE) - \$13 million
- 8-Car Train Traction Power Upgrades to the Metrorail system (WMATA) - \$8.99 million

In January 2014, the Board approved over \$1.4 billion in new transportation projects as part of Fairfax County's Transportation Priorities Plan (TPP). The TPP covers FY 2015 through FY 2020 and includes about 220 projects, including new roads, transit projects, sidewalks, and bike lanes.

These newly funded projects in addition to the Silver Line improvements discussed previously, 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.

Online Resources: http://www.fairfaxcounty.gov/fcdot/6yr_priorities.htm
<http://www.fairfaxcounty.gov/fcdot/silverline>;
<http://www.thenovaauthority.org/>

Lorton Road Widening Project

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

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

Route 29 Widening Project, Phase 3

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

Route 1 Widening Project

Route 1 is being expanded from four to six lanes from Jeff Todd Way/Mount Vernon Memorial Highway to Telegraph Road, through the Fort Belvoir area. Supported by \$150 million in federal funding, this project includes sidewalks, trails, and a wide median to accommodate future transit. Construction on this project being managed by the Federal Highway Administration is expected to be completed in June of 2017.

Route 7 Widening Project

Route 7 is being widened from four to six lanes from Rolling Holly Avenue to Reston Avenue in the northwest part of Fairfax County. The project will include 10-foot wide trails on both sides of Route 7. Construction was completed in February 2016.

Online Resource: www.fairfaxcounty.gov/living/transportation

Route 28 Widening Project

In 2015, Fairfax, Loudoun, and Prince William Counties jointly began construction on Route 28 in an effort to relieve traffic congestion. Funding for this project comes from the state transportation tax through the NVTAA and provides \$200 million to this regional project over the next several years. In Fairfax County, the road is being widened on the northbound lanes of Route 28 from McLearen Road to the Dulles Toll Road; while the southbound lanes of Route 28 will be widened from the Dulles Toll Road to Route 50. Additional lanes are to be added in both directions from the Prince William County boarder to Route 29.

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

Environmental Stewardship

In Fairfax County, environmental stewardship, and prudent management of our natural environment and resources, are essential and fundamental responsibilities. Decisions with environmental impacts are guided by the strategic and policy framework described in the Board's Environmental Agenda, titled Environmental Excellence for Fairfax County: A 20-year Vision. The plan addresses six core areas for protecting the environment, including: growth and land use; air quality and transportation; water quality; solid waste; parks, trails, and open space; and environmental stewardship. Implementing this long-term strategic planning requires cooperation and coordination between County residents, government leadership and County agencies.

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. The document provides an overview of many of the projects and programs carried out by the County and its partners in support of the Board's Environmental Agenda and consolidates information into a single, go to resource, a first for Fairfax County.

These projects and programs support the County's energy and environment goals laid out in the Board's Environmental Agenda, Energy Policy and Comprehensive Plan. This overarching program consists of a funding process and an energy plan with goals and actions that is currently a work in progress.

Fairfax County believes that environmental sustainability and stewardship are not merely "add-ons," or afterthoughts, but rather are essential and fundamental responsibilities. Environmental quality is essential for everyone living and working in the County.

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

Environment

Recognizing that a healthy environment is essential to the quality of life and makes the County a special place in which to live and work, the Board adopted its Environmental Agenda in 2004, updated it in 2007 and in FY 2016, followed it up with "Fairfax County Sustainability Initiatives" (FCSI). 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.

One of the County's environmental initiatives in FY 2016 was the establishment of a pollinator meadow. Forty percent of all pollinator species are threatened with extinction. A pollinator meadow, such as the one planted at the Fairfax County Government Center, can make a difference in the survival rates of hundreds of pollinators, including honeybees, bumblebees and butterflies which pollinate 90 percent of all plant species and 75 percent of crops. Work began in March 2016 on the meadow, covering about one acre of land near the ellipse, behind and to the north of the Government Center. With assistance from County employees and other volunteers from the community, non-native species of trees and vines were removed and native meadow plants installed in May.

Online Resources: <http://www.fairfaxcounty.gov/living/environment/sustainability/>
<http://www.fairfaxcounty.gov/dpwes/news/pollinator-meadow-government-center.htm>

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 include:

Bridging Affordability Program

The Bridging Affordability program is intended to provide local rental subsidies to individuals and families

experiencing homelessness as well as households currently on Fairfax County's affordable housing waiting lists, including those managed by the Fairfax County Redevelopment and Housing Authority (FCRHA), the Fairfax-Falls Church Community Services Board, the Office to Prevent and End Homelessness and the homeless shelters. Through a competitive request for proposal (RFP) process, an award of \$12.8 million has been made to Northern Virginia Family Service (NVFS) to provide long-term rental subsidies to homeless individuals and families and those on the County's waiting lists over a three-year period. As of the end of June 2016, a total of 420 households have leased affordable units through the Bridging Affordability Program.

Affordable Dwelling Unit Program

The Affordable Dwelling Unit (ADU) Ordinance requires developers of certain housing developments to set aside up to 12.5 percent of new units as affordable housing (6.25 percent for multifamily rentals) in return for the grant of additional density. The FCRHA has the right to acquire one-third of the ADUs offered for sale and to lease up to one-third of the rental units. The remaining units are sold or rented to moderate income households. As of October 2016, a total of 2,695 units (1,305 rentals and 1,390 for-sale units) have been produced under the ADU program; the FCRHA has acquired 146 of the for-sale units, which are maintained as permanent affordable rental housing.

Workforce Housing Policy

The County's Workforce Housing Policy is a proffer-based incentive system designed to encourage the voluntary development of new housing, affordable to a range of moderate-income workers in the County's high-rise/high-density areas. The Comprehensive Plan provides for a density bonus of up to one unit for every workforce unit provided by a developer, with the expectation that at least 12 percent of units in new developments be affordable or workforce housing. As of October 2016, a total of 5,886 Workforce Dwelling Units (WDU) have been committed by private developers in rezoning actions approved by the Board, and 749 rental WDUs have been constructed.

Online Resource: www.fairfaxcounty.gov/rha

Residences at the Government Center

The Residences at the Government Center is a workforce housing development created by a unique public-private partnership between the County of Fairfax, FCRHA, Jefferson Apartment Group, and Stratford Capital Group. The project is the first of its kind in the State to employ a financing structure that will use a creative hybrid mixture of tax credit allocations from the Virginia Housing Development Authority, as well as tax-exempt bonds from the FCRHA and other financing sources, to create a socially responsible and economically viable housing option for the low and moderate workforce in Fairfax County. The project will provide 270 apartments to be leased to households earning 50 to 60 percent of the area median income. Construction began in April 2015, with completion anticipated December 2016.

The Residences at the Government Center has been awarded joint recognition by the Washington Smart Growth Alliance and the ULI Terwilliger Center for its innovative approach to providing affordable housing. The project was commended for its unique public-private partnership that creates a private development consisting entirely of affordable workforce housing units. The location of the apartments is within walking distance to jobs and everyday shopping opportunities, satisfying one of the most critical tenants of smart growth.

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

Quality Communities

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

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 contain 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 manages 426 parks totaling 23,372 acres of park land, including 268 athletic fields and synthetic turf fields, playgrounds, hundreds of miles of trails, 9 indoor recreation centers, 9 golf courses (two at Twin Lakes), several lakes and eight distinct historic sites, thus offering diverse recreational options. Parks are an essential element of life to residents of the County, who visit the parks each year to enjoy nature, historic sites, trails, sports, fitness, aquatics, programs, classes, events and so much more. Accredited and nationally recognized for excellence by the award of the prestigious Gold Medal for Parks and Recreation, the County's parks are ranked among the best in the nation. The "Parks Count" Needs Assessment was completed in spring 2016 and will serve as a guiding document for the Park Authority. The report includes a prioritized capital project framework for investing more than \$950 million in existing park facilities as well as new facilities over the course of 10 years.

Workhouse Arts Center

In 2002, the County purchased 2,324 acres of land where the former Lorton Correctional Facility was previously located. A comprehensive adaptive re-use study was then conducted due to the site's prime location next to the Occoquan River and major highways. Also, during 2002, the then Lorton Arts Foundation, Inc. proposed a plan to transform the former prison facility into a cultural arts center. In July of 2004, the Board approved rezoning of 55-acre portion of the former correctional facility to become the Workhouse Arts Center. In September of 2008, the Workhouse Arts Center opened to the public. Workhouse Arts Center currently is home to performing arts, including: theater; musical theatre; film; music; and dance performances. The Workhouse now offers over 800 arts education classes and workshops.

Library

Approximately 12 million items were borrowed from the Library's collection of nearly 3 million books, CDs, DVDs, magazines, and other items. There were 4.8 million visits to the branches and 4.7 million visits to the Library's website. In addition, the Library has computers for access to the Internet, the catalog, e-books, downloadable audio books and databases. The Library sponsors various programs: national and local author readings and book signings, music concerts, and a wide variety of other events for the County's diverse population.

Shopping

With more than 200 shopping centers and over 7,000 restaurants, the County offers one of the best shopping and dining experiences on the East Coast. Tysons, the "downtown" of Fairfax County, is home to several

malls that feature such retailers as Macy's, Neiman Marcus, Nordstrom, Saks Fifth Avenue, Tiffany and Company and Bloomingdale's. The Reston Town Center offers more than fifty retail shops and thirty restaurants in the County's first and largest mixed-use development. Fairfax Corner, the Mosaic District, and Springfield Town Center are other mixed-use developments, offering main street style shopping at both national chains and local boutiques.

Farmers Markets

With 11 farmers markets operated by the Fairfax County Park Authority, residents have even more sources of freshly picked fruits, vegetables and flowers, as well as meats, eggs and cheese locally produced within 125 miles of the County. Operating from early May through October, November or mid-December, depending on the market, volunteer market masters staff each location to keep overhead costs low. Four of the markets that offer SNAP (Supplemental Nutrition Assistance Program) benefits also offer regular cooking and nutrition.

Online Resource: <http://www.fairfaxcounty.gov/parks/wp-farm-mkt.htm>

ABOUT FAIRFAX COUNTY

GOVERNMENTAL STRUCTURE

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

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

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

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

Employment

More than 35,000 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 include:

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. One-hundred thirty County firms, most of them in technology and professional services fields are on the 2015 Inc. 5000 list. Produced by Inc. magazine, this list highlights the **fastest-growing** companies in the nation.

The County is home to eight companies on the 2015 Fortune 500 list: Freddie Mac, General Dynamics, Northrop Grumman, Capital One, CSC, Hilton Worldwide, Booz Allen Hamilton Holding, and Gannett Publishing.

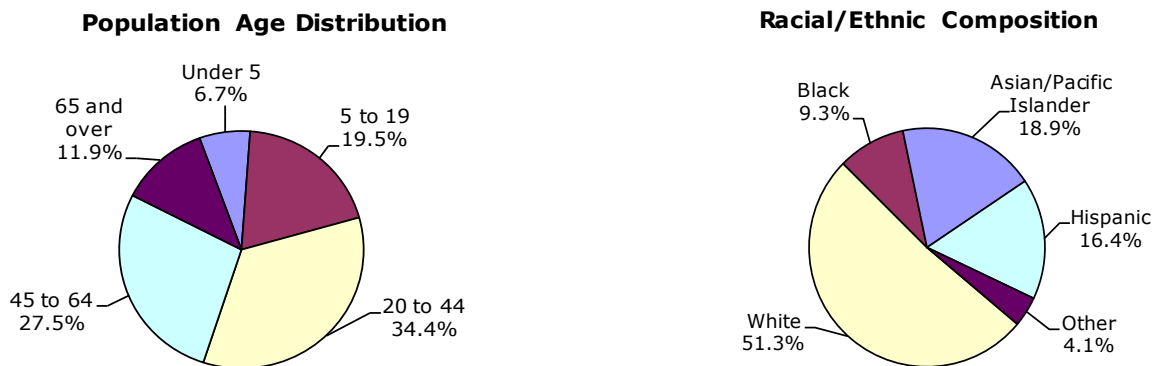
Other interesting notes about Fairfax County’s Fortune 500 companies:

- Fairfax County has more Fortune 500 headquarters than 30 states and Washington D.C.
- Fairfax County is home to more than half of the 15 Fortune 500 companies in the Washington, D.C., region.
- Eight of the 19 Fortune 500 companies in Virginia have headquarters in Fairfax County, including the four largest Virginia companies.

Demographic Information

Based on the latest U.S. Census Bureau data for 2015, the County’s estimated population was 1,142,234.

The population of Fairfax is anticipated to grow to 1.2 million by the year 2025.



Source: U.S. Census Bureau, 2015 American Community Survey

As reported in the American Community Survey, Fairfax County had an estimated annual median household income of \$113,208 in 2015, compared with \$66,262 in the Commonwealth of Virginia and \$55,775 in the United States.

In 2015, approximately 39.4 percent of the population was 45 years of age or older, while about 26.2 percent of the population was under 20 years old. More than 39.4 percent of the County’s population consisted of ethnic minorities, and more than 39.5 percent of all County residents five years or older speak a language other than English at home.

Online Resource: <http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>

Public Schools

As the 10th largest school division in the U.S., Fairfax County Public Schools (FCPS) serves a diverse student population of more than 186,000 students in grades prekindergarten through 12. More than 52,000 (28 percent of total population) of those students are eligible for free and reduced-price meals; more than 28,000 (17 percent of total population) receive English for speakers of other languages (ESOL) services, and more than 25,000 (13 percent of total population) receive special education services. Demographically, 40 percent of FCPS students are White, 24 percent are Hispanic, 19 percent are Asian American, 10 percent are African American, and five percent are multiracial.

Nearly 93 percent of FCPS students graduate on time (in four years of high school), and more than 93 percent plan to pursue post-secondary education. FCPS students can take Advanced Placement (AP) or International Baccalaureate (IB) classes in high school; the division offers the IB middle years program and the IB primary years program in select schools. The class of 2016 had 237 National Merit Semifinalists. Fairfax County high schools are recognized annually by the Washington Post as being among the most challenging high schools in the U.S.

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

Colleges and Universities

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

Among the larger institutions are George Mason University (GMU), one of the top 150 national universities in the United States for the 2017 rankings, according to U.S. News & World Report, and Northern Virginia Community College (NVCC). Combined, GMU and NVCC serve approximately over 110,000 students and offer 200+ programs of study across 6 campuses. Additionally, the County is home to satellite campuses for the University of Virginia, Virginia Tech and The Commonwealth Graduate Engineering Program.

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

FINANCIAL INFORMATION

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

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

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

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 1 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 has a targeted balance of five

percent of General Fund disbursements and is separate and distinct from the County's four percent Managed Reserve, which was established initially in fiscal year 1983. The aggregate of both reserves will not exceed five percent. As of June 30, 2016, the Revenue Stabilization Fund and Managed Reserve balances were \$140,959,966 and \$97,177,762 respectively. A new economic opportunity reserve was created, totaling one percent of General Fund Disbursements. This fund will act as a revolving reserve to address opportunities that are identified as priorities of the Board.

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 that 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.

In March 2016, Moody's Investors Service upgraded the County's Sewer Enterprise's bonds from Aa1 to Aaa. They also revised the outlook from stable to positive, saying, "The upgrade to Aaa reflects a dynamic and affluent service area poised for continued growth, solid financial performance that is expected to be supported by annual rate increases, adequate legal provisions, a moderate debt position, and the essential nature of the service."

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 2016, only 11 of 50 states, 46 of 3,143 counties, and 33 of 19,429 cities in the U.S. had such high bond ratings from all three rating agencies. These high credit ratings enable the County to sell bonds at interest rates significantly lower than those of most municipalities, resulting in substantial savings for County taxpayers throughout the life of the bonds.

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

AWARDS

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report (CAFR) for FY 2015. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Distinguished Budget Presentation Award

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

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

Since 2002, the County has received ICMA's highest award for performance management. In 2016, the County was one of only 34 jurisdictions nationwide to earn this level of recognition for measuring performance and using that data to improve programs and services.

Investment Policy Award

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

National Association of Clean Water Agencies Award

In FY 2016, the County's Noman M. Cole, Jr. Pollution Control Plant received the Platinum Peak Performance Award from the National Association of Clean Water Agencies. The award recognizes plants that met 100 percent of federal standards for preventing pollution. The Noman M. Cole Jr. Plant has met this standard for more than 18 consecutive years. The plant's achievement helps protect the water quality of the County's streams and watersheds, and the Chesapeake Bay.

American Public Works Association (APWA) accreditation

In FY 2016, Fairfax County's Department of Public Works and Environmental Services has achieved accreditation by the APWA. This prestigious program recognizes public works agencies that exceed the public works industry's established best management practices. Of the more than 3,000 public works agencies in the country, the County's public works department is just the 114th to reach this status. Some of the benefits of accreditation include increasing safety, reducing liability, lowering insurance premiums, and recruiting high-quality personnel.

National Association of Counties (NACo) 2016 Achievement Awards:

The NACo Achievement Awards are national recognition of significant innovative programs and activities that improve the organization, management or service of county governments. NACo recognized eight County programs and projects with 2016 Achievement Awards.



- **EAT and Run Program**
“EAT and RUN,” is an educational program developed by the Office for Children, designed to combat childhood obesity by promoting physical activity and healthy eating in family child care homes. The program helps permitted family child care providers meet the requirements of the county’s Home Child Care Ordinance, which went into effect in 2013. These requirements include providing adequate space both indoors and outdoors for physical activity, and adhering to age-appropriate nutritional guidelines set forth by the United States Department of Agriculture.
- **NewsCenter**
Fairfax County Government NewsCenter is an editorial service for residents featuring relevant, timely and actionable content. It features a comprehensive digital presence, detailed social media strategy, branding and additional features such as embedded content, weather, traffic and a social media hub. NewsCenter represents a shift away from standard press releases and is a platform to tell stories as well as a way to reach audiences directly through the County’s online platform, as well as sharing articles on sites such as Facebook, Twitter, Apple News, Flipboard and Google News.
- **Employees Equipped for Effectiveness Program**
The Department of Family Services (DFS), using a proactive analysis of office supply purchasing data, employee feedback and product research, restructured the purchase of standard office supplies. They developed a “Welcome Basket” sealed with a bow and a note from the Director, to properly equip new employees on their first day. Through streamlining supply purchases and implementing the Welcome Basket, DFS saved almost \$100,000 over the past two years. The agency has achieved unique success by reducing costs, while increasing employee morale and demonstrating a commitment to valuing employees.
- **Customer Resolution Center**
The Department of Family Services transformed an agency office telephone switchboard into a high performance Customer Resolution Center (CRC) capable of resolving client service needs at the first point of contact. This increased first point of contact customer resolution by 170 percent within one year, allowing caseworkers outside of the CRC an additional 6,080 hours of time to work on valuable case work activities that would have otherwise been spent answering status and application questions for more than 160,000 annual customers regarding over 70 programs and services.
- **Virginia Swims**
The Fairfax County Park Authority’s Virginia Swims program is a comprehensive and quality-focused learn-to-swim program that has provided swimming instruction to approximately 150,000 individuals of all ages in the County since fall 2012. The curriculum was developed through the Virginia Swims Advisory Group (VSAG), a partnership established in 2011 with several regional jurisdictions and organizations. Through collaboration among jurisdictions, aquatic professionals developed a financially sustainable way (free from licensing fees) to provide quality swim instruction to the community. Based on thousands of customer responses to on-going quarterly evaluations, customer

satisfaction and instructor quality increased after implementation, fostering continued growth in revenue and registrations. The program continues to be developed and is now expanding across the country as a free resource to other jurisdictions.

- **Employee Lifecycle Retention Program**

The Department of Family Services is a multifaceted agency with a workforce of over 1,800 employees serving five distinct divisions (Children Youth and Families, Adult and Aging Services, Self-Sufficiency, Office for Children, and the Office for Women and Domestic and Sexual Violence Services). As part of DFS's strategic planning, based on staff recommendations, they developed a program that successfully addresses the needs related to employee learning and growth.

- **Overhead High Voltage Power Line Safety Training Program**

The Risk Management Division (RMD) established an aggressive campaign focusing on overhead high voltage awareness with the primary goals of protecting employees from risks associated with electrical emergencies. RMD partnered with Dominion Virginia Power to provide live demonstrations utilizing a mobile overhead power line mock-up that visually depicts numerous scenarios in which employees may be exposed to the destructive power of uncontrolled electrical energy. Training was provided at strategic locations throughout the County, allowing for a wider audience participation of employees, citizens, other local governments. Under this program, 41 training sessions have been completed with over 1,450 individuals trained to date.

- **Volunteer Management System**

In 2013, the County moved to a consolidated, countywide volunteer management system in order to better recruit, schedule, manage and serve volunteers. The goals included improving the experience for volunteers seeking opportunities, improve the administration and allow for centralized reporting of volunteer efforts in the community. The program has been a success with more than 18,000 volunteers registering in the system in two years and more than 1,500 volunteer opportunities available in a one searchable site. As a result of this consolidation, tracking and reporting of volunteers and the value of their contributions is greatly improved. In 2015, volunteers contributed more than \$12 million of services to the County.

Digital Counties Survey & Technology Awards



The County was ranked second in the Center for Digital Government's 2016 Digital Counties Survey, as a technological innovator, in the category of jurisdictions with populations greater than 500,000. Fairfax County has been selected to the top ten for the past 14 years, placing among the top five for thirteen years.

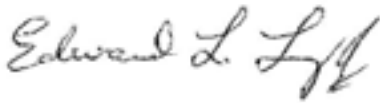
- The County's IT Security Program was the recipient of the CSO50 Award for 2016. The entry was "Next Generation Security Program for Fairfax County Government and National Capital Region (NCR)".
- The County's Next General Security Program won a 2016 PTI (Public Technology Institute) Award for Solutions Excellence.

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,



Edward L. Long Jr.
County Executive



Joseph M. Mondoro
Chief Financial Officer



Christopher J. Pietsch
Director of Finance



COUNTY OF FAIRFAX, VIRGINIA

Urban County Executive Form of Government
As of June 30, 2016

BOARD OF SUPERVISORS

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

CLERK TO THE BOARD

Catherine A. Chianese

COUNTY EXECUTIVE

Edward L. Long Jr.

DEPUTY COUNTY EXECUTIVES

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

DEPARTMENT OF MANAGEMENT AND BUDGET

Joseph M. Mondoro, Chief Financial Officer

DEPARTMENT OF FINANCE

Christopher J. Pietsch, Director

DEPARTMENT OF TAX ADMINISTRATION

Kevin C. Greenlief, Director

DEPARTMENT OF PURCHASING AND SUPPLY MANAGEMENT

Cathy A. Muse, Director

OFFICE OF THE COUNTY ATTORNEY

David P. Bobzien, County Attorney

OFFICE OF PUBLIC AFFAIRS

Tony Castrilli, Director

OFFICE OF THE INTERNAL AUDITOR

Sharon A. Pribadi, Director

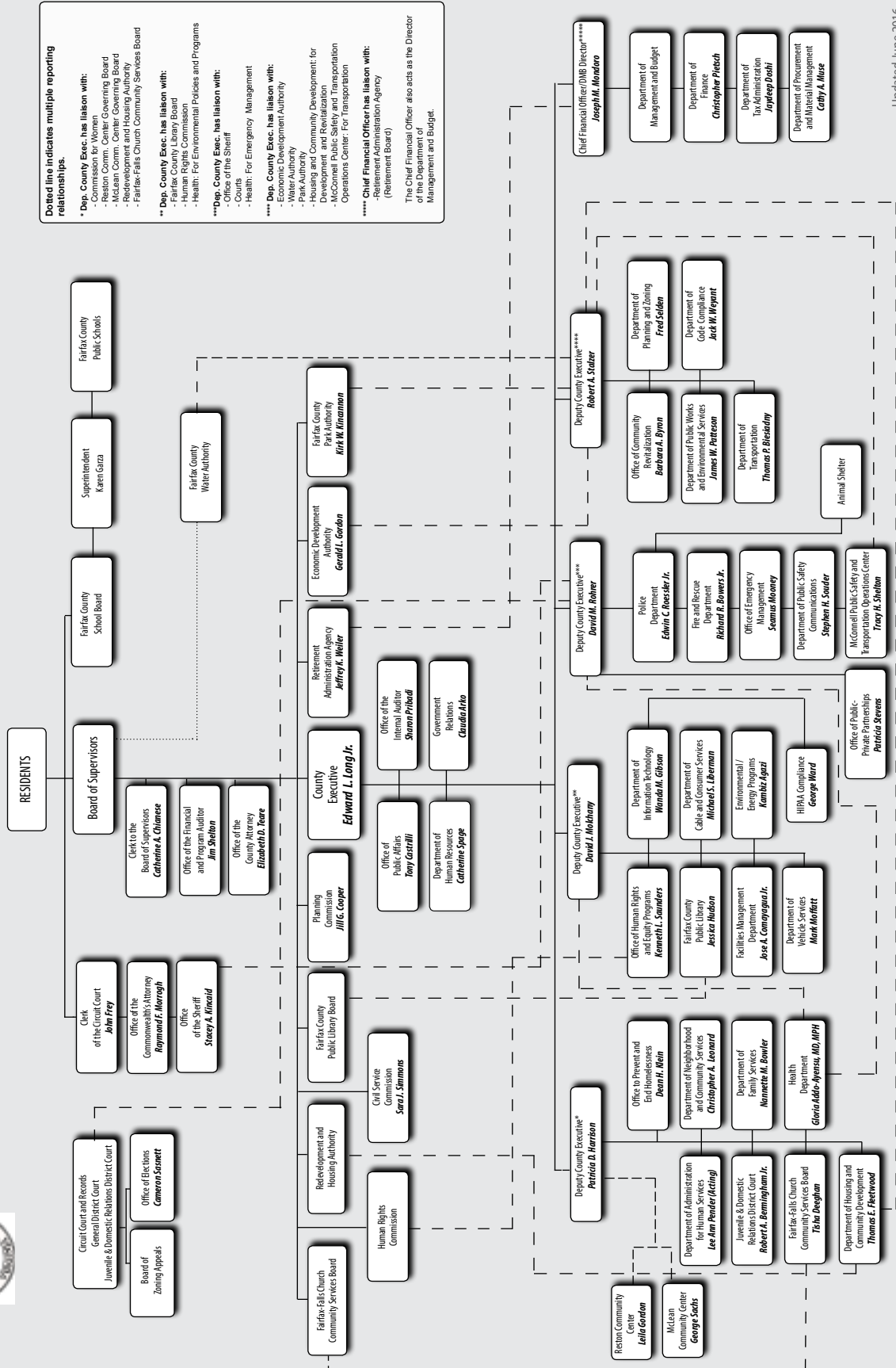
INDEPENDENT AUDITORS

Cherry Bekaert LLP





Organization of Fairfax County Government



Updated June 2016

This report was prepared by:

COUNTY OF FAIRFAX, VIRGINIA
DEPARTMENT OF FINANCE

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Fairfax, Virginia 22035
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DIRECTOR

Christopher J. Pietsch

DEPUTY DIRECTOR

Deirdre M. Finneran

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With the support and assistance of many others.

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

**GOVERNMENT
FINANCE
OFFICERS
ASSOCIATION
AWARD**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR for the fiscal year ended June 30, 2015. 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 38 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, 2015


Executive Director (ED)



Financial Section

The Financial Section includes the independent auditors' report, management's discussion and analysis, basic financial statements, including the accompanying notes, required supplementary information, and other supplementary information.

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, 2016, 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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 to 18 and the required supplementary information and notes to the required supplementary information on pages 123 to 135 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 supplemental 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 supplemental 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 supplemental 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 18, 2016, 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.

A handwritten signature in black ink that reads "Cherry Bekant LLP". The signature is written in a cursive, flowing style.

Tysons Corner, Virginia
November 18, 2016

Management's Discussion and Analysis

The Management's Discussion and Analysis subsection provides a narrative introduction to and overview and analysis of the basic financial statements. It includes a description of the government-wide and fund financial statements, as well as an analysis of the County of Fairfax's overall financial position and results of operations.

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, 2016. 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 \$589.1 million on a government-wide basis at June 30, 2016.
- For the fiscal year, taxes and other revenues of the County's governmental activities amounted to \$4,467.4 million. Expenses amounted to \$4,323.1 million.
- For the fiscal year, revenues of the County's business-type activities were \$210.9 million, and expenses were \$183.1 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 \$49.8 million for fiscal year 2016, compared to an increase of \$60.3 million for fiscal year 2015.
- The County's General Fund reported a fund balance of \$341.4 million, an increase of \$15.5 million, or 4.8 percent, from June 30, 2015.

General Financial Highlights

- In July 2015, the County issued \$139.5 million of Series 2015C General Obligation Public Improvement Refunding Bonds to advance refund Series 2005A in order to save \$15.5 million in future debt service payments, with a \$15.1 million net present value.
- In February 2016, the County issued \$336.0 million of Series 2016A General Obligation Public Improvement Bonds and Refunding Bonds. Of this total, \$217.0 million are being used to finance school, park, road, and other general County improvements, and \$119.0 million were used to advance refund multiple outstanding Series bonds in order to save \$14.5 million in future debt service payments, with a \$12.0 million net present value.
- In March 2016, the Economic Development Authority issued \$174.0 million of Transportation District Improvement Revenue Refunding Bonds (Silver Line Phase I Project) Series 2016 to advance refund certain outstanding maturities of the Authority's Transportation District Improvement Revenue Bonds (Silver Line I Project), Series 2011 and Series 2012 in order to save \$39.8 million in future debt service

payments, with a \$13.3 million net present value and \$9.7 million in future debt service payments, with a \$3.2 million net present value, respectively. Savings on future debt service payments also take into account the use of excess equity on hand toward the pay down of the aforementioned outstanding maturities.

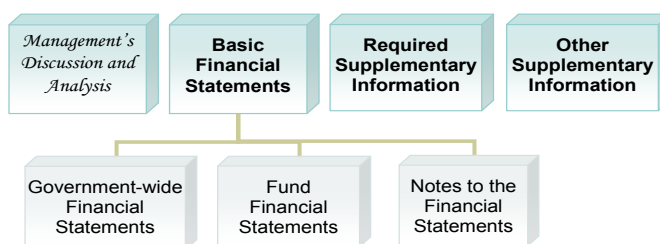
OVERVIEW OF THE FINANCIAL STATEMENTS

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.

Components of the Financial Section



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 table below and on the following page present a Summary of Net Position for the reporting entity as of June 30, 2016 and 2015:

Summary of Net Position As of June 30 (\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Assets:						
Current and other assets	\$ 5,225.2	4,943.6	\$ 175.6	217.7	\$ 5,400.8	5,161.3
Capital assets (net)	2,725.7	2,635.6	1,492.8	1,456.9	4,218.5	4,092.5
Total assets	7,950.9	7,579.2	1,668.4	1,674.6	9,619.3	9,253.8
Deferred outflow of resources:	341.3	237.6	31.4	18.8	372.7	256.4
Liabilities:						
Current liabilities	332.4	311.2	12.9	16.5	345.3	327.7
Long-term liabilities	5,165.3	4,780.0	629.1	643.3	5,794.4	5,423.3
Total liabilities	5,497.7	5,091.2	642.0	659.8	6,139.7	5,751.0
Deferred inflow of resources:	3,258.3	3,333.7	4.9	8.5	3,263.2	3,342.2
Net position:						
Net investment in capital assets	1,913.2	1,875.2	940.6	892.4	2,853.8	2,767.6
Restricted	355.5	319.0	74.00	66.1	429.5	385.1
Unrestricted (deficit)	(2,732.5)	(2,802.3)	38.3	66.6	(2,694.2)	(2,735.7)
Net position	\$ (463.8)	(608.1)	\$ 1,052.9	1,025.1	\$ 589.1	417.0

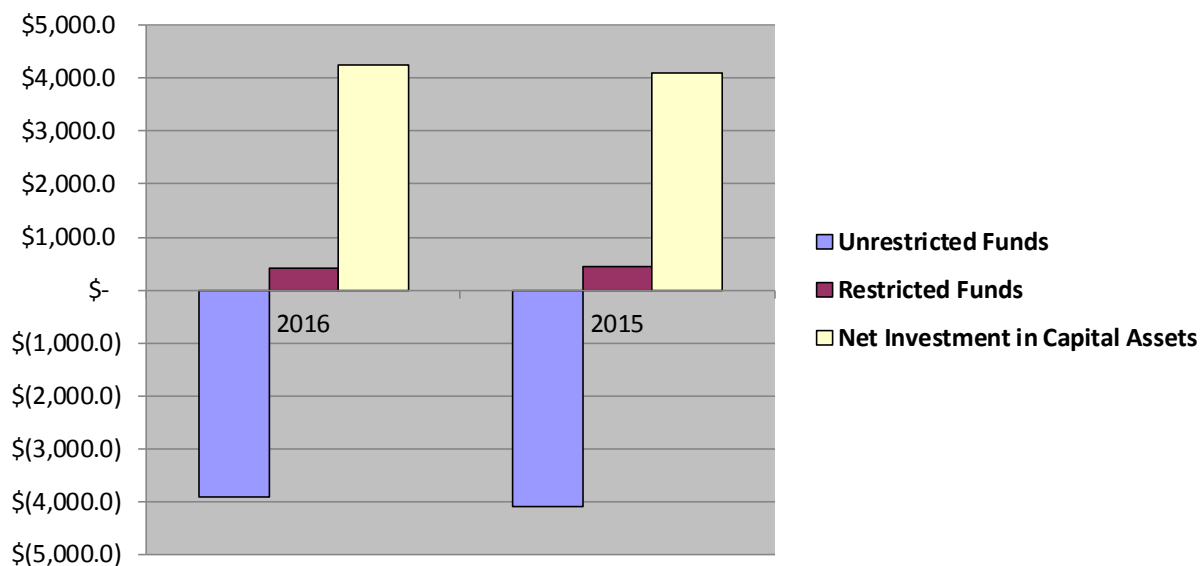
Summary of Net Position- continued As of June 30 (\$ in millions)								
	Total Primary Government		Component Units		Reclassifications*		Total Reporting Entity	
	2016	2015	2016	2015	2016	2015	2016	2015
Assets:								
Current and other assets	\$ 5,400.8	5,161.3	\$ 612.1	613.0	\$ -	-	\$ 6,012.9	5,774.3
Capital assets (net)	4,218.5	4,092.5	3,136.5	3,056.8	-	-	7,355.0	7,149.3
Total assets	9,619.3	9,253.8	3,748.6	3,669.8	-	-	13,367.9	12,923.6
Deferred outflow of resources:	372.7	256.4	481.9	357.6	-	-	854.6	614.0
Liabilities:								
Current liabilities	345.3	327.7	144.9	152.7	-	-	490.2	480.4
Long-term liabilities	5,794.4	5,423.3	3,581.6	3,322.0	-	-	9,376.0	8,745.3
Total liabilities	6,139.7	5,751.0	3,726.5	3,474.7	-	-	9,866.2	9,225.7
Deferred inflow of resources:	3,263.2	3,342.2	333.9	540.9	-	-	3,597.1	3,883.1
Net position:								
Net investment in capital assets	2,853.8	2,767.6	2,967.90	2,897.0	(1,561.3)	(1,569.1)	4,260.4	4,095.5
Restricted	429.5	385.1	98.0	91.8	(113.6)	(47.0)	413.9	429.9
Unrestricted (deficit)	(2,694.2)	(2,735.7)	(2,895.8)	(2,977.0)	1,674.9	1,616.1	(3,915.1)	(4,096.6)
Net position	\$ 589.1	417.0	\$ 170.1	11.8	\$ -	-	\$ 759.2	428.8

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

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

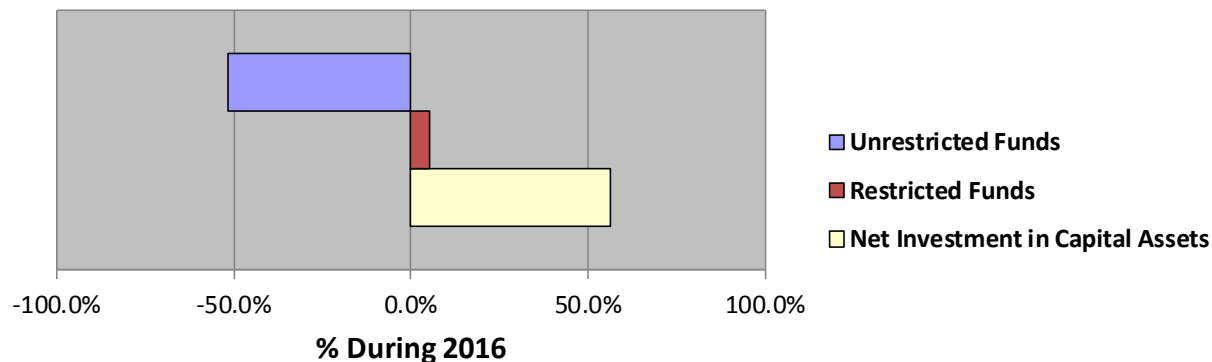
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the reporting entity, assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$759.2 million at the end of fiscal year 2016, representing an increase of \$330.4 million from the net position at June 30, 2015, as above.

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



As shown below, the largest portion of net position is the net investment in capital assets (e.g., land, buildings, infrastructure, and equipment, net of depreciation and amortization), less the outstanding debt that was used to acquire those assets. The restricted net position portion represents resources that are subject to external restrictions on how they may be used. Net position of the reporting entity are restricted for various uses, some of which include grant programs (\$51.0 million), community centers (\$16.7 million), and Food Service (\$75.3 million). The balance of net position that are 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, 2016 and 2015:

Summary of Changes in Net Position For the Fiscal Years Ended June 30 (\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 581.4	594.1	\$ 205.1	209.2	\$ 786.5	803.3
Operating grants and contributions	250.2	243.3	-	-	250.2	243.3
Capital grants and contributions	29.0	34.4	4.70	3.3	33.7	37.7
General revenues:						
Real property tax	2,437.6	2,356.4	-	-	2,437.6	2,356.4
Personal property tax	380.1	368.4	-	-	380.1	368.4
Business licenses tax	158.4	154.7	-	-	158.4	154.7
Local sales and use tax	249.3	247.7	-	-	249.3	247.7
Consumers utility tax	102.2	100.5	-	-	102.2	100.5
Other taxes	57.9	57.7	-	-	57.9	57.7
Unrestricted grants and contributions	211.4	211.4	-	-	211.4	211.4
Revenue from the use of money	9.9	10.9	1.1	0.7	11.0	11.6
Total revenues	4,467.4	4,379.5	210.9	213.2	4,678.3	4,592.7
Expenses:						
General government administration	188.8	183.6	-	-	188.8	183.6
Judicial administration	58.1	55.8	-	-	58.1	55.8
Public safety	702.1	670.5	-	-	702.1	670.5
Public works	204.9	204.1	183.1	174.9	388.0	379.0
Health and welfare	589.3	557.3	-	-	589.3	557.3
Community development	373.6	353.0	-	-	373.6	353.0
Parks, recreation, and cultural	113.0	112.3	-	-	113.0	112.3
Education	1,998.7	1,936.7	-	-	1,998.7	1,936.7
Interest on long-term debt *	94.6	101.3	-	-	94.6	101.3
Total expenses	4,323.1	4,174.6	183.1	174.9	4,506.2	4,349.5
Increase in net position	144.3	204.9	27.8	38.3	172.1	243.2
Beginning net position	(608.1)	(813.0)	1,025.1	986.8	417.0	173.8
Ending net position	\$ (463.8)	(608.1)	\$ 1,052.9	1,025.1	\$ 589.1	417.0

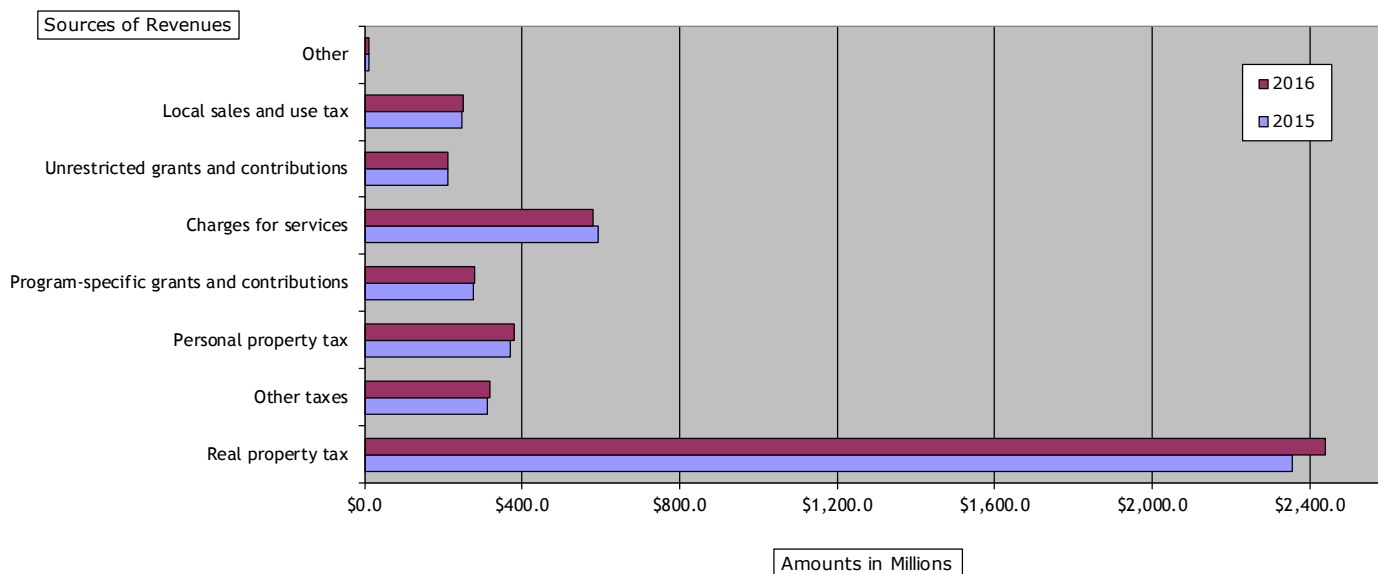
* For business-type activities, interest on long-term debt is included in the functional expense category.

Governmental Activities

Revenue for the County's governmental activities was \$4,467.4 million for fiscal year 2016, representing an increase of \$87.9 million over fiscal year 2015. Sources of revenue for fiscal years 2016 and 2015 are shown below:

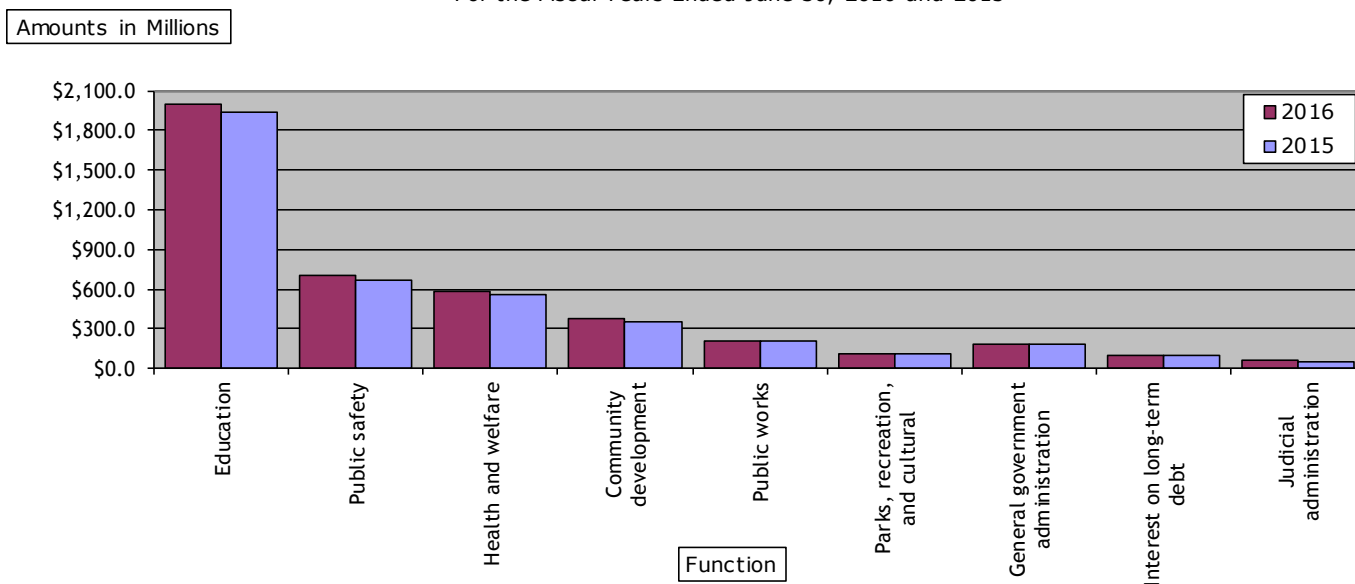
Governmental Activities - Revenues by Source

For the Fiscal Years Ended June 30, 2016 and 2015



Governmental Activities - Expenses by Function

For the Fiscal Years Ended June 30, 2016 and 2015



Taxes constitute the largest source of County revenues, amounting to \$3,386.5 million for fiscal year 2016, an increase of \$101.1 million over fiscal year 2015, primarily due to real property taxes. Real property taxes (\$2,437.6 million) represent 72.0 percent of total taxes and over half of all revenues combined. While the tax rate remained the same in fiscal year 2016, 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).

The total cost of all of the County's governmental activities for fiscal year 2016 was \$4,323.1 million, representing an increase of \$148.5 million over fiscal year 2015. As the chart below indicates, education continues to be the County's largest program. Education expense totaled more than \$1.99 billion in fiscal year 2016, supporting school operations and to service debt for bond-funded projects to build new schools and renew older

facilities. Public Safety increased \$31.6 million in total cost of services compared to fiscal year 2015. A significant portion of this arises from Personnel Services related increases associated with position increases. The Public Safety program area increased 2/2.0 FTE positions over the FY 2015 Revised Budget Plan level and since

the FY 2015 Adopted Budget there has been an increase of 6/6.0 FTE in the Public Safety area. A 0.84 percent market rate adjustment (MRA) for all employees and performance based and longevity increases for non uniformed merit employees, both effective July 2015, as well as FY 2016 merit and longevity increases (including the full year impact of FY 2015 increases) for uniformed employees awarded on the employees' anniversary dates partially offset by \$5,829,750 in targeted budget reductions.

The table above 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 \$581.4 million. Other governments and organizations subsidized certain programs with grants and contributions totaling \$279.2 million. Of the \$3,462.5 million net cost of services, the amount that taxpayers paid for these programs through County taxes was \$3,385.5 million.

Business-type Activities

The Sewer System recovers its costs primarily through user service charges and availability fees. For fiscal year 2016, the Sewer System reported an increase in net position of \$27.8 million. Total revenues of the Sewer System decreased \$2.4 million from fiscal year 2015. This decrease was primarily the result of a decrease in the sewer service base availability charges. Lack of rain and the accompanying lack of water flow caused the decrease in need from the jurisdictions served by the Sewer System.

Total expenses of the Sewer System for fiscal year 2016 were \$183.1 million, decreasing by \$8.2 million from fiscal year 2015.

Net Cost of County's Governmental Activities For the Fiscal Years Ended June 30 (\$ in millions)				
Functions/Programs	Total Cost of Services		Net Cost of Services	
	2016	2015	2016	2015
Education	\$ 1,998.7	1,936.7	\$ 1,998.6	1,936.6
Public safety	702.1	670.5	585.5	535.6
Health and welfare	589.3	557.3	366.8	339.6
Community development	373.6	353.0	104.9	63.1
Public works	204.9	204.1	47.0	47.7
General government administration	188.8	183.6	148.2	149.9
Other	265.7	269.4	211.5	230.4
Total	\$ 4,323.1	4,174.6	\$ 3,462.5	3,302.9

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, 2016, the County's governmental funds had a combined fund balance of \$1,343.9 million, compared with \$1,294.1 million at June 30, 2015. Of the fiscal year 2016 fund balance, \$31.4 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 11.2 percent (\$38.1 million) of the total 2016 General Fund balance is unassigned, representing resources not associated with a specified purpose. Of the total nonmajor fund balance, 74.6 percent (\$1,002.5 million) has been restricted or committed in the special revenue, capital projects, and debt service funds to meet the program needs. Nonspendable prepaid expenditures are 0.07 percent (\$0.9 million) of the total fund balance. At June 30, 2016, \$238.8 million of the General Fund's committed fund balance of \$271.4 million is designated for the managed reserve and revenue stabilization fund based on fiscal year 2016 actuals.

For the fiscal year ended June 30, 2016, fund balances for all governmental funds increased by \$49.8 million, compared with the \$60.3 million increase for fiscal year ended June 30, 2015. Total revenues and other financing sources were \$5,893.2 million, total expenditures and other financing uses were \$5,843.3 million, resulting in the increase to the fund balances.

The General Fund is the main operating fund of the County. At the end of the current fiscal year, the unassigned fund balance was \$38.1 million, which represents approximately 1.1 percent of the General Fund's total expenditures. Revenues of \$3,855.3 million, less expenditures of \$3,349.8 million and other financing uses of \$505.5 million, resulted in a net increase in fund balance of \$15.5 million. This increase was primarily attributed to progress made in increasing reserves funding as a result of the implementation of the County's updated reserves policy approved by the Board of Supervisors on April 21, 2015.

In addition to revenue stabilization, managed reserve and other reserves specifically identified in the General Fund, the County has, as a result of policy decisions, established reserves in other funds which are available to allow the County to respond to both anticipated or unforeseen events. The practice of identifying these reserves in multiple funds has been in place for many years. These reserves are identified in the County's Internal Service Funds and certain Special Revenue Funds, such as the Fairfax-Falls Church Community Services Board that receive the majority of their funding from the General Fund. These balances total approximately 13.5 percent of total General Fund receipts (including revenues and transfers from other funds) as shown in the table on the following page.

Fund Reserves	
For the Fiscal Years Ended June 30, 2016	
(\$ in millions)	
General fund committed reserves ⁽¹⁾ :	
Revenue stabilization fund reserve	\$ 141.6
Managed reserve	97.2
Information Technology and others	32.6
Total committed	271.4
General fund assigned reserves (encumbrances)	31.4
General fund unassigned reserves	38.1
General fund supported reserves ⁽²⁾ :	
Community services board	14.6
Internal service fund reserves ⁽³⁾ :	
Vehicle related reserves	38.7
Technology related reserves	9.0
Self insurance reserves	118.8
Total reserves funded by and available to the general fund	522.0
General fund revenues and transfers in ⁽⁴⁾ :	
General fund revenues	3,855.3
Transfers in	14.4
Total general fund revenues and transfers in	\$ 3,869.7
Total available reserves as % of general fund revenues	13.5%

(1) Exhibit A-2

(3) Exhibit G

(2) Exhibit D

(4) Exhibit A-3

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended budget appropriations, which include expenditures and transfers out, were more than the original budget amounts by \$91.6 million or 2.4 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 \$14.5 million or 0.4 percent, primarily due to higher than projected Personal Property taxes, Business Licenses and Sales taxes, and Permits and Fees, partially offset by lower Recovered Costs and Intergovernmental revenue.

Actual revenues exceeded final budget amounts by \$25.0 million, while actual expenditures were \$52.5 million less than final budget amounts. Highlights of the comparison of final budget to actual figures for the fiscal year ended June 30, 2016, include the following:

- Tax revenues exceeded budgeted amounts by \$12.8 million. The increase is primarily the result of increases in Real Estate and Personal Property Tax receipts, Business Licenses taxes, Bank Franchise Tax and Recordation tax.
- Intergovernmental revenue was \$5.3 million more than budgeted amounts primarily associated with reimbursable expenditures for public assistance programs.

- General government administration expenditures were \$6.8 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 \$12.7 million, or 2.7 percent, less than budgeted amounts mainly as a result of savings associated with managing position vacancies and encumbrances carried forward to the next fiscal year.
- Health and welfare expenditures were \$12.7 million, or 4.0 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 \$10.0 million, or 2.9 percent, less than budgeted amounts primarily due to savings in employer contributions to group health insurance and three County Retirement Systems.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The County's investment in capital assets as of June 30, 2016, amounted to \$4.2 billion, which represents an increase of \$126.0 million, or 3.1 percent, over last year. Capital assets as of June 30, 2016 and 2015, are summarized below:

Capital Assets As of June 30 (\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Land and easements	\$ 420.9	418.2	\$ 17.9	17.9	\$ 438.8	436.1
Buildings, improvements, and infrastructure	2,600.6	2,486.1	1,339.9	1,248.3	3,940.5	3,734.4
Software	100.2	96.3	-	-	100.2	96.3
Equipment and library collections	559.8	543.1	14.6	14.1	574.4	557.2
Construction in progress	254.4	220.9	57.80	103.0	312.2	323.9
Equipment under construction	22.9	8.9	-	-	22.9	8.9
Software in development	16.6	8.5	-	-	16.6	8.5
Purchased capacity	-	-	1,033.2	984.1	1,033.2	984.1
Total capital assets	3,975.4	3,782.0	2,463.4	2,367.4	6,438.8	6,149.4
Less: Accumulated depreciation and amortization	(1,249.7)	(1,146.4)	(970.6)	(910.5)	(2,220.3)	(2,056.9)
Total capital assets, net	\$ 2,725.7	2,635.6	\$ 1,492.8	1,456.9	\$ 4,218.5	4,092.5

The major capital asset activities for fiscal year 2016 included the following:

- Developers' contributions of sewer lines and manholes totaled \$2.6 million.
- The purchase of library books and audio/video materials totaled \$4.8 million, funded through general operating revenues.

- Expenditures related Software in Development projects New Election System and Police Records Management System were \$2.7 million and \$0.8 million, respectively.
- Improvements to transportation, including bus and rail service, totaled \$12.1 million.
- Expenditures related to construction of the Public Safety Headquarters were \$51.2 million in fiscal year 2016.
- The Sewer System's share of the upgrade and operating costs of the Alexandria Sanitation Authority, Upper Occoquan Sewage Authority and the District of Columbia's wastewater treatment facilities, which provide service to certain County residents, was \$24.6 million, \$14.0 million, and \$19.1 million, respectively.

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

Long-term Debt

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

- A limit of \$1.375 billion of general obligation bond sales over a five-year period, for an average of \$275 million annually, with a maximum of \$300 million in any given year, excluding refunding bonds;
- A limitation that total long-term debt (excluding capital leases for equipment and sewer revenue bonds) not exceed 3 percent of the total market value of taxable real and personal property in the County and that annual debt service payments not exceed 10 percent of annual General Fund expenditures and transfers out. For fiscal year 2016, these percentages were 1.18 percent and 8.39 percent, respectively.
- In July 2015, the County issued \$139.5 million of Series 2015C General Obligation Refunding Bonds to advance refund Series 2005A in order to save \$15.5 million in future debt service payments with a \$15.1 million net present value.
- In March 2016, the County issued \$336.0 million of Series 2016A General Obligation Public Improvement and Refunding Bonds with a true interest cost of 2.46 percent and a premium of \$54.1 million. Proceeds of \$217.0 million are being used to fund new facilities and improvements, as follows (in millions):

County facilities:

Transportation Improvements.....	\$ 15.4
Public safety facilities.....	17.7
Other purposes	10.0
Park facilities	16.0
Transportation facilities	23.2
Public Schools facilities.....	<u>134.7</u>
Total bonds issued for new projects.....	<u>\$217.0</u>

The remaining Series 2016A Bonds were issued to advance refund certain outstanding multiple outstanding Series bonds, thereby taking advantage of lower interest rates to reduce the County's debt service payments by \$14.5 million over the next fifteen years with a \$12.0 million net present value.

In March 2016, the Economic Development Authority issued \$174.0 million of Transportation District Improvement Revenue Refunding Bonds (Silver Line Phase I Project) Series 2016 to advance refund certain outstanding maturities of the Authority's Transportation District Improvement Revenue Bonds (Silver Line I Project), Series 2011 and Series 2012 in order to save \$39.8 million in future debt service payments, with a \$13.3 million net present value and a \$9.7 million in future debt service payments, with a \$3.2 million net present value, respectively. Savings on future debt service payments also take into account the use of excess equity on hand toward the pay down of the aforementioned outstanding maturities.

The following is a summary of the County's gross outstanding long-term debt as of June 30, 2016 and 2015:

Outstanding Long-term Debt As of June 30 (\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
General obligation bonds issued for:						
County facilities	\$ 806.1	795.4	\$ -	-	\$ 806.1	795.4
Public Schools facilities	1,367.1	1,363.4	-	-	1,367.1	1,363.4
Revenue bonds	800.7	846.5	-	-	800.7	846.5
Sewer revenue bonds	-	-	562.6	592.1	562.6	592.1
Capital leases and other	198.1	126.6	-	-	198.1	126.6
Total County outstanding debt	\$ 3,172.0	3,131.9	\$ 562.6	592.1	\$ 3,734.6	3,724.0

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 2017:

- The assessed value of all real property increased by \$6.8 billion, or 2.98 percent, over the fiscal year 2016 value. This resulted from a moderate increase in existing residential property values and new construction in the County.
- Equalized residential property assessments increased 1.64 percent and non-residential equalization increased 2.87 percent for fiscal year 2017. Existing residential property values have remained positive in each of the last five years indicating the continued stabilization of the residential housing market.
- Personal property tax revenue is projected to increase 1.2 percent in fiscal year 2017 over the fiscal year 2016 revised budget. The total vehicle volume is forecast to increase 0.7 percent in fiscal year 2017.

The fiscal year 2017 Adopted Budget includes revenues of \$4.01 billion, or a 4.86 percent increase over the fiscal year 2016 Revised Budget Plan. Real and personal property taxes represent the majority of budgeted revenues, comprising approximately 79.7 percent of the fiscal year 2017 General Fund revenues. Revenue from real property taxes alone makes up 64.8 percent of total revenues, as compared with approximately 63.9 percent in the fiscal year 2016 Adopted Budget.

Budgeted disbursements, which include expenditures and transfers out, total \$4.01 billion, a 2.59 percent increase from the fiscal year 2016 Revised Budget Plan. County funding for Public Schools is \$2.12 billion which is approximately 52.7 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 \$20.4 million, or 1.40 percent, over fiscal year 2016.

The following tax rates and fees were approved for fiscal year 2017:

- Real estate tax rate increases from \$1.090 to \$1.130 per \$100 of assessed value.
- Commercial real estate tax rate for County transportation projects remains at \$0.125 per \$100 of assessed value, levied on commercial and industrial properties.
- Special tax rate for the Dulles Rail Phase I Transportation Improvement District decreases, from \$0.19 to \$0.17 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 \$6.65 to \$6.68 per 1,000 gallons of water consumption and the Sewer Availability Charge for new single family homes remains at \$7,750 per unit. The Sewer Base Charge increases from \$20.15 to \$24.68 per quarter.
- Refuse collection rate for County collection sanitation districts remains at \$345 per household and the refuse disposal rate remains at \$62 per ton.
- The Stormwater Services rate increases from \$0.0250 to \$0.0275 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.

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 2017 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.



Basic Financial Statements

The Basic Financial Statements subsection includes the government-wide statements, which incorporate governmental and business-type activities of the County of Fairfax and activities of component units in order to provide an overview of the financial position and results of operations for the reporting entity. This subsection also includes the fund financial statements of the County and the accompanying notes to the financial statements.



COUNTY OF FAIRFAX, VIRGINIA
Statement of Net Position
June 30, 2016

	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
ASSETS			
Equity in pooled cash and temporary investments	\$ 926,804,189	24,628,700	951,432,889
Cash in banks/with fiscal agents	-	-	-
Investments	597,575,444	-	597,575,444
Receivables (net of allowances):			
Accounts	27,725,607	2,841,627	30,567,234
Accrued interest	4,379,243	-	4,379,243
Property taxes:			
Delinquent	19,583,090	-	19,583,090
Not yet due	2,979,176,740	-	2,979,176,740
Business license taxes - delinquent	4,732,819	-	4,732,819
Loans	54,659,508	-	54,659,508
Notes	-	-	-
Due from intergovernmental units (net of allowances):			
Property tax relief:			
Property tax relief - not yet due	211,313,944	-	211,313,944
Other	92,162,671	48,753,560	140,916,231
Due from primary government	-	-	-
Loan to component unit	11,977,500	-	11,977,500
Lease to component unit	42,625,000	-	42,625,000
Inventories of supplies	3,011,031	374,722	3,385,753
Prepaid and other assets	906,681	-	906,681
Restricted assets:			
Equity in pooled cash and temporary investments	70,472,435	69,311,167	139,783,602
Cash with fiscal agents	138,047,525	10,517,229	148,564,754
Certificates of deposit - performance bonds	26,459	-	26,459
Investments	-	19,138,058	19,138,058
Unearned financing fees (net of amortization)	-	-	-
Net OPEB Asset	40,018,000	-	40,018,000
Land held for sale	-	-	-
Capital assets:			
Non-depreciable/non-amortizable:			
Land and easements	420,875,607	17,909,010	438,784,617
Construction in progress	254,390,866	57,741,805	312,132,671
Equipment under construction	22,935,753	-	22,935,753
Software in development	16,572,163	-	16,572,163
Depreciable/amortizable:			
Equipment	460,023,310	14,607,274	474,630,584
Software	100,187,001	-	100,187,001
Library collections	99,792,560	-	99,792,560
Purchased capacity	-	1,033,209,931	1,033,209,931
Buildings and improvements	1,750,852,069	88,413,981	1,839,266,050
Infrastructure	849,767,764	1,251,453,403	2,101,221,167
Accumulated depreciation	(1,222,304,087)	(625,800,246)	(1,848,104,333)
Accumulated amortization	(27,430,893)	(344,757,094)	(372,187,987)
Total assets	7,950,859,999	1,668,343,127	9,619,203,126
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow for pension contributions subsequent to the measurement date	71,057,897	26,725,588	97,783,485
Deferred outflow for change in proportion (pensions)	207,736,626	-	207,736,626
Deferred outflow for recognition of investment	4,974,233	4,677,895	9,652,128
Deferred amounts from the refunding debt	9,445,031	-	9,445,031
Deferred outflow of recognition of pension investments	48,141,354	-	48,141,354
Total deferred outflows of resources	\$ 341,355,141	31,403,483	372,758,624
See accompanying notes to the financial statements.			

EXHIBIT A

Total Component Units	Reclassifications (See Note A-13)	Total Reporting Entity	
			ASSETS
327,029,553	-	1,278,462,442	Equity in pooled cash and temporary investments
21,334,268	-	21,334,268	Cash in banks/with fiscal agents
4,410,000	-	601,985,444	Investments
			Receivables (net of allowances):
19,389,498	-	49,956,732	Accounts
544,914	-	4,924,157	Accrued interest
			Property taxes:
-	-	19,583,090	Delinquent
-	-	2,979,176,740	Not yet due
-	-	4,732,819	Business license taxes - delinquent
-	-	54,659,508	Loans
23,891,245	-	23,891,245	Notes
			Due from intergovernmental units (net of allowances):
			Property tax relief:
-	-	211,313,944	Property tax relief - not yet due
51,699,172	-	192,615,403	Other
3,186,697	-	3,186,697	Due from primary government
-	-	11,977,500	Loan to component unit
-	-	42,625,000	Lease to component unit
1,501,206	-	4,886,959	Inventories of supplies
1,569,951	-	2,476,632	Prepaid and other assets
			Restricted assets:
106,112,298	-	245,895,900	Equity in pooled cash and temporary investments
13,779,747	-	162,344,501	Cash with fiscal agents
3,174,875	-	3,201,334	Certificates of deposit - performance bonds
2,599,134	-	21,737,192	Investments
909,484	-	909,484	Unearned financing fees (net of amortization)
30,060,922	-	70,078,922	Net OPEB Asset
904,070	-	904,070	Land held for sale
			Capital assets:
			Non-depreciable/non-amortizable:
464,089,690	-	902,874,307	Land and easements
321,169,602	-	633,302,273	Construction in progress
-	-	22,935,753	Equipment under construction
476,789	-	17,048,952	Software in development
			Depreciable/amortizable:
348,212,850	-	822,843,434	Equipment
12,668,600	-	112,855,601	Software
28,610,508	-	128,403,068	Library collections
-	-	1,033,209,931	Purchased capacity
4,138,199,046	-	5,977,465,096	Buildings and improvements
-	-	2,101,221,167	Infrastructure
(2,171,719,101)	-	(4,019,823,434)	Accumulated depreciation
(5,192,242)	-	(377,380,229)	Accumulated amortization
3,748,612,776	-	13,367,815,902	Total assets
			DEFERRED OUTFLOWS OF RESOURCES
321,983,212	-	419,766,697	Deferred outflow for pension contributions subsequent to the measurement date
33,754,709	-	241,491,335	Deferred outflow for change in proportion (pensions)
125,808,925	-	135,461,053	Deferred outflow for recognition of investment
311,936	-	9,756,967	Deferred amounts from the refunding debt
-	-	48,141,354	Deferred outflow of recognition of pension investments
481,858,782	-	854,617,406	Total deferred outflows of resources

continued

COUNTY OF FAIRFAX, VIRGINIA
Statement of Net Position
June 30, 2016

	Primary Government		Total
	Governmental	Business-type	Primary
	Activities	Activities	Government
LIABILITIES			
Accounts payable and accrued liabilities	\$ 79,875,301	2,585,779	82,461,080
Accrued salaries and benefits	65,859,880	1,443,919	67,303,799
Contract retainages	9,823,877	6,216,978	16,040,855
Accrued interest payable	35,755,348	2,516,841	38,272,189
Due to other governments	4,457,458	-	4,457,458
Due to component units	3,186,697	-	3,186,697
Unearned revenue	29,548,388	-	29,548,388
Performance and other deposits	103,928,046	-	103,928,046
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds payable, net	212,363,182	-	212,363,182
Revenue bonds payable, net	38,205,719	25,751,577	63,957,296
Notes payable, net	10,145,000	-	10,145,000
Compensated absences payable	65,453,931	1,419,190	66,873,121
Landfill closure and postclosure obligation	3,600,000	-	3,600,000
Obligations under capital leases and installment purchases	5,265,515	-	5,265,515
Insurance and benefit claims payable	30,099,000	-	30,099,000
Loan from primary government	-	-	-
Unearned Rent	-	-	-
Other	34,289,171	-	34,289,171
Portion due or payable after one year:			
General obligation bonds payable, net	2,192,223,794	-	2,192,223,794
Revenue bonds payable, net	823,891,878	574,514,324	1,398,406,202
Notes payable, net	135,850,689	-	135,850,689
Compensated absences payable	50,212,204	812,378	51,024,582
Landfill closure and postclosure obligation	67,197,712	-	67,197,712
Obligations under capital leases and installment purchases	20,672,263	-	20,672,263
Insurance and benefit claims payable	35,719,000	-	35,719,000
Net pension liability	1,415,499,367	26,649,164	1,442,148,531
Loan from primary government	-	-	-
Unearned Rent	-	-	-
Other	24,628,601	-	24,628,601
Total liabilities	5,497,752,021	641,910,150	6,139,662,171
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow related to differences between actual and expected experience (pensions)	14,304,915	-	14,304,915
Unavailable revenue	3,995,236	-	3,995,236
Deferred gain on refunding	1,117,130	3,709,126	4,826,256
Deferred inflow of recognition of pension investments	15,071,417	-	15,071,417
Deferred inflow for change in proportion (pensions)	683,393	1,214,632	1,898,025
Deferred tax revenue	3,223,082,986	-	3,223,082,986
Reduction of capital lease	-	-	-
Total deferred inflows of resources	3,258,255,077	4,923,758	3,263,178,835
NET POSITION			
Net investment in capital assets	1,913,173,352	940,641,576	2,853,814,928
Restricted for:			
Grant programs	39,087,119	-	39,087,119
Food Service	-	63,336,275	63,336,275
Repair and replacement	-	-	-
Community centers	16,714,225	-	16,714,225
Housing	-	-	-
Transportation	299,712,609	-	299,712,609
Capital projects	-	-	-
Debt service	-	10,517,228	10,517,228
Unrestricted (deficit)	(2,732,479,263)	38,417,623	(2,694,061,640)
Net position	\$ (463,791,958)	1,052,912,702	589,120,744

See accompanying notes to the financial statements.

EXHIBIT A
concluded

Total Component Units	Reclassifications (See Note A-13)	Total Reporting Entity	
LIABILITIES			
44,789,560	-	127,250,640	Accounts payable and accrued liabilities
42,550,080	-	109,853,879	Accrued salaries and benefits
15,449,064	-	31,489,919	Contract retainages
10,552,588	-	48,824,777	Accrued interest payable
-	-	4,457,458	Due to other governments
-	-	3,186,697	Due to component units
24,011,762	-	53,560,150	Unearned revenue
7,688,171	-	111,616,217	Performance and other deposits
			Long-term liabilities:
			Portion due or payable within one year:
-	-	212,363,182	General obligation bonds payable, net
1,586,229	-	65,543,525	Revenue bonds payable, net
986,700	-	11,131,700	Notes payable, net
26,224,089	-	93,097,210	Compensated absences payable
-	-	3,600,000	Landfill closure and postclosure obligation
17,126,874	-	22,392,389	Obligations under capital leases and installment purchases
29,191,495	-	59,290,495	Insurance and benefit claims payable
372,600	-	372,600	Loan from primary government
161,893	-	161,893	Unearned Rent
-	-	34,289,171	Other
			Portion due or payable after one year:
-	-	2,192,223,794	General obligation bonds payable, net
26,054,767	-	1,424,460,969	Revenue bonds payable, net
55,679,476	-	191,530,165	Notes payable, net
12,618,978	-	63,643,560	Compensated absences payable
-	-	67,197,712	Landfill closure and postclosure obligation
72,604,052	-	93,276,315	Obligations under capital leases and installment purchases
32,713,480	-	68,432,480	Insurance and benefit claims payable
3,293,633,731	-	4,735,782,262	Net pension liability
11,604,900	-	11,604,900	Loan from primary government
1,037,565	-	1,037,565	Unearned Rent
-	-	24,628,601	Other
3,726,638,054	-	9,866,300,225	Total liabilities
DEFERRED INFLOWS OF RESOURCES			
60,825,056	-	75,129,971	Deferred inflow related to differences between actual and expected experience (pensions)
234,416,654	-	238,411,890	Unavailable revenue
-	-	4,826,256	Deferred gain on refunding
-	-	15,071,417	Deferred inflow of recognition of pension investments
34,347,498	-	36,245,523	Deferred inflow for change in proportion (pensions)
-	-	3,223,082,986	Deferred tax revenue
4,295,644	-	4,295,644	Reduction of capital lease
333,884,852	-	3,597,063,687	Total deferred inflow of resources
NET POSITION			
2,967,709,138	(1,561,300,677)	4,260,223,389	Net investment in capital assets
			Restricted for:
11,950,498	-	51,037,617	Grant programs
11,930,155	-	75,266,430	Food Service
700,000	-	700,000	Repair and replacement
-	-	16,714,225	Community centers
16,173,793	-	16,173,793	Housing
-	-	299,712,609	Transportation
55,747,913	(113,648,396)	(57,900,483)	Capital projects
1,507,926	-	12,025,154	Debt service
(2,895,770,771)	1,674,949,073	(3,914,883,338)	Unrestricted (deficit)
169,948,652	-	759,069,396	Net position

COUNTY OF FAIRFAX, VIRGINIA
Statement of Activities
For the fiscal year ended June 30, 2016

		Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs	Expenses			
Primary government:				
Governmental activities:				
General government administration	\$ 188,767,791	29,227,409	7,938,573	3,418,615
Judicial administration	58,125,849	12,538,040	24,131,251	22,888
Public safety	702,043,058	70,934,542	45,105,842	495,976
Public works	204,873,695	139,528,323	129,453	18,212,087
Health and welfare	589,307,995	69,250,901	153,310,371	80,325
Community development	373,621,317	243,218,697	18,714,670	6,790,635
Parks, recreation, and cultural	112,957,367	16,689,692	878,334	-
Education - for Public Schools	1,998,723,980	-	-	-
Interest on long-term debt	94,644,722	-	-	-
Total governmental activities	4,323,065,774	581,387,604	250,208,494	29,020,526
Business-type activities:				
Public works - Sewer	183,076,813	205,115,248	-	4,598,439
Total business-type activities	183,076,813	205,115,248	-	4,598,439
Total primary government	4,506,142,587	786,502,852	250,208,494	33,618,965
Component units:				
Public Schools	2,696,760,064	104,162,301	267,993,241	184,126,481
Redevelopment and Housing Authority	106,568,395	43,288,227	63,582,838	1,799,443
Park Authority	98,932,627	46,367,981	-	18,281,842
Economic Development Authority	11,231,274	-	-	-
Total component units	\$ 2,913,492,360	193,818,509	331,576,079	204,207,766

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, 2015

Net position, June 30, 2016

See accompanying notes to the financial statements.

EXHIBIT A-1

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Total Component Units	Functions/Programs
Governmental Activities	Business-type Activities	Total Primary Government		
Primary government:				
Governmental activities:				
(148,183,194)	-	(148,183,194)	-	General government administration
(21,433,670)	-	(21,433,670)	-	Judicial administration
(585,506,698)	-	(585,506,698)	-	Public safety
(47,003,832)	-	(47,003,832)	-	Public works
(366,666,398)	-	(366,666,398)	-	Health and welfare
(104,897,315)	-	(104,897,315)	-	Community development
(95,389,341)	-	(95,389,341)	-	Parks, recreation, and cultural
(1,998,723,980)	-	(1,998,723,980)	-	Education - for Public Schools
(94,644,722)	-	(94,644,722)	-	Interest on long-term debt
(3,462,449,150)	-	(3,462,449,150)	-	Total governmental activities
Business-type activities:				
-	26,636,874	26,636,874	-	Public works - Sewer
-	26,636,874	26,636,874	-	Total business-type activities
(3,462,449,150)	26,636,874	(3,435,812,276)	-	Total primary government
Component units:				
-	-	-	(2,140,478,041)	Public Schools
-	-	-	2,102,113	Redevelopment and Housing Authority
-	-	-	(34,282,804)	Park Authority
-	-	-	(11,231,274)	Economic Development Authority
-	-	-	(2,183,890,006)	Total component units
General revenues:				
Taxes:				
\$	2,437,535,377	-	2,437,535,377	- Real property
	380,123,202	-	380,123,202	- Personal property
	158,380,380	-	158,380,380	- Business licenses
	249,278,074	-	249,278,074	- Local sales and use
	102,181,691	-	102,181,691	- Consumers utility
	23,808,125	-	23,808,125	- Recordation
	34,115,345	-	34,115,345	- Occupancy, tobacco, and other
	211,423,471	-	211,423,471	461,623,619 Grants and contributions not restricted to specific programs
	9,945,734	1,171,307	11,117,041	452,677 Revenue from the use of money
	-	-	-	1,877,920,037 Revenue from primary government
	-	-	-	1,993,268 Other
	3,606,791,399	1,171,307	3,607,962,706	2,341,989,601 Total general revenues
	144,342,249	27,808,181	172,150,430	158,099,595 Change in net position
	(608,134,207)	1,025,104,521	416,970,314	11,849,057 Net position, July 1, 2015
\$	(463,791,958)	1,052,912,702	589,120,744	169,948,652 Net position, June 30, 2016

COUNTY OF FAIRFAX, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2016

EXHIBIT A-2

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Equity in pooled cash and temporary investments	\$ 262,718,711	433,626,541	696,345,252
Investments	225,454,614	372,120,830	597,575,444
Receivables (net of allowances):			
Accounts	15,683,603	11,989,379	27,672,982
Accrued interest	96,532	4,280,863	4,377,395
Property taxes:			
Delinquent	19,583,090	-	19,583,090
Not yet due	2,979,176,740	-	2,979,176,740
Business license taxes - delinquent	4,732,819	-	4,732,819
Loans	-	54,659,508	54,659,508
Due from intergovernmental units (net of allowances):			
Property tax relief - not yet due	211,313,944	-	211,313,944
Other	50,607,665	40,847,610	91,455,275
Loan to component unit	-	11,977,500	11,977,500
Lease to component unit	-	42,625,000	42,625,000
Interfund receivables	806,088	2,000,779	2,806,867
Prepaid and other assets	514,559	391,176	905,735
Restricted assets:			
Equity in pooled cash and temporary investments	-	70,472,435	70,472,435
Cash with fiscal agents	634,073	137,413,452	138,047,525
Certificates of deposit - performance bonds	26,459	-	26,459
Total assets	3,771,348,897	1,182,405,073	4,953,753,970
DEFERRED OUTFLOWS OF RESOURCES			
Total deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	\$ 3,771,348,897	1,182,405,073	4,953,753,970
LIABILITIES			
Accounts payable and accrued liabilities	\$ 25,535,370	45,795,709	71,331,079
Accrued salaries and benefits	52,514,941	11,703,642	64,218,583
Contract retainages	2,348	9,821,529	9,823,877
Due to other governments	5,111	4,452,347	4,457,458
Due to component units	2,409,876	776,821	3,186,697
Interfund payables	1,398,372	2,806,867	4,205,239
Unearned revenue	23,497,817	70,630,843	94,128,660
Performance and other deposits	78,532,345	25,395,701	103,928,046
Total liabilities	183,896,180	171,383,459	355,279,639
DEFERRED INFLOWS OF RESOURCES			
Deferred tax revenue	3,223,082,986	-	3,223,082,986
Unavailable revenue	22,977,270	8,505,994	31,483,264
Total deferred inflows of resources	3,246,060,256	8,505,994	3,254,566,250
Total liabilities and deferred inflows of resources	\$ 3,429,956,436	179,889,453	3,609,845,889

continued

EXHIBIT A-2

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
FUND BALANCES			
Nonspendable:			
Prepaid amounts	\$ 514,559	391,176	905,735
Total Nonspendable	514,559	391,176	905,735
Restricted for:			
Public safety, courts, and judicial	-	29,485,582	29,485,582
General public works	-	131,231,231	131,231,231
Stormwater management	-	41,563,499	41,563,499
Transportation	-	333,281,721	333,281,721
Social services, health and welfare	-	10,504,741	10,504,741
Housing and community development	-	39,999,457	39,999,457
Parks, recreation, and cultural	-	29,571,983	29,571,983
Debt service	-	6,819,283	6,819,283
Capital projects	-	198,443,672	198,443,672
Other purposes	-	1,456,297	1,456,297
Total Restricted	-	822,357,466	822,357,466
Committed to:			
Revenue stabilization	141,620,034	-	141,620,034
Managed reserves	97,177,762	-	97,177,762
Public safety, courts, and judicial	679,686	2,334,021	3,013,707
Transportation	-	15,204,033	15,204,033
Social services, health and welfare	1,157,441	17,022,045	18,179,486
Housing and community development	28,829	11,446,955	11,475,784
Parks, recreation, and cultural	1,452,252	-	1,452,252
Debt service	-	16,403,126	16,403,126
Capital projects	-	117,377,652	117,377,652
Other purposes	29,247,894	-	29,247,894
Total Committed	271,363,898	179,787,832	451,151,730
Assigned to:			
Public safety, courts, and judicial	10,415,019	-	10,415,019
General public works	2,688,524	-	2,688,524
Social services, health and welfare	8,257,484	-	8,257,484
Housing and community development	4,307,166	-	4,307,166
Parks, recreation, and cultural	1,475,842	-	1,475,842
Other purposes	4,276,032	-	4,276,032
Total Assigned	31,420,067	-	31,420,067
Unassigned:			
Total fund balances	341,392,461	(20,854)	38,073,083
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,771,348,897	1,182,405,073	4,953,753,970

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, 2016

EXHIBIT A-2
concluded

Fund balances - Total governmental funds \$ 1,343,908,081

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	\$ 418,936,919	
Construction in progress	243,320,772	
Equipment under construction	18,031,177	
Software in development	16,572,163	
Depreciable/amortizable assets:		
Equipment	304,036,268	
Software	97,986,414	
Library collections	99,792,560	
Buildings and improvements	1,729,107,017	
Infrastructure	846,228,487	
Total capital assets	3,774,011,777	
Less accumulated depreciation/amortization	(1,139,334,054)	2,634,677,723

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

Delinquent taxes (net of allowances):		
Property	\$ 16,580,702	
Business license	4,732,818	
Sales and use and other taxes	641,752	
Lease to component unit	\$42,625,000	64,580,272

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	\$ 22,023,239	
EMS transport and other charges for services	5,464,789	27,488,028

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	\$ 71,057,897	
Deferred gain on refunding of debt	(1,117,130)	69,940,767

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

Deferred outflow for contributions subsequent to the measurement date	\$ 207,736,626	
Deferred outflow for change in proportion	4,974,233	
Deferred outflow for differences between expected and actual experience	9,445,031	
Deferred outflow of recognition of pension investments	48,141,354	
Deferred inflow for differences between expected and actual experience	(14,304,915)	
Deferred recognition of pension investments	(15,071,417)	
Deferred inflow for change in proportion	(683,393)	240,237,519

Certain other receivables are accrued only in the government-wide statements 707,396

OPEB costs are recognized as expenditures in the fund statements, but are deferred in the government-wide statements. 40,018,000

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	\$ 234,923,759	
Capital assets	201,385,316	
Less accumulated depreciation/amortization	(110,400,926)	
Liabilities	(81,309,457)	244,598,692

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	\$ (2,404,586,976)	
Revenue bonds payable, net	(862,097,597)	
Notes payable	(145,995,689)	
Compensated absences payable	(112,495,403)	
Landfill closure and postclosure obligation	(70,797,712)	
Obligations under capital leases and installment purchases	(23,802,572)	
Net pension liability	(1,415,499,367)	
Other long-term liabilities	(58,917,772)	
Accrued interest on long-term debt	(35,755,348)	(5,129,948,436)

Net position of governmental activities \$ (463,791,958)



COUNTY OF FAIRFAX, VIRGINIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2016

EXHIBIT A-3

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 3,327,545,952	57,150,087	3,384,696,039
Permits, privilege fees, and regulatory licenses	48,443,054	25,722,906	74,165,960
Intergovernmental	352,320,212	213,241,910	565,562,122
Charges for services	79,086,734	288,206,285	367,293,019
Fines and forfeitures	14,566,333	109,560	14,675,893
Developers' contributions	225,101	6,844,713	7,069,814
Revenue from the use of money and property	22,679,412	16,681,489	39,360,901
Recovered costs	9,423,456	5,945,810	15,369,266
Gifts, donations, and contributions	969,583	532,267	1,501,850
Total revenues	3,855,259,837	614,435,027	4,469,694,864
EXPENDITURES			
Current:			
General government administration	159,574,082	5,570,881	165,144,963
Judicial administration	54,237,643	1,100,246	55,337,889
Public safety	646,258,835	64,785,168	711,044,003
Public works	88,201,178	99,997,110	188,198,288
Health and welfare	381,760,426	216,954,801	598,715,227
Community development	60,981,469	165,976,957	226,958,426
Parks, recreation, and cultural	36,311,287	16,410,377	52,721,664
Intergovernmental:			
Community development	10,746,095	123,490,380	134,236,475
Parks, recreation, and cultural	31,502,197	25,465,049	56,967,246
Education - for Public Schools	1,838,341,763	160,382,217	1,998,723,980
Capital outlay:			
General government administration	13,020,325	8,802,369	21,822,694
Judicial administration	40,493	-	40,493
Public safety	7,726,916	74,305,210	82,032,126
Public works	265,695	24,589,625	24,855,320
Health and welfare	136,984	4,560,856	4,697,840
Community development	44,570	35,386,912	35,431,482
Parks, recreation, and cultural	4,878,597	5,308,498	10,187,095
Debt service:			
Principal retirement	228,213	385,871,435	386,099,648
Interest and other charges	9,767	156,493,287	156,503,054
Total expenditures	3,334,266,535	1,575,451,378	4,909,717,913
Excess (deficiency) of revenues over (under) expenditures	520,993,302	(961,016,351)	(440,023,049)
OTHER FINANCING SOURCES (USES)			
Transfers in	14,363,192	573,392,388	587,755,580
Transfers out	(526,388,805)	(68,266,432)	(594,655,237)
General obligation bonds issued	-	217,040,000	217,040,000
Premium on general obligation bonds issued	-	33,646,819	33,646,819
Revenue bonds issued	-	173,960,000	173,960,000
Premium on revenue bonds issued	-	26,097,160	26,097,160
General obligation refunding bonds issued	-	258,455,000	258,455,000
Premium on general obligation refunding bonds issued	-	39,526,112	39,526,112
General obligation payments to refunded bonds escrow agent	-	(138,891,476)	(138,891,476)
Lease revenue bond payments to refunded bonds escrow agent	-	(200,057,160)	(200,057,160)
Notes issued	-	79,453,048	79,453,048
Capital leases	6,502,955	1,031,838	7,534,793
Total other financing sources (uses)	(505,522,658)	995,387,297	489,864,639
Net change in fund balances	15,470,644	34,370,946	49,841,590
Fund balances, July 1, 2015	325,921,817	968,144,674	1,294,066,491
Fund balances, June 30, 2016	\$ 341,392,461	1,002,515,620	1,343,908,081

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, 2016

EXHIBIT A-3

concluded

Net change in fund balances - Total governmental funds	\$	49,841,590
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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	\$	179,067,050	
Less depreciation/amortization expense		<u>(105,910,371)</u>	73,156,679

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.

(4,568,277)

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.

19,401,071

Build America Bonds interest subsidy accrual is not recognized as revenue in the fund statements

(30,100)

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

Delinquent property taxes	\$	(525,350)	
Delinquent business license taxes		1,376,666	
Other charges for services		<u>3,156</u>	854,472

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	\$	(125,158)	
EMS transport and other charges for services		<u>1,773,665</u>	1,648,507

The receipt of principal payments for the lease to the component unit does not result in a revenue in the statement of activities.

(1,375,000)

The issuance of long-term debt, including premiums, is reported as other financing sources in the governmental funds and thus, increases fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. The following were issued:

Series 2016 and 2016 A General Obligation Bonds	\$	(250,686,819)	
Series 2015C and 2016A General Obligation Refunding Bonds		(297,981,112)	
EDA 2016 Series Silver Line Refunding Bonds		(200,057,160)	
TIFIA Note		(79,453,048)	
Obligations under capital leases and installment purchases		<u>(7,534,793)</u>	(835,712,932)

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.

20,997,000

Certain other long-term liabilities are recognized only in the government-wide statements, resulting in a net difference.

845,033

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	\$	382,625,094	
Payment to escrow agent to refund bonds		338,948,636	
Principal payments of capital leases and installment purchases		<u>3,474,554</u>	725,048,284

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	\$	21,304,809	
Amortization of bond premiums and discounts		47,225,360	
Amortization of deferred gains on bond refundings		181,785	
Amortization of deferred losses on bond refundings		<u>(6,710,633)</u>	62,001,321

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 expenditures and liabilities as they accrue. The timing differences are as follows:

Landfill closure and postclosure costs	\$	(619,118)	
Compensated absences		(2,883,773)	
Net pension liability		47,901,295	
Other		<u>(14,700,000)</u>	29,698,404

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.

2,536,197

Change in net position of governmental activities	\$	<u>144,342,249</u>
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COUNTY OF FAIRFAX, VIRGINIA
Statement of Net Position
Proprietary Funds
June 30, 2016

EXHIBIT A-4

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
ASSETS		
Current assets:		
Equity in pooled cash and temporary investments	\$ 24,628,700	230,458,937
Accounts receivable	460,289	52,625
Accrued interest receivable	-	1,848
Due from intergovernmental units (net of allowance)	48,753,560	-
Interfund receivables	-	1,398,372
Inventories of supplies	374,722	3,011,031
Prepaid and other assets	-	946
Total unrestricted current assets	74,217,271	234,923,759
Restricted assets:		
Equity in pooled cash and temporary investments	69,311,167	-
Cash with fiscal agents	10,517,229	-
Investments	19,138,058	-
Total restricted current assets	98,966,454	-
Total current assets	173,183,725	234,923,759
Long-term assets:		
Capital assets:		
Non-depreciable/non-amortizable:		
Land	17,407,323	1,938,688
Easements	501,687	-
Construction in progress	57,741,805	11,070,094
Equipment under construction	-	4,904,576
Depreciable/amortizable:		
Equipment	14,607,274	155,987,042
Software	-	2,200,587
Purchased capacity	1,033,209,931	-
Buildings and improvements	88,413,981	21,745,052
Infrastructure	1,251,453,403	3,539,277
Accumulated depreciation	(625,800,246)	(109,213,898)
Accumulated amortization	(344,757,094)	(1,187,028)
Total capital assets, net	1,492,778,064	90,984,390
Other long-term asset		
Accounts Receivable	2,381,338	-
Total other long-term asset	2,381,338	-
Total long-term assets	1,495,159,402	90,984,390
Total assets	1,668,343,127	325,908,149
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding of debt	26,725,588	-
Deferred Outflow related to Pensions	4,677,895	-
Total deferred outflows of resources	\$ 31,403,483	-
See accompanying notes to the financial statements.		continued

EXHIBIT A-4
concluded

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,585,779	8,544,222
Accrued salaries and benefits	1,443,919	1,641,297
Contract retainages	6,216,978	-
Accrued interest payable	2,516,841	-
Revenue bonds payable, net	25,751,577	-
Compensated absences payable	1,419,190	1,680,202
Obligations under capital leases	-	1,038,745
Insurance and benefit claims payable	-	30,099,000
Total current liabilities	39,934,284	43,003,466
Long-term liabilities:		
Revenue bonds payable, net	574,514,324	-
Compensated absences payable	812,378	1,490,530
Obligations under capital leases	-	1,096,461
Insurance and benefit claims payable	-	35,719,000
Net pension liability	26,649,164	-
Total long-term liabilities	601,975,866	38,305,991
Total liabilities	641,910,150	81,309,457
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflow related to Pensions	1,214,632	-
Deferred gain on refunding of debt	3,709,126	-
Total deferred inflow of resources	4,923,758	-
NET POSITION		
Net investment in capital assets	940,641,576	88,849,184
Restricted for:		
Sewer improvements	63,336,275	-
Debt service	10,517,228	-
Unrestricted	38,417,623	155,749,508
Net position	\$ 1,052,912,702	244,598,692

COUNTY OF FAIRFAX, VIRGINIA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the fiscal year ended June 30, 2016

EXHIBIT A-5

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
OPERATING REVENUES:		
Charges for services	\$ 190,433,799	310,422,061
Recovered costs	-	126,037
Total operating revenues	190,433,799	310,548,098
OPERATING EXPENSES:		
Personnel services	29,532,231	30,701,558
Materials and supplies	15,409,135	1,996,174
Equipment operation and maintenance	-	34,742,679
Risk financing and benefit payments	-	192,596,911
Depreciation and amortization	61,090,693	16,892,212
Professional consultant and contractual services	47,511,447	28,718,196
Other	-	9,903,609
Total operating expenses	153,543,506	315,551,339
Operating gain (loss)	36,890,293	(5,003,241)
NONOPERATING REVENUES (EXPENSES):		
Availability fees	14,681,449	-
Interest revenue	1,171,307	512,580
Interest expense	(20,601,532)	(142,989)
Bond issuance costs	(605,018)	-
Gain (loss) on disposal of capital assets	(8,326,757)	223,764
Total nonoperating revenues (expenses)	(13,680,551)	593,355
Gain (loss) before contributions, special item, and transfers	23,209,742	(4,409,886)
Capital contributions	4,598,439	46,425
Transfers in	-	6,899,658
Change in net position	27,808,181	2,536,197
Net position, July 1, 2015	1,025,104,521	242,062,495
Net position, June 30, 2016	\$ 1,052,912,702	244,598,692

See accompanying notes to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended June 30, 2016

EXHIBIT A-6

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 190,500,258	-
Receipts from interfund services provided	-	310,371,973
Payments to suppliers and contractors	(61,806,310)	(66,533,676)
Payments to employees	(30,227,057)	(30,470,877)
Claims and benefits paid	-	(190,047,759)
Payments for interfund services used	-	(3,787,680)
Net cash provided by operating activities	98,466,891	19,531,981
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	-	6,899,658
Net cash provided by noncapital financing activities	-	6,899,658
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Availability fees received	14,681,449	-
Capital grants received	1,958,258	-
Increase in contracts payable	(652,656)	-
Principal payments on sewer revenue bonds	(23,070,090)	-
Interest payments on sewer revenue bonds	(24,046,214)	-
Revenue bonds issued, including premium	189,232,620	-
Escrow for refunded bonds	(195,592,351)	-
Payment of bond issuance costs	(605,018)	-
Proceeds from sale of capital assets	54,778	651,448
Purchase of capital assets, other than purchased capacity	(45,510,941)	(19,745,170)
Acquisition of purchased capacity	(57,741,053)	-
Principal payments on obligations under capital leases	-	(984,222)
Interest payments on obligations under capital leases	-	(147,190)
Net cash used in capital and related financing activities	(141,291,218)	(20,225,134)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of restricted investments	30,173,688	-
Purchases of investments	(24,151,061)	-
Interest received	1,171,305	512,012
Net cash provided by investing activities	7,193,932	512,012
Net increase (decrease) in cash and cash equivalents	(35,630,395)	6,718,517
Cash and cash equivalents, July 1, 2015	129,570,262	223,740,420
Cash and cash equivalents, June 30, 2016	\$ 93,939,867	230,458,937
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ 36,890,293	(5,003,241)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	61,090,693	16,892,212
Change in assets and liabilities:		
Decrease in accounts receivable	-	83,635
Decrease in intergovernmental receivables	66,459	-
Increase in interfund receivables	-	(259,759)
Decrease in inventories of supplies	369,962	45,856
Decrease in other assets	-	253,887
Increase in accounts payable and accrued liabilities	49,484	7,278,044
Increase in accrued salaries and benefits	-	241,347
Total adjustments to operating	61,576,598	24,535,222
Net cash provided by operating activities	\$ 98,466,891	19,531,981
Noncash investing, capital, and financing activities:		
Capital contributions - sewer lines, manholes, and equipment	\$ 2,640,181	-
Initiation of an obligation under capital lease	-	3,318,540
Net decrease in long-term debt resulting from the issuance of loans/revenue bonds by UOSA	(1,095,241)	-
Loss on disposal from reduction to purchased capacity	8,381,991	-
Increase in fair value of investments not classified as cash and cash equivalents	6,268	-

See accompanying notes to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA
Statement of Fiduciary Net Position
June 30, 2016

EXHIBIT A-7

	Pension/OPEB Trust Funds	Agency Funds
ASSETS		
Equity in pooled cash and temporary investments	\$ 12,823,796	2,388,088
Cash collateral for securities lending	329,591,340	-
Accounts receivable	-	519,385
Contributions receivable	14,293,265	-
Accrued interest and dividends receivable	14,458,028	-
Receivable from sale of pension investments	145,713,801	-
Equipment	1,813	-
Investments:		
U.S. Government and agency securities	188,029,804	-
Asset-backed securities	330,622,651	-
Corporate and other bonds	566,059,353	-
Common and preferred stock	1,464,256,490	-
Short-term investments	415,750,806	-
Investment in pooled funds	3,656,772,266	-
Total assets	<u>7,138,373,413</u>	<u>\$ 2,907,473</u>
DEFERRED OUTFLOWS OF RESOURCES		
Total deferred outflows of resources	-	-
LIABILITIES		
Accounts payable and accrued liabilities	12,638,987	-
Payable for purchase of pension investments	195,447,364	-
Liabilities for collateral received under securities lending agreements	329,591,340	-
Liabilities under reimbursement agreements	-	2,907,473
Compensated absences	263,553	-
Total liabilities	<u>537,941,244</u>	<u>\$ 2,907,473</u>
DEFERRED INFLOWS OF RESOURCES		
Total deferred inflows of resources	-	-
NET POSITION		
Held in trust for pension/OPEB benefits	<u>\$ 6,600,432,169</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, 2016

EXHIBIT A-8

	Pension/OPEB Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 296,096,461
Plan members	55,971,574
Other	1,419,231
Total contributions	353,487,266
Investment income:	
From investment activities:	
Net appreciation in fair value of investments	(100,762,393)
Interest	58,436,206
Dividends	43,332,434
Total income from investment activities	1,006,247
Less investment activities expenses:	
Management fees	19,369,671
Other	2,377,378
Total investment activities expenses	21,747,049
Net income from investment activities	(20,740,802)
From securities lending activities:	
Securities lending income	1,311,841
Less securities lending expenses:	
Management fees	498,086
Total securities lending activities expenses	498,086
Net income from securities lending activities	813,755
Net investment income	(19,927,047)
Total additions	333,560,219
DEDUCTIONS	
Benefits	449,140,709
Refunds of contributions	5,304,389
Administrative expenses	3,240,404
Total deductions	457,685,502
Net decrease	(124,125,283)
Net position, July 1, 2015	6,724,557,452
Net position, June 30, 2016	\$ 6,600,432,169

See accompanying notes to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Net Position
Component Units
June 30, 2016

	Public Schools	Redevelopment and Housing Authority	Park Authority
ASSETS			
Equity in pooled cash and temporary investments	263,176,970	32,049,674	31,802,909
Cash in banks/with fiscal agents	-	20,802,575	531,693
Investments	-	4,410,000	-
Receivables (net of allowances):			
Accounts	18,207,329	1,166,887	15,282
Accrued interest	54,090	461,550	29,274
Notes	-	23,891,245	-
Due from intergovernmental units	51,699,172	-	-
Due from primary government	342,859	-	2,361,386
Inventories of supplies	1,501,206	-	-
Prepaid and other assets	171,326	1,397,316	996
Restricted assets:			
Equity in pooled cash and temporary investments	100,059,514	-	6,052,784
Cash with fiscal agents	-	13,779,747	-
Certificates of deposit - performance bonds	-	3,174,875	-
Investments	-	2,599,134	-
Net OPEB Asset	30,060,922	-	-
Unearned financing fees (net of amortization)	-	909,484	-
Property held for sale	-	904,070	-
Capital assets:			
Non-depreciable/non-amortizable:			
Land and easements	46,837,095	42,466,894	357,769,692
Easements	-	-	17,016,009
Construction in progress	312,650,566	378,559	8,140,477
Software in development	476,789	-	-
Depreciable/amortizable:			
Equipment	332,125,146	2,241,980	13,810,802
Software	12,668,600	-	-
Library collections	28,610,508	-	-
Buildings and improvements	3,476,166,342	228,693,738	432,571,005
Accumulated depreciation	(1,816,218,140)	(137,938,567)	(217,012,391)
Accumulated amortization	(5,192,242)	-	-
Total assets	2,853,398,052	241,389,161	653,089,918
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow for pension contributions subsequent to the measurement date	312,378,742	3,574,890	5,315,517
Deferred outflow for change in proportion (pensions)	33,229,530	-	255,931
Deferred outflow for recognition of investments	123,227,983	-	2,281,672
Deferred amounts from the refunding debt	-	-	311,936
Total deferred outflows of resources	\$ 468,836,255	3,574,890	8,165,056

See accompanying notes to the financial statements.

EXHIBIT A-9

Economic Development Authority	Total Component Units	
ASSETS		
-	327,029,553	Equity in pooled cash and temporary investments
-	21,334,268	Cash in banks/with fiscal agents
-	4,410,000	Investments
		Receivables (net of allowances):
-	19,389,498	Accounts
-	544,914	Accrued interest
-	23,891,245	Notes
-	51,699,172	Due from intergovernmental units
482,452	3,186,697	Due from primary government
-	1,501,206	Inventories of supplies
313	1,569,951	Prepaid and other assets
		Restricted assets:
-	106,112,298	Equity in pooled cash and temporary investments
-	13,779,747	Cash with fiscal agents
-	3,174,875	Certificates of deposit - performance bonds
-	2,599,134	Investments
-	30,060,922	Net OPEB Asset
-	909,484	Unearned financing fees (net of amortization)
-	904,070	Land held for sale
		Capital assets:
		Non-depreciable/non-amortizable:
-	447,073,681	Land and easements
-	17,016,009	Easements
-	321,169,602	Construction in progress
-	476,789	Software in development
		Depreciable/amortizable:
34,922	348,212,850	Equipment
-	12,668,600	Software
-	28,610,508	Library collections
767,961	4,138,199,046	Buildings and improvements
(550,003)	(2,171,719,101)	Accumulated depreciation
-	(5,192,242)	Accumulated amortization
735,645	3,748,612,776	Total assets
DEFERRED OUTFLOWS OF RESOURCES		
714,063	321,983,212	Deferred outflow for pension contributions subsequent to the measurement date
269,248	33,754,709	Deferred outflow for change in proportion (pensions)
299,270	125,808,925	Deferred outflow for recognition of investment
-	311,936	Deferred amounts from the refunding debt
1,282,581	481,858,782	Total deferred outflows of resources

continued

COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Net Position
Component Units
June 30, 2016

	Public Schools	Redevelopment and Housing Authority	Park Authority
LIABILITIES			
Accounts payable and accrued liabilities	\$ 37,755,290	3,934,756	2,834,652
Accrued salaries and benefits	38,332,861	808,300	3,191,016
Contract retainages	15,309,072	-	139,992
Accrued interest payable	777,079	9,736,202	39,307
Unearned revenue	16,238,778	1,891,105	5,881,879
Performance and other deposits	4,349,365	2,324,929	1,013,877
Long-term liabilities:			
Portion due or payable within one year:			
Revenue bonds payable, net	-	825,060	761,169
Notes payable	-	986,700	-
Compensated absences payable	22,933,932	614,954	2,445,916
Obligations under capital leases and installment purchases	17,126,874	-	-
Insurance and benefit claims payable	29,191,495	-	-
Loan from primary government	-	-	372,600
Unearned rent	-	-	-
Portion due or payable after one year:			
Revenue bonds payable, net	-	22,951,567	3,103,200
Notes payable	-	55,679,476	-
Compensated absences payable	9,828,829	508,320	2,162,359
Obligations under capital leases and installment purchases	72,604,052	-	-
Insurance and benefit claims payable	32,713,480	-	-
Loan from primary government	-	-	11,604,900
Unearned rent	573,623	-	-
Net pension liability	3,221,975,748	20,857,233	44,910,210
Total liabilities	3,519,710,478	121,118,602	78,461,077
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow related to differences between actual and expected	60,552,816	-	240,673
Deferred recognition of pension investments	233,908,650	508,004	-
Deferred inflow for change in proportion (pensions)	31,291,674	724,952	2,276,328
Reduction of capital lease	4,295,644	-	-
Total deferred inflow of resources	330,048,784	1,232,956	2,517,001
NET POSITION			
Net investment in capital assets	2,298,393,738	72,296,859	596,765,661
Restricted for:			
Grant and education programs	11,950,498	-	-
Food Service	11,930,155	-	-
Repair and replacement	-	-	700,000
Housing	-	16,173,793	-
Capital projects	42,439,738	-	13,308,175
E.C. Lawrence Trust	-	-	1,507,926
Unrestricted (deficit)	(2,892,239,084)	34,141,841	(32,004,866)
Net position	\$ (527,524,955)	122,612,493	580,276,896

See accompanying notes to the financial statements.

EXHIBIT A-9

concluded

Economic Development Authority	Total Component Units	
		LIABILITIES
264,862	44,789,560	Accounts payable and accrued liabilities
217,903	42,550,080	Accrued salaries and benefits
-	15,449,064	Contract retainages
-	10,552,588	Accrued interest payable
-	24,011,762	Unearned revenue
-	7,688,171	Performance and other deposits
		Long-term liabilities:
		Portion due or payable within one year:
-	1,586,229	Revenue bonds payable, net
-	986,700	Notes payable
229,287	26,224,089	Compensated absences payable
-	17,126,874	Obligations under capital leases and installment purchases
-	29,191,495	Insurance and benefit claims payable
-	372,600	Loan from primary government
161,893	161,893	Unearned rent
		Portion due or payable after one year:
-	26,054,767	Revenue bonds payable, net
-	55,679,476	Notes payable
119,470	12,618,978	Compensated absences payable
-	72,604,052	Obligations under capital leases and installment purchases
-	32,713,480	Insurance and benefit claims payable
-	11,604,900	Loan from primary government
463,942	1,037,565	Unearned rent
5,890,540	3,293,633,731	Net pension liability
7,347,897	3,726,638,054	Total liabilities
		DEFERRED INFLOWS OF RESOURCES
		Deferred inflow related to differences between actual and expected experience (pensions)
31,567	60,825,056	
-	234,416,654	Deferred recognition of pension investments
54,544	34,347,498	Deferred inflow for change in proportion (pensions)
-	4,295,644	Reduction of capital lease
86,111	333,884,852	Total deferred inflow of resources
		NET POSITION
252,880	2,967,709,138	Net investment in capital assets
		Restricted for:
-	11,950,498	Grant and education programs
-	11,930,155	Food Service
-	700,000	Repair and replacement
-	16,173,793	Housing
-	55,747,913	Capital projects
-	1,507,926	E.C. Lawrence Trust
(5,668,662)	(2,895,770,771)	Unrestricted (deficit)
(5,415,782)	169,948,652	Net position

COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Activities
Component Units
For the fiscal year ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Public Schools:				
Education	\$ 2,696,760,064	104,162,301	267,993,241	184,126,481
Redevelopment and Housing Authority:				
Community development	106,568,395	43,288,227	63,582,838	1,799,443
Park Authority:				
Parks, recreation, and cultural	98,932,627	46,367,981	-	18,281,842
Economic Development Authority:				
Community development	11,231,274	-	-	-
Total component units	\$ 2,913,492,360	193,818,509	331,576,079	204,207,766

General revenues:

Grants and contributions not restricted to specific programs
Revenue from the use of money
Revenue from primary government
Other
Total general revenues
Change in net position
Net position, July 1, 2015
Net position, June 30, 2016

See accompanying notes to the financial statements.

EXHIBIT A-10

Net (Expense) Revenue and Changes in Net Position					
Public Schools	Redevelopment and Housing Authority	Park Authority	Economic Development Authority	Total Component Units	
(2,140,478,041)	-	-	-	(2,140,478,041)	
-	2,102,113	-	-	2,102,113	
-	-	(34,282,804)	-	(34,282,804)	
-	-	-	(11,231,274)	(11,231,274)	
(2,140,478,041)	2,102,113	(34,282,804)	(11,231,274)	(2,183,890,006)	
\$ 459,433,766	-	2,189,853	-	461,623,619	
47,919	325,624	79,134	-	452,677	
1,825,153,345	-	41,467,246	11,299,446	1,877,920,037	
1,993,268	-	-	-	1,993,268	
2,286,628,298	325,624	43,736,233	11,299,446	2,341,989,601	
146,150,257	2,427,737	9,453,429	68,172	158,099,595	
(673,675,212)	120,184,756	570,823,467	(5,483,954)	11,849,057	
\$ (527,524,955)	122,612,493	580,276,896	(5,415,782)	169,948,652	



COUNTY OF FAIRFAX, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Reporting Entity

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

Blended Component Units

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

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

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

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

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

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

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

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

Discretely Presented Component Units

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

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

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

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

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

Related Organizations

The Board of Supervisors is also responsible for appointing the members of the boards of Fairfax Water, and the Industrial Development Authority of Fairfax County (IDAFIC). The IDAFIC does not have a significant operational or financial relationship with the County. Fairfax Water bills and collects for the sales of sewer services on behalf of the County's sewer system. During fiscal year 2016, Fairfax Water collected approximately \$180.4 million on behalf of the County, and as of June 30, 2016, the County has receivables of approximately \$40.7 million due from Fairfax Water.

Joint Ventures

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

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

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

Jointly Governed Organization

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

2. Basis of Presentation

Government-wide Statements

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

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

Fund Financial Statements

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

The County reports the following major fund types:

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

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

The County reports the following nonmajor governmental fund types:

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

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

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

The County reports the following additional fund types:

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

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

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

3. Measurement Focus and Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Statements

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

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

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

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

Governmental Fund Financial Statements

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

4. Pooled Cash and Temporary Investments

The County maintains cash and temporary investments for all funds and component units in a single pooled account, except for certain cash and investments required to be maintained with fiscal agents or in separate pools or accounts in order to comply with the provisions of bond indentures. As of June 30, 2016, 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, 2016, interest earned by these funds and assigned directly to the County's General Fund is as shown on the right.

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."

<u>Primary Government</u>	
Nonmajor Governmental Funds	\$ 1,705,457
Internal Service Funds	147,163
Agency Funds	614
Total primary government	1,853,234
<u>Component Units</u>	
Public Schools	1,568,199
FCRHA	21,556
Park Authority	8,791
Total component units	1,598,546
Total reporting entity	\$ 3,451,780

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

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.

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, and extensions and improvements. Certain assets are restricted to fund the construction of nitrogen removal facilities. As of June 30, 2016, the Sewer System has cash and investments that are restricted for the following uses:

Restricted Assets of the Sewer System	
Extensions and improvements	\$ 63,336,275
Long-term debt service requirements	25,112,950
Current debt service requirements	10,517,229
Total restricted assets	<u>\$ 98,966,454</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.

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

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

11. Compensated Absences

All reporting entity employees earn annual leave based on a prescribed formula which allows employees with less than ten years of service to accumulate a maximum of 240 hours and employees

with ten years or more of service to accumulate a maximum of 320 hours of annual leave as of the end of each year. In addition, employees, except for Public Schools employees, may accrue compensatory leave for hours worked in excess of their scheduled hours. Compensatory leave in excess of 240 hours at the end of the calendar year is forfeited.

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

12. Pensions

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

13. Net Position

Net position is comprised of three categories: Net investment in capital assets; Restricted net position; and Unrestricted net position. The first category of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds that are 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, 2016, the primary government had \$428.0 million restricted net position, of which \$316.4 million was restricted by enabling legislation. Net position which is neither restricted nor related to net investment in capital assets, is reported as unrestricted net position.

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

Because this debt is related to capital assets and restricted assets of the reporting entity as a whole, the debt amount of \$1,564.1 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 \$110.8 million for capital projects with the balance of \$1,675.0 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	\$ 2,853,814,928	2,967,709,138	(1,401,550,566)	(159,750,111)	(1,561,300,677)	4,260,223,389
Restricted	429,367,456	98,010,285	(109,803,538)	(3,844,858)	(113,648,396)	413,729,345
Unrestricted	(2,694,061,640)	(2,895,770,771)	1,511,354,104	163,594,969	1,674,949,073	(3,914,883,338)
Net position	\$ 589,120,744	169,948,652	-	-	-	759,069,396

14. Fund Balance Classification

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

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

15. Encumbrances

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

	Encumbrance Balance
Primary Government	
General Fund	
Public safety, courts, and judicial	\$ 10,415,019
General public works	2,688,524
Social services, health and welfare	8,257,484
Housing and community development	4,307,166
Parks, recreation, and cultural	1,475,842
Other purposes	12,990,895
Total General Fund	40,134,930
Capital Projects Funds	
Capital Project	\$ 104,032,928

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 mental health, intellectual disability and drug and alcohol abuse treatment services to residents of the three jurisdictions. 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.

B. DEPOSITS AND INVESTMENTS**1. Deposit and Investment Policies**

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

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

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

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

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

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

The primary government's OPEB trust fund and its component unit's OPEB trust fund are participants in the Virginia Pooled OPEB Trust. Funds of participating jurisdictions are pooled and are invested in the name of the Virginia Pooled OPEB Trust sponsored by the Virginia Municipal League and the Virginia Association of Counties (VML/VACo). The primary government's and component

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

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

- Commercial paper
- U.S. Treasury and agency securities
- U.S. Treasury strips
- Certificates of deposits and bank notes
- Insured Deposits
- Demand Deposit Accounts
- Money market funds
- Bankers acceptances
- Repurchase agreements
- Medium term corporate notes
- Local government investment pool
- Asset-backed securities
- Hedged debt obligations of sovereign governments
- Securities lending programs
- Obligations of the Asian Development Bank
- Obligations of the African Development Bank
- Obligations of the International Bank for Reconstruction and Development
- Obligations of the Commonwealth of Virginia and its instrumentalities
- Obligations of counties, cities, towns, and other public bodies located within the Commonwealth of Virginia
- Obligations of state and local government units located within other states
- Savings accounts or time deposits in any bank or savings institution within the Commonwealth that complies with the Code

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

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

2. Fair Value Measurement

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

The reporting entity categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the source and type of information used to determine the fair value of the asset. Level 1 information is quoted prices in accessible active markets, Level 2 would utilize information that is observable, either directly or indirectly from a source other than an active market, and Level 3 includes unobservable information to arrive at the valuation. Fair value measurements in their entirety are categorized based on the lowest level of input that is significant to their valuation.

The Primary Government has the following investments as of June 30, 2016, for purposes of aggregation, we are viewing all of our investments as level 2. The valuation is based on quoted market prices; however not all of the investments in each classification would be considered to have an active market as defined by GAAP.

- U.S. Treasury Securities and Agencies - \$136,265,055
- Corporate Notes - \$47,445,114

The component unit's pooled investments has the following balance as of June 30, 2016, carried at level 2 fair value using the same criteria for level 2 valuation as noted for the Primary Government.

- U.S. Treasury Securities and Agencies - \$33,945,904
- Corporate Notes - \$11,819,371

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

Investment measured at the (NAV)	Fair Value	Primary Government	Component Unit	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Virginia Investment Pool (VIP)	\$ 90,588,541	72,522,078	18,066,463	-	2 weeks	5 days/ 60 if > \$5 million

Virginia Investment Pool is invested in high-quality corporate and government securities with average duration of between 1 to 3 years. The net asset value of the Portfolio is determined by calculating the fair market value of all securities and assets held by the Portfolio, including accrued interest and

amounts owed to the Portfolio for securities sold or principal and income not collected as of the Portfolio Valuation date, less any liabilities of the Portfolio. The value of each Participant's account is determined by dividing the net asset value of the Portfolio by the total number of shares of beneficial interest, multiplied by the number of shares owned by the Participant. Prices for securities held in the Portfolio shall be valued at the most recent bid price or yield equivalent as obtained from one or more market makers for such securities, except that any securities designated as money market securities may be valued using the amortized cost method based upon the Portfolio's acquisition of the security.

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

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

Pension holdings reporting at fair value and net asset value:

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	6/30/2016	Level 1	Level 2	Level 3
Asset-backed securities	\$ 236,063,974	-	236,063,974	-
Cash and Cash Equivalents	118,406,143	10,795,842	2,105,384	105,504,917
Convertible or exchangeable securities	3,831,475	-	3,831,475	-
Convertible securities	288,881	288,881	-	-
Corporate and other bonds	406,975,940	2,163,135	404,812,805	-
Equity	1,452,295,691	1,452,247,967	47,708	16
Fixed income securities	304,237,207	82,876,834	216,510,991	4,849,382
Futures contracts	21,742,890	21,742,890	-	-
Natural resources	7,138,260	-	-	7,138,260
Other(registered investment companies)	57,277,219	57,277,219	-	-
Preferred securities	4,822,538	3,056,007	1,765,449	1,082
Short-term investments	305,176,111	15,993,840	32,153,883	257,028,388
US Government obligations	159,098,184	159,098,184	-	-
Total investment by Fair Value Level	\$ 3,077,354,513	1,805,540,799	897,291,669	374,522,045
Investment measured at the net asset value (NAV)		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Absolute Return	\$ 670,917,797	-	Monthly, Quarterly	5-90 days
Alternative Investments	463,448,552	\$28,234,992	Monthly, Quarterly	5 - 90 days
Balanced Portfolios	293,221,048	-	Monthly	5 - 15 days
Diversified Multi-Asset	328,837,417	-	Monthly, Quarterly	3-30 days
Fixed Income	235,491,869	\$62,504,376	Monthly, Quarterly, Semi-Annual, None	10 to 90 days, 45-65 days, N/A
Global Equity	145,535,727	-	Monthly	5 days
Global Fixed Income	401,033,302	\$144,752,459	None, Semi-Annually	N/A, 90 days
Inflation Hedges	46,316,496	-	Monthly	30 days
International Equities	117,411,397	-	Daily, Monthly	1 to 30 days
Private equity	33,310,145	55,733,208	None	None
Real estate	92,409,798	10,015,000	None, Quarterly	60 days and N/A
Risk parity	365,133,221	-	Monthly	3 to 15 days
U.S. equities	122,026,679	-	Monthly, Quarterly	15 to 90 days
Total investments measured at the NAV	3,315,093,448	301,240,035		
Total investments measured at Fair Value	\$ 6,392,447,961			

Balanced Portfolios: This type includes funds that invests across asset classes using a risk balanced approach in their asset allocation with the intent to balance risk across all combinations of Rising and Falling Growth and Inflation. This is achieved through the use of derivatives and liquid long positions across multiple asset classes.

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

Global Equity: This type includes funds providing traditional long-only international equity exposure.

Global Fixed Income: This type includes fixed income and direct lending securities. Fixed income consists of funds providing leveraged exposure to US and international government issued inflation-linked bonds, and a traditional long-only emerging market debt fund. Direct Lending includes private debt funds conducting middle market corporate and commercial mortgage direct lending with negotiated senior secured loans to borrowers that are too small to attract the attention of conventional banks and lenders. Loan payments are also distributed on a monthly or quarterly basis. The loans are held at book value unless a payment default has occurred at which time a third-party appraisal value is determined.

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

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

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

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

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

use of derivatives and liquid long positions across multiple asset classes.

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

The funds classified as alternative investments include the following:

Relative Value - This type includes investment in hedge funds which implement long and short relative value strategies to capture these structural returns across multiple asset classes including: equity sectors, equity indices, fixed income, currency, and commodities.

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.

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

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

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

Trend Following - This type includes hedge fund that is a 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.

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

Component Unit - Pension Trust Funds:		Fair Value Measurements Using		
		Quoted Prices in Active markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Investments by Fair Value Level	6/30/2016	Level 1	Level 2	Level 3
Short-term investment funds	\$ 20,926,504	-	381,937	20,544,567
Asset-backed securities	1,901,505	-	1,901,505	-
Canadian bonds	4,666,610	-	4,666,610	-
Convertible debt securities	13,059,542	269,169	12,790,373	-
High yield credit	44,639,015	-	44,639,015	-
International bonds	15,275,271	-	15,275,271	-
Investment grade credit	42,391,774	-	42,391,774	-
Mortgage-backed securities	406,077	-	406,077	-
U.S. treasury securities	8,772,468	8,772,468	-	-
Basic industries	94,847,754	94,847,754	-	-
Consumer services	214,098,237	214,098,237	-	-
Financial industries	94,742,826	94,742,826	-	-
REITS	12,321,184	12,321,184	-	-
Technology	126,871,785	126,871,785	-	-
Utilities	23,990,694	23,861,194	129,500	-
Total investment by Fair Value Level	\$ 718,911,246	575,784,617	122,582,062	20,544,567
Investment measured at the net asset value (NAV)		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled large cap equity funds	\$ 105,755,311	-	Daily	None
Commingled emerging markets equity funds	72,091,136	-	Daily	3 days
Commingled domestic fixed income funds	290,701,531	-	Daily	None
Commingled emerging markets debt funds	61,765,290	-	Monthly	30 days
Commingled unconstrained fixed income funds	124,381,215	-	Daily, Semi-monthly	1 to 30 days
Private equity partnerships	61,386,165	103,812,594	Not eligible	N/A
Commingled global asset allocation funds	207,360,520	-	Daily, Monthly	1 to 30 days
Commingled better beta fund	114,838,276	-	Monthly	5 days
Commingled real estate equity funds	182,108,025	-	Daily, quarterly	1 to 90 days
Commingled absolute return funds	165,183,995	-	Monthly	11 to 30 days
Total investments measured at the NAV	1,385,571,464	103,812,594		
Total investments measured at Fair Value	\$ 2,104,482,710			

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, 2016, it is

probable that all of the investments in this type will be sold at an amount different from the NAV per share of the plan's ownership interest in partners' capital.

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

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

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

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

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

3. Interest Rate Risk

The reporting entity's policy is to minimize the risk that the fair market value of securities in its portfolio will fall due to changes in market interest rates. To achieve this minimization of risk, the reporting entity structures the pooled investment portfolio so that sufficient securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Pooled investments that are purchased to meet liquidity needs shall have a target weighted average maturity of ninety days or less. All other pooled funds are invested primarily in shorter-term securities, with a maximum maturity of two years. The reporting entity's pooled investments as of June 30, 2016, are summarized on the following page:

Investment Type	Valuation	Weighted Average Maturity (Days)
Primary Government - Pooled Investments:		
Pooled Investments:		
U.S. Treasury Securities and Agencies	\$ 136,265,055	475
Commercial Paper	348,377,113	267
Corporate Notes	47,445,114	365
Money Market Funds	38,445,677	1
Negotiable Certificates of Deposit	697,733,033	111
VA Investment Pool	72,522,078	14
Total	<u>\$ 1,340,788,070</u>	
Portfolio weighted average maturity		189
Component Units - Pooled Investments:		
U.S. Treasury Securities and Agencies	\$ 33,945,904	475
Commercial Paper	86,786,565	267
Corporate Notes	11,819,371	365
Money Market Funds	9,577,461	1
Negotiable Certificates of Deposit	173,816,967	111
VA Investment Pool	18,066,463	14
Total	<u>\$ 334,012,731</u>	
Portfolio weighted average maturity		189

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, 2016, are summarized and shown on the facing page:

Investment Type	Fair Value	Duration (Years)
Primary Government - Pension Trust Funds:		
U.S. Government securities		
Employees' Retirement System	\$106,026,000	19.1
Police Officers Retirement System	53,072,184	6.0
Uniformed Retirement System	28,931,620	15.4
Corporate and other bonds		
Employees' Retirement System	373,891,983	4.6
Police Officers Retirement System	70,178,147	5.4
Uniformed Retirement System	121,989,223	5.4
Asset-backed securities		
Employees' Retirement System	160,353,573	3.0
Police Officers Retirement System	75,710,401	3.7
Uniformed Retirement System	94,558,677	2.6
Short-term investments		
Employees' Retirement System	236,842,762	0.1
Police Officers Retirement System	55,523,233	0.1
Uniformed Retirement System	123,384,810	0.2
Total fair value	<u>\$ 1,500,462,613</u>	
Component Unit - Pension Trust Fund:		
ABS/CMBS	\$ 48,886,973	6.0
Agencies	8,440,211	5.6
Bank loans	2,566,466	1.3
Cash and cash equivalents	30,907,669	-0.3
Convertible and preferred	25,761,531	3.7
Corporate bonds	92,176,602	9.7
Credit	92,720,565	7.3
Domestic bonds	26,389,777	1.2
Emerging market	60,284,644	5.4
Equities	9,200	-
Floating rate notes	3,607,951	0.4
Inflation linked bonds	1,998,391	0.4
International bonds	39,298,212	2.7
Mortgages	80,411,054	3.3
U.S. Government Obligations	99,674,337	6.1
Yankees	4,352,344	-0.3
Total fair value	<u>\$ 617,485,927</u>	

4. Credit Risk

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

- U.S. government sponsored enterprise instruments shall be rated by both Moody's and S&P with a minimum rating of Prime 1 and A-1, respectively.
- Prime quality commercial paper shall be rated by at least two of the following: Moody's, with a rating of P-1; S&P, A-1; Fitch Investor's Services, Inc. (Fitch), F-1; or by Duff and Phelps, Inc., D-1.
- Mutual funds must have a rating of AAA or better by S&P, Moody's, or another nationally recognized rating agency.
- Bank deposit notes must have a rating of at least A-1 by S&P and P-1 by Moody's.
- Banker's acceptances shall be rated by at least two of the following: Moody's, with a rating of P-1; S&P, A-1; Fitch, F-1; or by Duff and Phelps, Inc., D-1.
- Corporate notes must have a rating of at least Aa by Moody's and a rating of at least AA by S&P.

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.

The VIP Trust Fund's policy is to maintain a bond fund rating on the Portfolio of AA/S1 or better from S&P. Moody's, S&P and Fitch are nationally recognized statistical rating organizations (NRSRO) serving investors, regulators and issuers.

As of June 30, 2016, the primary government and component units of the reporting entity had pooled investments in the following issuers with credit quality ratings as a percent of total investments in debt securities as follows:

Credit Quality Rating *				
AA	A-1	AAA-m	Aaf/S1	Unrated
U.S. Treasury and Agencies** 7.9%	Commercial paper 20.4%	Money Market Funds 2.2%	Virginia Investment Pool 4.2%	Demand Deposit Accounts 9.8%
Corporate Notes 2.7%	Negotiable CD 40.5%			Collateralized CDs 12.3%
10.6%	60.9%	2.2%	4.2%	22.1%

* Credit quality ratings are determined using S&P's short term and long-term ratings, which approximates the greatest degree of risk as of June 30, 2016.

** U.S. Treasury and Agencies AA+

As of June 30, 2016, the primary government and component units' pension trust funds of the reporting entity had pooled investments in the following issuers with credit quality ratings as a percent of total investments in debt securities as shown on the facing page:

Investment Type	Credit Quality Rating *									
	AAA	AA	A	BBB	BB	B	Below B	Unrated		
Primary Government										
Pension Trust Funds:										
U.S. Government securities	-	%	12.5	%	-	%	-	%	-	%
Corporate and other bonds	0.8		5.5		3.5		3.5		8.3	
Asset-backed securities	0.6		8.5		0.4		0.9		0.2	
Short-term investments	-		1.8		-		-		-	
										26.0
Component Units										
Pension Trust Fund:										
U.S. Government obligations	2.3	%	13.4	%	-	%	-	%	-	%
Asset and mortgage-backed securities	2.0		13.1		1.1		1.0		0.2	
Domestic bonds	0.6		2.8		6.7		11.7		6.8	
Convertible securities	-		0.3		1.0		1.3		1.0	
International bonds	2.8		0.7		5.4		4.9		4.1	
Cash and cash equivalents	1.0		1.4		-		-		-	
Bank loans	-		-		-		0.2		0.2	
Fixed income securities	1.0		0.1		0.4		1.4		0.9	
Yankee bonds	0.3		0.1		0.1		0.2		-	

* Credit quality ratings are determined using S&P's long-term rating schema, which approximates the greatest degree of risk as of June 30, 2016.

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:

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

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

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

The component unit's pension trust fund's policy limits the securities of any one issue to 10 percent at cost and 15 percent at market of each fixed income portfolio. The policy allows an exception for government securities and its agencies. As of June 30, 2016, ERFC had four active fixed income managers and one passive fixed income manager. The active manager portfolios had values of \$213.0 million, \$83.6 million, \$181.4 million and \$61.8 million. The indexed portfolio had a value of \$77.7 million. The market value of the largest issue other than the U.S. Government in the portfolios of the active managers was only 5.82 percent of that portfolio. Since the passive manager's portfolio is an indexed mutual fund, it is excluded from the concentration of credit risk measurement.

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, 2016, is presented as follows:

Securities Lent	Underlying Securities	Cash Collateral Investment Value	Securities Collateral Investment Value
Primary Government - Pension Trust Funds:			
Lent for cash collateral:			
U.S. Government securities	\$ 112,319	114,675	-
Corporate and other bonds	53,334,057	54,651,923	-
Common and preferred stock	266,810,794	274,824,742	-
Lent for securities collateral:			
U.S. Government securities	51,299,301	-	52,508,110
Corporate and other bonds	454,567	-	464,543
Common and preferred stock	215,390,480	-	234,777,964
Total securities lent	<u>\$ 587,401,518</u>	<u>329,591,340</u>	<u>287,750,617</u>
Component Unit - Pension Trust Fund:			
Lent for cash collateral:			
Domestic corporate bonds	\$ 22,280,864	22,840,601	-
Domestic stock	110,667,629	113,410,594	-
International bonds	277,987	308,880	-
International stock	3,873,834	5,706,313	-
Total securities lent	<u>\$ 137,100,314</u>	<u>142,266,388</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, 2016 is presented on the following pages:

Foreign Currency Risk

International Securities	Cash & Cash Equivalents	Equity	Convertible and Fixed Income	Total U.S. Dollars
Primary Government - Pension Trust Funds:				
Australian Dollar	\$ 149,118	33,397,855	16,660,548	50,207,521
Brazil Real	1	63,413	11,403,561	11,466,975
Canadian Dollar	(313,062)	22,966,913	1,142,564	23,796,415
Columbian Peso	-	-	645,297	645,297
Danish Krone	68,368	24,513,216	1,707,288	26,288,872
Euro Currency Unit	(22,934)	133,085,094	12,569,890	145,632,050
Hong Kong Dollar	53,072	38,206,606	-	38,259,678
Hungarian Forint	1,109	-	7,385,839	7,386,948
Indian Rupee	-	-	812,362	812,362
Indonesian Rupiah	-	3,538,399	9,761,349	13,299,748
Israeli Shekel	325	2,977,568	-	2,977,893
Japanese Yen	3,826,836	149,259,330	41,186	153,127,352
Malaysian Ringgit	-	788,682	10,057,209	10,845,891
Mexican New Peso	41,188	5,118,482	34,617,857	39,777,527
New Taiwan Dollar	77,880	505,608	-	583,488
New Zealand Dollar	6,383	284,888	8,567,156	8,858,427
Norwegian Krone	64,342	3,101,431	-	3,165,773
Philippine Peso	675	1,989,826	-	1,990,501
Polish Zloty	-	-	4,730,996	4,730,996
Pound Sterling	(310,696)	100,696,426	14,407,827	114,793,557
South African Rand	-	1,660,533	6,886,766	8,547,299
Singapore Dollar	12,947	5,822,135	2,030,524	7,865,606
South Korean Won	23	5,597,811	-	5,597,834
Swedish Krona	-	10,518,910	-	10,518,910
Swiss Franc	-	23,481,777	-	23,481,777
Thailand Baht	1,943,466	3,031,626	-	4,975,092
Turkish Lira	3	193,845	-	193,848
Total fair value	\$ 5,599,044	570,800,374	143,428,219	719,827,637

Foreign Currency Risk

International Securities	Cash & Cash Equivalents	Equity	Convertible and Fixed Income	Total U.S. Dollars
<u>Component Unit - Pension Trust Fund: *</u>				
Australian Dollar	\$ 364,143	4,850,248	5,160,641	10,375,032
Brazil Real	6,223,742	2,874,921	5,414,973	14,513,636
British Pound	1,803,874	-	(5,330,453)	(3,526,579)
Canadian Dollar	725,700	16,483,227	3,167,542	20,376,469
Chilean Peso	881,546	322,664	(114,637)	1,089,573
Columbian Peso	108	-	6,436,717	6,436,825
Chinese Yuan	(4,134)	-	(1,212,343)	(1,216,477)
Czech Koruna	52,874	-	1,017,047	1,069,921
Danish Krone	1,423,531	3,680,433	(1,377,975)	3,725,989
Euro Currency Unit	8,897,458	64,574,285	(8,495,566)	64,976,177
German Mark	31,052	-	-	31,052
Hong Kong Dollar	425,740	8,956,829	(312,487)	9,070,082
Hungarian Forint	-	-	888,915	888,915
Indian Rupee	(17,332)	-	(134,068)	(151,400)
Indonesian Rupiah	(1,174,213)	248,056	4,940,224	4,014,067
Israeli Shekel	-	26,654	-	26,654
Japanese Yen	1,587,074	37,315,848	(1,007,736)	37,895,186
Korean Won	-	-	(598,164)	(598,164)
Malaysian Ringgit	(1,865,701)	2,380,273	6,091,024	6,605,596
Mexican Peso	744,748	1,397,559	17,348,207	19,490,514
New Taiwan Dollar	3,257	2,856,076	(42,168)	2,817,165
New Zealand Dollar	629,760	907,324	2,309,932	3,847,016
Norwegian Krone	17,181	1,949,597	2,829,382	4,796,160
Peruvian Nuevo Sol	-	-	3,073,275	3,073,275
Philippine Peso	613	99,892	-	100,505
Polish Zloty	12,331	941,594	6,859,226	7,813,151
Pound Sterling	153,096	38,337,177	-	38,490,273
Qatari Riyal	55,737	907,245	-	962,982
Russian Ruble	-	-	244,058	244,058
South African Rand	290,986	2,217,738	7,546,006	10,054,730
Singapore Dollar	173,290	3,145,034	244,088	3,562,412
South Korean Won	10,048	10,429,550	(763,848)	9,675,750
Swedish Krona	2,120,624	6,857,681	(127,638)	8,850,667
Swiss Franc	388,857	17,911,745	(991,160)	17,309,442
Taiwan Dollar	-	-	(986,594)	(986,594)
Thailand Baht	284,882	975,668	-	1,260,550
Turkish Lira	25,682	1,181,529	4,115,862	5,323,073
Total fair value	\$ 24,266,554	231,828,847	56,192,282	312,287,683

*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 2016, 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, 2016 is shown in the table on the following page:

Future Contract Types	Base Exposure	Notional Cost
Primary Government - Pension Trust Funds:		
Cash & Cash Equivalent Futures:		
Long	\$ 4,717,938	\$ 4,708,150
Short	(319,403,268)	(324,694,168)
Equity Futures:		
Long	348,489,180	349,395,394
Short	(28,346,760)	(27,421,173)
Fixed Income Futures:		
Long	628,794,394	617,644,419
Short	(1,173,852)	(1,167,943)
Commodity Futures		
Long	101,705,614	96,200,898
Short	(36,715,391)	(35,098,975)
Other		
Long	550,935	527,310
Short	(148,925)	(114,660)
Total	<u>\$ 698,469,865</u>	<u>\$ 679,979,252</u>

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, 2016 is summarized as follows:

Swap Types	Base Exposure	Fair Value
Primary Government - Pension Trust Funds:		
Equity Swaps:		
Total Return Swaps	\$ 100,380	-
Fixed Income Swaps:		
Cleared Return Swaps	333,230	306,553
Credit Default Swaps	238,029	231,256
Inflation Swaps	(3,749)	(3,749)
Interest Rate Swaps	(222,441)	(399,987)
Total Return Swaps	592,676	-
Total	<u>\$ 1,038,125</u>	<u>134,073</u>

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, 2016 are presented on the following page.

		Proceeds	Fair Value	Unrealized Gain/(loss)
Primary Government - Pension Trust Funds:				
Cash & cash Equivalent Options:				
Purchased	Call	\$ 2,180	-	(2,180)
Purchased	Put	-	184	184
Written	Call	(7,912)	(6,681)	1,231
Written	Put	(849)	(3,343)	(2,494)
Commodity Options:				
Purchased	Call	184,592	293,247	108,655
Written	Call	(180,443)	(223,106)	(42,663)
Written	Put	(57,111)	(93,366)	(36,255)
Equity Options:				
Purchased	Put	86,490	102,232	15,742
Written	Call	(16,554)	(5,399)	11,155
Written	Put	(44,690)	(49,124)	(4,434)
Fixed Income Options:				
Purchased	Call	52,578	45,181	(7,397)
Purchased	put	207,713	115,798	(91,915)
Written	Call	(49,102)	(60,231)	(11,129)
Written	Put	(183,680)	(168,695)	14,985
Total		\$ (6,788)	(53,303)	(46,515)

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, 2016 was \$866,463, and the Pension trust funds' currency forwards contracts are summarized as follows:

Foreign Currency Contracts Purchased	Notional (Local Currency)	Fair Value of Foreign Currency Contract Payable in U.S. Dollars	Unrealized Gain(Loss)
Primary Government - Pension Trust Funds:			
Chinese Yuan Renminbi	(6,274,512)	\$ (939,997)	\$ 18,734
Danish Krone	(11,428,974)	(1,724,000)	1,558
Euro Currency Unit	(4,293,000)	(4,775,042)	25,470
Japanese Yen	(622,897,000)	(6,081,653)	(225,634)
Mexican New Peso	(15,568,245)	(839,638)	19,965
New Zealand Dollar	(94,000)	(66,814)	(2,965)
Pound Sterling	(1,057,000)	(1,413,193)	73,144
U.S. Dollar	(19,128,286)	(19,128,286)	-
Total Foreign Currency Contracts Purchased		\$ (34,968,623)	\$ (89,728)
Foreign Currency Contracts Sold			
Primary Government - Pension Trust Funds:			
Chilean Peso	6,618,500,000	\$ 9,962,800	\$ 388,492
Euro Currency Unit	13,185,000	14,664,501	(365,188)
Indian Rupee	628,000,000	9,183,463	(83,038)
Japanese Yen	90,000,000	877,305	(5,914)
Norwegian Krone	52,900,000	6,321,667	(105,530)
Pound Sterling	412,000	550,764	2,598
Swedish Krona	131,300,000	15,515,352	(628,155)
Total Foreign Currency Contracts Sold		\$ 57,075,852	\$ (796,735)

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

As permitted by the Code, the component unit's pension trust fund (ERFC) invests in derivative instruments on a limited basis in accordance with the Board of Trustees' investment policy. Derivatives provide a means for ERFC to increase earnings and/or hedge against potential losses. During the fiscal year, ERFC invested in CMO derivatives. These derivatives are securities created using the underlying cash flows from mortgage backed securities as collateral. As of June 30, 2016, the fair value of the CMOs was \$407,943. In addition, ERFC had indirect investments in derivatives through its ownership interest in the Better Beta fund, one Private Equity manager, two of the Real Estate managers, three of the fixed income managers, and one of the Global Asset Allocation managers. These portfolios are commingled funds in which ERFC has a percentage ownership. Derivatives in these portfolios consisted of interest rate swaps and caps, which reduce the effect of interest rate fluctuations by converting floating rate financing into fixed rate loans for real estate investments. Futures, because they are more liquid than over the counter derivatives, have among the

lowest transaction costs available, carry minimal counterparty risk and are de facto currency hedged. Non Deliverable Forward's (NDF's) obtain exposure to a currency and its interest rate where the actual purchase of onshore debt is difficult. The interest rate exposure comes through the difference between the spot foreign exchange (F/X) rate and the forward F/X rate, and through investing the US dollar (USD) cash used as collateral in short dated US bonds. Forward commodity contracts hedge changes in cash flows due to market price fluctuations related to the expected purchase of a commodity. Currency forwards are used for hedging non-USD denominated physical instruments back to the base currency. Options are contracts that give the buyer the right, but not the obligation, to buy or sell an underlying asset at a specific price on or before a certain date. Swap options are contracts that give the buyer the right, but not obligation, to enter into an underlying swap. Credit Default Swaps (CDS) are contracts that offer guarantees against the non-payment of loans. At June 30, 2016, exposure to interest rate swaps was \$(9,540,251), exposure to interest rate caps was \$1,488,774, exposure to futures contracts was \$8,864,291, exposure to NDFs was \$(1,924,344), exposure to forward commodity contracts was \$525,541, exposure to currency forward contracts was \$(29,003,734), exposure to options was \$318,991, exposure to swap options was \$39,731, and exposure to CDSs was \$(289,655).

C. Property Taxes

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

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

Real estate and personal property taxes not paid by the due dates are assessed a ten percent late payment penalty on the tax amount. Furthermore, interest accrues from the first day following the due date at an annual rate of ten percent for the first year and thereafter at the rate set by the Internal Revenue Service. The net delinquent taxes receivable, including interest and penalties, as of June 30, 2016, after allowances for uncollectible amounts, is \$19,583,090 of which \$3,002,388 has been included in tax revenue for fiscal year 2016 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 2016 as receivables (net of payments totaling \$32,592,302 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, 2016; however, these resources, which amount to \$3,223,082,986, will not be available to the County until fiscal year 2017.

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, 2016, consist of the following:

	General Fund	Nonmajor Governmental Funds	Enterprise Fund	Internal Service Funds	Total Primary Government (Exhibit A)
Receivables:					
Accounts	\$ 20,958,205	12,273,124	2,841,627	52,625	36,125,581
Accrued interest	96,532	4,280,863	-	1,848	4,379,243
Property taxes:					
Delinquent	35,963,756	-	-	-	35,963,756
Not yet due	2,986,368,255	-	-	-	2,986,368,255
Business license taxes - delinquent	17,490,878	-	-	-	17,490,878
Loans	-	54,698,311	-	-	54,698,311
Total receivables	3,060,877,626	71,252,298	2,841,627	54,473	3,135,026,024
Allowances for uncollectibles:					
Accounts receivable	(5,274,602)	(283,745)	-	-	(5,558,347)
Property taxes:					
Delinquent	(16,380,666)	-	-	-	(16,380,666)
Not yet due	(7,191,515)	-	-	-	(7,191,515)
Business license taxes - delinquent	(12,758,059)	-	-	-	(12,758,059)
Loans	-	(38,803)	-	-	(38,803)
Total allowances for uncollectibles	(41,604,842)	(322,548)	-	-	(41,927,390)
Total net receivables	\$ 3,019,272,784	70,929,750	2,841,627	54,473	3,093,098,634

Receivables of the component units, excluding fiduciary funds, at June 30, 2016, consist of the following:

	Public Schools	FCRHA	Park Authority	EDA	Total Component Units
Receivables:					
Accounts	\$ 18,207,329	1,453,115	15,282	-	19,675,726
Accrued interest	54,090	461,550	29,274	-	544,914
Notes	-	23,891,245	-	-	23,891,245
Total receivables	18,261,419	25,805,910	44,556	-	44,111,885
Allowances for uncollectible	-	(286,228)	-	-	(286,228)
Total net receivables	\$ 18,261,419	25,519,682	44,556	-	43,825,657

Delinquent property taxes receivable from taxpayers in the General Fund as of June 30, 2016, are as follows:

Year of Levy	Real Estate	Personal Property	Total
2015	\$ 7,295,412	6,579,316	13,874,728
2014	1,928,634	3,394,951	5,323,585
2013	923,052	2,898,715	3,821,767
Prior years	2,101,754	4,562,346	6,664,100
Total delinquent taxes	\$ 12,248,852	17,435,328	29,684,180
Penalty and interest			6,279,576
Total delinquent taxes, penalty and interest			35,963,756
Allowances for uncollectibles			(16,380,666)
Net delinquent tax receivables			\$ 19,583,090

Amounts due to the primary government and component units from other governmental units at June 30, 2016, include the following:

	Primary Government				Component Unit - Public Schools
	General Fund	Nonmajor Governmental Funds	Enterprise Fund	Total (Exhibit A)	
Federal government	\$ 98,663	10,469,934	214,700	10,783,297	30,456,075
State government:					
Property tax relief - not yet due	211,313,944	-	-	211,313,944	-
Other	50,080,976	28,172,039	-	78,253,015	21,057,538
Local governments	428,026	2,205,637	48,538,860	51,172,523	185,559
Total intergovernmental units	\$ 261,921,609	40,847,610	48,753,560	351,522,779	51,699,172
Federal-Build America Bond subsidy				707,396	
Total (Exhibit A)				352,230,175	

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, 2016 is as follows:

	Interfund Receivables	Interfund Payables
Primary Government		
General Fund	\$ 806,088	1,398,372
Nonmajor Governmental Funds	2,000,779	2,806,867
Internal Service Funds	1,398,372	-
Total primary government	\$ 4,205,239	4,205,239
Component Unit		
Public Schools:		
General Fund	\$ 30,363,200	-
Capital Projects Fund	-	30,363,200
Total component units	\$ 30,363,200	30,363,200

Due to/from primary government and component units represent amounts paid by one entity on behalf of the other entity. Due to/from primary government and component units as of June 30, 2016, are as follows:

Receivable Entity	Payable Entity	Amount
Component Units	Primary Government	
Public Schools	General Fund	\$ 342,859
Park Authority	General Fund	1,584,565
Park Authority	Nonmajor Governmental Fund	776,821
EDA	General Fund	482,452
Total		\$ 3,186,697

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, 2016, are as follows:

	Transfers In	Transfers Out
<u>Primary Government</u>		
General Fund	\$ 14,363,192	526,388,805
Nonmajor Governmental Funds	573,392,388	68,266,433
Internal Service Funds	6,899,658	-
Total primary government	\$ 594,655,238	594,655,238
<u>Component Unit</u>		
Public Schools:		
General Fund	\$ -	30,687,270
Capital Projects Fund	12,666,296	-
Nonmajor Governmental Funds	18,020,974	-
Total component units	\$ 30,687,270	30,687,270

F. CAPITAL ASSETS

Capital assets activity for the primary government and component units for the year ended June 30, 2016, is as follow:

BASIC FINANCIAL STATEMENTS

	Balances July 1, 2015	Increases	Decreases	Balances June 30, 2016
Primary Government				
Governmental activities:				
Non-depreciable/non-amortizable:				
Land and easements	\$ 418,230,822	2,684,261	(39,476)	420,875,607
Construction in progress	220,927,357	111,348,374	(77,884,865)	254,390,866
Equipment under construction	8,917,243	18,054,260	(4,035,750)	22,935,753
Software in development	8,454,299	10,063,270	(1,945,406)	16,572,163
Total non-depreciable/non-amortizable	656,529,721	142,150,165	(83,905,497)	714,774,389
Depreciable/amortizable:				
Equipment	448,089,716	44,581,529	(32,647,935)	460,023,310
Software	96,302,671	3,884,330	-	100,187,001
Library collections	94,976,037	4,816,523	-	99,792,560
Buildings	1,505,321,255	27,942,200	-	1,533,263,455
Improvements	175,439,474	47,445,979	(5,296,839)	217,588,614
Infrastructure	805,271,593	45,320,688	(824,517)	849,767,764
Total depreciable/amortizable	3,125,400,746	173,991,249	(38,769,291)	3,260,622,704
Less accumulated depreciation/amortization for:				
Equipment	(247,583,129)	(40,882,967)	17,565,274	(270,900,822)
Software	(20,386,065)	(7,044,828)	-	(27,430,893)
Library collections	(84,114,053)	(3,507,663)	-	(87,621,716)
Buildings	(465,942,168)	(43,805,373)	-	(509,747,541)
Improvements	(69,456,956)	(8,425,367)	1,867,468	(76,014,855)
Infrastructure	(258,890,686)	(19,136,385)	7,918	(278,019,153)
Total accumulated depreciation/amortization	(1,146,373,057)	(122,802,583)	19,440,660	(1,249,734,980)
Total capital assets, being depreciated/amortized, net	1,979,027,689	51,188,666	(19,328,631)	2,010,887,724
Total capital assets, net - Governmental activities	2,635,557,410	193,338,831	(103,234,128)	2,725,662,113
Business-type activities:				
Non-depreciable/non-amortizable:				
Land and easements	17,862,552	46,458	-	17,909,010
Construction in progress	102,977,703	21,356,606	(66,592,504)	57,741,805
Total non-depreciable/non-amortizable	120,840,255	21,403,064	(66,592,504)	75,650,815
Depreciable/amortizable:				
Equipment	14,114,685	1,283,973	(791,384)	14,607,274
Purchased capacity	984,100,135	57,707,389	(8,597,593)	1,033,209,931
Buildings and Improvements	88,413,982	-	-	88,413,982
Infrastructure	1,159,924,152	91,693,443	(164,193)	1,251,453,402
Total depreciable/amortizable	2,246,552,954	150,684,805	(9,553,170)	2,387,684,589
Less accumulated depreciation/amortization for:				
Equipment	(9,112,659)	(1,241,252)	776,965	(9,576,946)
Purchased capacity	(315,078,669)	(29,678,425)	215,602	(344,541,492)
Buildings and Improvements	(43,489,592)	(2,123,803)	-	(45,613,395)
Infrastructure	(542,792,713)	(28,047,213)	14,419	(570,825,507)
Total accumulated depreciation/amortization	(910,473,633)	(61,090,693)	1,006,986	(970,557,340)
Total capital assets, being depreciated/amortized, net	1,336,079,321	89,594,112	(8,546,184)	1,417,127,249
Total capital assets, net - Business-type activities	1,456,919,576	110,997,176	(75,138,688)	1,492,778,064
Total capital assets, net - Primary government	\$ 4,092,476,986	304,336,007	(178,372,816)	4,218,440,177

	Balances June 30, 2015	Increases	Decreases	Balances June 30, 2016
Component Units				
Public Schools				
Non-depreciable/non-amortizable:				
Land	\$ 46,837,095	-	-	46,837,095
Construction in progress	310,065,859	132,625,321	(130,040,614)	312,650,566
Software in development	378,394	476,789	(378,394)	476,789
Total non-depreciable/non-amortizable	357,281,348	133,102,110	(130,419,008)	359,964,450
Depreciable/amortizable:				
Equipment	301,535,440	41,014,658	(10,424,952)	332,125,146
Software	12,290,206	378,394	-	12,668,600
Library collections	31,334,836	2,077,543	(4,801,871)	28,610,508
Buildings	1,237,492,279	5,045,491	-	1,242,537,770
Improvements	2,069,042,971	164,800,077	(214,476)	2,233,628,572
Total depreciable/amortizable	3,651,695,732	213,316,163	(15,441,299)	3,849,570,596
Less accumulated depreciation/amortization for:				
Equipment	(209,262,025)	(24,754,720)	10,002,263	(224,014,482)
Software	(4,325,385)	(866,857)	-	(5,192,242)
Library collections	(23,258,824)	(2,934,289)	4,801,871	(21,391,242)
Buildings	(558,998,491)	(24,229,955)	-	(583,228,446)
Improvements	(906,912,260)	(80,671,710)	-	(987,583,970)
Total accumulated depreciation/amortization	(1,702,756,985)	(133,457,531)	14,804,134	(1,821,410,382)
Total capital assets, being depreciated/amortized, net	1,948,938,747	79,858,632	(637,165)	2,028,160,214
Total capital assets, net - Public Schools	2,306,220,095	212,960,742	(131,056,173)	2,388,124,664
FCRHA				
Non-depreciable/non-amortizable:				
Land	42,466,894	-	-	42,466,894
Construction in progress	144,891	1,671,725	(1,438,057)	378,559
Total non-depreciable/non-amortizable	42,611,785	1,671,725	(1,438,057)	42,845,453
Depreciable/amortizable:				
Equipment	2,241,980	-	-	2,241,980
Buildings and improvements	226,631,657	2,062,081	-	228,693,738
Total depreciable/amortizable	228,873,637	2,062,081	-	230,935,718
Less accumulated depreciation/amortization for:				
Equipment	(2,230,075)	(2,803)	-	(2,232,878)
Buildings and improvements	(129,617,525)	(6,088,164)	-	(135,705,689)
Total accumulated depreciation/amortization	(131,847,600)	(6,090,967)	-	(137,938,567)
Total capital assets, being depreciated/amortized, net	97,026,037	(4,028,886)	-	92,997,151
Total capital assets, net - FCRHA	139,637,822	(2,357,161)	(1,438,057)	135,842,604
Park Authority				
Non-depreciable/non-amortizable:				
Land and easements	374,670,963	189,683	(74,945)	374,785,701
Construction in progress	8,338,575	14,218,300	(14,416,398)	8,140,477
Total non-depreciable/non-amortizable	383,009,538	14,407,983	(14,491,343)	382,926,178
Depreciable/amortizable:				
Equipment	14,136,699	605,463	(931,360)	13,810,802
Buildings and improvements	417,725,726	14,975,791	(130,512)	432,571,005
Total depreciable/amortizable	431,862,425	15,581,254	(1,061,872)	446,381,807
Less accumulated depreciation/amortization for:				
Equipment	(10,019,512)	(52,791)	299,859	(9,772,444)
Buildings and improvements	(194,271,452)	(12,984,495)	16,000	(207,239,947)
Total accumulated depreciation/amortization	(204,290,964)	(13,037,286)	315,859	(217,012,391)
Total capital assets, being depreciated/amortized, net	227,571,461	2,543,968	(746,013)	229,369,416
Total capital assets, net - Park Authority	610,580,999	16,951,951	(15,237,356)	612,295,594
EDA				
Depreciable/amortizable:				
Equipment	28,977	5,945	-	34,922
Buildings	767,961	-	-	767,961
Total depreciable/amortizable	796,938	5,945	-	802,883
Less accumulated depreciation/amortization for:				
Equipment	(28,977)	(793)	-	(29,770)
Buildings	(445,914)	(74,319)	-	(520,233)
Total accumulated depreciation/amortization	(474,891)	(75,112)	-	(550,003)
Total capital assets, net - EDA	322,047	(69,167)	-	252,880
Total capital assets, net - Component units	\$ 3,056,760,963	227,486,365	(147,731,586)	3,136,515,742

Depreciation and amortization expense for the year ended June 30, 2016, charged to the functions of the primary government and component units is as follows:

	Governmental Activities	Business-type Activities	Component Units
Primary Government			
General government administration	\$ 26,337,059	-	-
Judicial administration	4,683,077	-	-
Public safety	8,264,901	-	-
Public works	41,374,354	61,090,693	-
Health and welfare	3,508,823	-	-
Community development	14,642,783	-	-
Parks, recreation, and cultural	7,099,374	-	-
In addition, depreciation on capital assets held by the County's internal service funds is charged to the various functions based on asset usage.	16,892,212	-	-
Component Units			
Public Schools	-	-	133,457,531
FCRHA	-	-	6,090,967
Park Authority	-	-	13,037,286
EDA	-	-	75,112
Total depreciation and amortization expense	\$ 122,802,583	61,090,693	152,660,896

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 66.4 percent including business type activities, FCPS 28.0 percent, EDA 0.5 percent, FCRHA 1.6 percent, 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, 10680 Main Street, Suite 280, Fairfax, VA 22030, or by calling (703) 279-8200. It may be accessed online for additional information including details of the plan fiduciary net position, the information presented in this report follows the same accounting basis as the plan. http://www.fairfaxcounty.gov/retirement/retired_employees/publications.htm.

Fairfax County Police Officers Retirement System

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

The PORS issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Police Officers Retirement System, 10680 Main Street, Suite 280, Fairfax, VA 22030, or by calling (703) 279-8200. It may be accessed online for additional information including details of the plan fiduciary net position, the information presented in this report follows the same accounting basis as the plan. http://www.fairfaxcounty.gov/retirement/retired_employees/publications.htm.

Fairfax County Uniformed Retirement System

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

The URS issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Uniformed Retirement System, 10680 Main Street, Suite 280, Fairfax, VA 22030, or by calling (703) 279-8200. It may be accessed online for additional information including details of the plan fiduciary net position, the information presented in this report follows the same accounting basis as the plan. http://www.fairfaxcounty.gov/retirement/retired_employees/publications.htm.

The Educational Employees' Supplementary Retirement System

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

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

2. Benefit Provisions and RequirementsFairfax County Employees' Retirement System

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

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

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

Fairfax County Police Officers Retirement System

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

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

Fairfax County Uniformed Retirement System

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

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

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

The Educational Employees' Supplementary Retirement System

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

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

ERFC and ERFC 2001 provide for a variety of benefit payment types. ERFC's payment types include Service Retirement, Reduced Service, Disability, Death-in-Service, and Deferred Retirement. ERFC 2001's payment types include Service Retirement, Death-in-Service, and Deferred Retirement. ERFC's minimum eligibility requirements for receipt of full benefits range from members attaining the age of 55 with 25 years of service to completing five years of service prior to age 65. The minimum eligibility requirements for full benefits for ERFC 2001 members are age 60 with five years of service or any age with 30 years of service. Annual post-retirement cost-of-living increases of 3 percent are effective each March 31. Participants in their first full year of retirement receive a 1.49 percent increase. Participants who retire on or after January 1 receive no cost-of-living increase that first March. 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, 2016, was 21.99 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 2016 the amortization target was increased to 95 percent, and for fiscal year 2017, it will be increased to a 97 percent level. Per the County's pension funding policy as approved by the Board of Supervisors as part of the FY 2016 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 \$138,493,099. The 2016 employer contribution totaled \$155,780,373.

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, 2016.

The County is required to contribute at an actuarially determined rate; the rate for the year ended June 30, 2016 was 31.37 percent of annual covered payroll. The decision was made to commit additional funding and a rate of 37.98 percent was adopted for fiscal year 2016. 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 2016, the amortization target was set to a 95 percent level. Per the County's pension funding policy as approved by the Board of Supervisors as part of the FY 2016 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 \$37,867,181. The 2016 employer contribution totaled \$40,646,884.

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, 2016 was 37.98 percent of annual covered payroll. 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 2016, the amortization target was increased to a 95 percent level, and for fiscal year 2017, it will be increased to a 97 percent level. Per the County's pension funding policy as approved by the Board of Supervisors as part of the FY 2016 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 \$60,928,766. The 2016 employer contribution totaled \$65,548,338.

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. The contribution requirements of members and the employer are established and may be amended by the ERFC Board, subject to School Board approval. Members are required to contribute 3 percent of annual salary. The employer is required to contribute at an actuarially determined rate which presently is 5.6 percent. Employer contributions to the pension plan were \$76,587,309 and \$74,324,396 for the years ended June 30, 2016 and June 30, 2015 respectively.

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

4. Actuarial Methods and Assumptions

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

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

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

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

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010. ERFC valuation date December 31, 2014 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, 2016, are summarized below:

Long Term Expected Real Rate of Return/Target Allocation*

Asset Class	ERS*	PORS*	URS*
U.S. Equities	4.5%/20.0%	4.5%/17.0%	4.5%/13.0%
International Equities	5.1%/10.0%	5.1%/12.0%	5.1%/14.0%
Private Equities	-	-	8.1%/3.0%
Core Fixed Income	2%/73.0%	2%/30.0%	2%/25.0%
High Yield	3.2%/7.5%	-	-
Absolute Return	6.0%/20.0%	-	-
Real Estate	5.3%/7.5%	5.3%/5.0%	5.3%/8.0%
Alternatives	-	6%/37.0%	6%/22.0%
Risk Parity	-	6%/30.0%	6%/20.0%
Commodity	4.5%/5.0%	-	-

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

Asset Class	ERFC
Domestic Large Cap Equity	5.92%/14.5%
Domestic Small Cap Equity	6.71%/6.0%
International Equity	6.95%/14.0%
Emerging Market Equity	9.49%/3.0%
Real Estate	4.62%/7.5%
Core Fixed Income	1.17%/4.0%
Diversified Fixed Income	2.83%/16.0%
Absolute Return Fixed Income	1.71%/6.0%
Emerging Market Debt (Local)	4.62%/3.0%
Global Asset Allocation	4.99%/10.0%
Absolute Return	4.0%/8.0%
Private Equity	8.73%/3.0%
Risk Parity	3.87%/5.0%

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

	ERS	PORS
Total pension liability	\$ 4,979,660,749	\$ 1,510,917,235
Pension plan's fiduciary net position	<u>(3,693,357,619)</u>	<u>(1,280,915,090)</u>
Net pension liability	<u>\$ 1,286,303,130</u>	<u>\$ 230,002,145</u>
Plan fiduciary net position as a percentage of the total pension liability	74.2%	84.8%

	URS	ERFC
Total pension liability	\$ 1,883,674,488	\$ 2,789,227,428
Pension plan's fiduciary net position	<u>(1,525,617,480)</u>	<u>(2,179,724,057)</u>
Net pension liability	<u>\$ 358,057,008</u>	<u>\$ 609,503,371</u>
Plan fiduciary net position as a percentage of the total pension liability	81.0%	78.1%

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

	Increases (Decreases) in (000)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balances 6/30/2015	<u>\$ 10,739,753</u>	<u>8,748,464</u>	<u>1,991,289</u>
Changes for Year:			
Service cost	233,759	-	233,759
Interest	792,252	-	792,252
Changes in benefit terms	3,165	-	3,165
Differences between expected and actual experience	(26,165)	-	(26,165)
Benefit payments, including refunds of member contributions	(579,284)	(579,284)	-
Contributions - employer	-	311,612	(311,612)
Contributions - member	-	93,540	(93,540)
Net investment income	-	111,828	(111,828)
Administrative expense	-	(6,547)	6,547
Net Changes	<u>423,727</u>	<u>(68,851)</u>	<u>492,578</u>
Balances 6/30/2016	<u>\$ 11,163,480</u>	<u>8,679,613</u>	<u>2,483,867</u>

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

	Dollar amounts in (000)				
	ERS	PORS	URS	ERFC	Total
Total Pension Liability					
Service cost	\$ 84,154	30,390	41,721	77,494	233,759
Interest	353,622	106,740	132,951	198,939	792,252
Changes in benefit terms	1,463	-	1,702	-	3,165
Differences between expected and actual experience	(8,617)	(11,516)	11,019	(17,051)	(26,165)
Changes of assumptions	-	-	-	-	-
Benefit payments, including refunds of member contributions	(258,835)	(67,757)	(84,849)	(167,843)	(579,284)
Net change in total pension liability	171,787	57,857	102,544	91,539	423,727
Total pension liability - 6/30/2015	4,807,873	1,453,060	1,781,131	2,697,689	10,739,753
Total pension liability - 6/30/2016	\$ 4,979,660	1,510,917	1,883,675	2,789,228	11,163,480
Plan Fiduciary Net Position					
Contributions - employer	\$ 138,493	37,867	60,928	74,324	311,612
Contributions - member	33,194	8,890	11,473	39,983	93,540
Net investment income	16,342	41,601	21,800	32,085	111,828
Benefit payments, including refunds of member contributions	(258,835)	(67,757)	(84,849)	(167,843)	(579,284)
Administrative expense	(1,897)	(443)	(455)	(3,752)	(6,547)
Net change in plan fiduciary net position	(72,703)	20,158	8,897	(25,203)	(68,851)
Plan fiduciary net position - 6/30/2015	3,766,060	1,260,757	1,516,720	2,204,927	8,748,464
Plan fiduciary net position - 6/30/2016	\$ 3,693,357	1,280,915	1,525,617	2,179,724	8,679,613
Net pension liability - 6/30/2016	\$ 1,286,303	230,002	358,058	609,504	2,483,867

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
	6.5%	7.5%	8.5%
Total Pension Liability	\$ 5,669,159,582	\$ 4,979,660,749	\$ 4,416,601,947
Plan Fiduciary Net Position	(3,693,357,619)	(3,693,357,619)	(3,693,357,619)
Net Pension Liability	\$ 1,975,801,963	\$ 1,286,303,130	\$ 723,244,328
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.1%	74.2%	83.6%

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

	1% Decrease	Current Discount Rate	1% Increase
	6.5%	7.5%	8.5%
Total Pension Liability	\$ 1,768,483,392	\$ 1,510,917,235	\$ 1,307,937,475
Plan Fiduciary Net Position	(1,280,915,090)	(1,280,915,090)	(1,280,915,090)
Net Pension Liability	\$ 487,568,302	\$ 230,002,145	\$ 27,022,385
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.4%	84.8%	97.9%

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

	1% Decrease	Current Discount Rate	1% Increase
	6.5%	7.5%	8.5%
Total Pension Liability	\$ 2,186,615,127	\$ 1,883,674,488	\$ 1,642,535,585
Plan Fiduciary Net Position	(1,525,617,480)	(1,525,617,480)	(1,525,617,480)
Net Pension Liability	<u>\$ 660,997,647</u>	<u>\$ 358,057,008</u>	<u>\$ 116,918,105</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.8%	81.0%	92.9%

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

	1% Decrease	Current Discount Rate	1% Increase
	6.5%	7.5%	8.5%
Net Pension Liability	<u>\$ 942,644,465</u>	<u>\$ 609,503,371</u>	<u>\$ 333,262,964</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.8%	78.1%	86.7%

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	7,626	966	1,194	10,524
Terminated employees entitled to, but not yet receiving, benefits	1,677	36	50	3,761
DROP participants	705	80	125	N/A
Active plan members	<u>13,862</u>	<u>1,226</u>	<u>1,817</u>	<u>21,352</u>
Total number of plan members	<u>23,870</u>	<u>2,308</u>	<u>3,186</u>	<u>35,637</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	\$ -	6,893,271	\$ -	9,870,677
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	65,350,891	-	-	15,071,417
Change in proportion	-	-	-	-
Contributions subsequent to the measurement date	155,780,373	-	40,646,884	-
Total	\$ 221,131,264	6,893,271	\$ 40,646,884	24,942,094
Pension Expense Recognized 2016	\$ 97,145,111		\$ 24,769,240	
Net Pension Liability June 30, 2016	\$ 1,286,303,130		\$ 230,002,145	

	URS		ERFC	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,445,031	-	\$ -	27,610,608
Net difference between projected and actual earnings on pension plan investments	6,103,066	-	104,909,894	96,000,650
Change in proportion	-	-	-	-
Contributions subsequent to the measurement date	65,548,338	-	76,587,309	-
Total	\$ 81,096,435	-	\$ 181,497,203	123,611,258
Pension Expense Recognized 2016	\$ 49,586,949		\$ 65,639,431	
Net Pension Liability June 30, 2016	\$ 358,057,008		\$ 609,503,371	

Deferred outflows associated with contributions made subsequent to the measurement date will be recognized as a reduction to the net pension liability in 2017. The remaining deferred outflows and inflows will impact pension expense in subsequent years as follows:

Year ended June 30:

	ERS	PORS	URS	ERFC
2017 \$	2,538,098	(10,146,656)	(2,490,048)	(11,340,730)
2018 \$	2,538,098	(10,146,656)	(2,490,048)	(11,340,730)
2019 \$	2,538,098	(10,146,656)	(2,490,048)	(11,340,732)
2020 \$	50,843,326	8,788,097	19,869,898	20,659,488
2021 \$	-	(1,645,111)	1,574,172	(5,338,660)
Thereafter \$	-	(1,645,112)	1,574,171	-

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	\$ 4,979,661	3,306,435	1,395,819	22,802	80,745	173,860
Pension plan's fiduciary net position	(3,693,358)	(2,452,345)	(1,035,263)	(16,912)	(59,888)	(128,950)
Net pension liability	\$ 1,286,303	854,090	360,556	5,890	20,857	44,910
Deferred Outflows:						
Contributions after Measurement Date	\$ 155,780	104,865	42,370	714	2,515	5,316
Investment Return	65,351	43,392	18,318	299	1,060	2,282
Changes in Proportion	6,955	4,974	1,456	269	-	256
Total Deferred Outflows (ERS)	\$ 228,086	153,231	62,144	1,282	3,575	7,854
Deferred Inflows:						
Experience	\$ 6,893	4,577	1,931	32	112	241
Changes in Proportion	6,955	1,755	1,748	55	1,121	2,276
Total Deferred Inflows (ERS)	\$ 13,848	6,332	3,679	87	1,233	2,517
Pension Expense	\$ 131,304	87,869	36,853	677	1,803	4,101

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

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

Annual retirement benefits are payable monthly for life in an amount equal to (a) 1.7 percent of eligible members' average final compensation for each year of credited service under Plan 1, (b) 1.65 percent of eligible members' average final compensation for each year of creditable service on

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

Funding Policy

The contribution requirement for active employees is governed by Section 51.1-145 of the Code, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.0 percent of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.0 percent member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5.0 percent member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.0 percent member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. Each school division's contractually required contribution rate for the year ended June 30, 2016 was 14.06 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20 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 79.69 percent of the actuarial rate for the year ended June 30, 2016. Employer contributions to the pension plan were \$192,421,257 and \$192,934,971 for the years ended June 30, 2016 and June 30, 2015, respectively.

Actuarial Methods and Assumptions

The total pension liability for VRS was based on an actuarial valuation as of June 30, 2014, 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, 2015. The assumptions used were as follows:

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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

Actuarial Assumptions

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

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

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

At June 30, 2016, FCPS reported a liability of \$2,251,917,000 for its proportionate share of the net pension liability. The net pension liability was determined based on an actuarial valuation as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2015. At June 30, 2015, FCPS's proportion was 17.89 percent, as compared to 18.15 at June 30, 2014.

For the year ended June 30, 2016, FCPS recognized pension expense of \$166,903,000. At June 30, 2016, 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	\$ -	\$ 31,010,000
Net difference between projected and actual earnings on pension plan investments	-	137,908,000
Changes in proportion and differences between contributions and proportionate share of contributions	31,774,000	29,544,000
Contributions subsequent to the measurement date	192,421,257	-
Total	<u>\$ 224,195,257</u>	<u>\$ 198,462,000</u>

\$192,421,257 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as shown to the right:

	Year ended June 30:	
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	2017	\$ (59,084,000)
	2018	(59,084,000)
	2019	(59,084,000)
	2020	16,911,000
	2021	(6,347,000)

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
U.S. Equity	19.50 %	6.46 %	1.26 %
Developed Non U.S. Equity	16.50	6.28	1.04
Emerging Market Equity	6.00	10.00	0.60
Fixed Income	15.00	0.09	0.01
Emerging Debt	3.00	3.51	0.11
Rate Sensitive Credit	4.50	3.51	0.16
Non Rate Sensitive Credit	4.50	5.00	0.23
Convertibles	3.00	4.81	0.14
Public Real Estate	2.25	6.12	0.14
Private Real Estate	12.75	7.10	0.91
Private Equity	12.00	10.41	1.25
Cash	1.00	(1.50)	(0.02)
Total	<u>100.00 %</u>		<u>5.83 %</u>
		Inflation	<u>2.50</u>
		Expected arithmetic nominal return (a)	<u>8.33 %</u>

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

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

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

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

	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
Net Pension Liability	\$ 3,295,485,000	\$ 2,251,917,000	\$ 1,392,860,000

Plan Fiduciary Net Position

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

H. OTHER POSTEMPLOYMENT BENEFITS

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

COUNTY OF FAIRFAX, VIRGINIA
OPEB Trust Fund
Statement of Plan Net Position
June 30, 2016

	OPEB Trust Fund
ASSETS	
Equity in pooled cash and temporary investments	\$ 4,306,262
Contributions receivable	104,838
Accrued interest and dividends receivable	14,167
Investment in pooled funds	236,874,855
Total assets	241,300,122
DEFERRED OUTFLOWS OF RESOURCES	
Total deferred outflows of resources	-
LIABILITIES	
Accounts payable and accrued liabilities	42,740
Total liabilities	42,740
DEFERRED INFLOW OF RESOURCES	
Total deferred inflows of resources	-
NET POSITION	
Held in trust for OPEB benefits	\$ 241,257,382

COUNTY OF FAIRFAX, VIRGINIA
OPEB Trust Fund
Statement of Changes in Net Position
For the fiscal year ended June 30, 2016

	OPEB Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 34,120,866
Other	<u>1,419,231</u>
Total contributions	<u>35,540,097</u>
Investment income:	
From investment activities:	
Net (depreciation) in fair value of investments	(456,407)
Interest	<u>38,867</u>
Total income from investment activities	<u>(417,540)</u>
Less investment activities expenses:	
Management fees	157,658
Other	<u>500</u>
Total investment activities expenses	<u>158,158</u>
Net investment loss	<u>(575,698)</u>
Total additions	<u>34,964,399</u>
DEDUCTIONS	
Benefits	18,257,270
Administrative expenses	<u>117,010</u>
Total deductions	<u>18,374,280</u>
Net increase	16,590,119
Net position, July 1, 2015	<u>224,667,263</u>
Net position, June 30, 2016	<u>\$ 241,257,382</u>

1. Fairfax County OPEB Plan

Plan Description

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

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

Funding Policy

The contributions to the OPEB Trust Fund are established and may be amended by the Board of Supervisors. The contributions are typically based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits. GAAP requires recognition of the current expense of OPEB based on each governing body's annual required contribution, but does not require funding of the related liability.

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

Annual OPEB Cost

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

The ARC of \$13.3 million for fiscal year 2016 decreased from \$31.0 million for fiscal year 2015 due to the addition of an Employer Group Waiver Plan (EGWP) for Medicare retiree prescription drug coverage. The EGWP is a standard Medicare Part D plan with enhanced coverage. By implementing an EGWP, the County is able to maximize prescription drug subsidies from the federal government and pharmaceutical manufacturers. This plan replaces the prescription drug coverage that was previously provided to Medicare retirees through the County's self-insured health plans and the Retiree Drug Subsidy that the County previously received from the Centers for Medicare and Medicaid Services. This change has had a significant impact on the County's liability, as GAAP accounting rules allows EGWP revenue to directly offset plan costs in the valuation.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for 2016, 2015, and 2014 are as follows:

	2016	2015	2014
ARC, for the year ended June 30	\$ 13,338,000	31,033,000	30,452,000
Interest on net OPEB asset from prior year	(1,331,000)	(739,000)	(114,000)
Actuarial adjustment	1,117,000	613,000	94,000
Annual OPEB cost	13,124,000	30,907,000	30,432,000
Actual contributions	(34,121,000)	(40,076,000)	(38,768,000)
(Increase) in net OPEB (asset), for the year ended June 30	(20,997,000)	(9,169,000)	(8,336,000)
Net OPEB (asset), beginning of year	(19,020,610)	(9,851,610)	(1,515,610)
Net OPEB (asset), end of year	\$ (40,017,610)	(19,020,610)	(9,851,610)
Percentage of annual OPEB cost contributed	259.99%	129.67%	127.39%

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

For the fiscal years 2014 through 2016 the County's OPEB funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (000) (a)	Actuarial Accrued Liability (AAL) - Entry Age (000) (b)	Unfunded AAL (UAAL) (Funding Excess) (000) (b-a)	Funded Ratio (a/b)	Covered Payroll (000) (c)	UAAL (Funding Excess) as a Percentage of Covered Payroll ((b-a) / c)
7/1/2013*	\$ 148,543	\$ 455,386	\$ 306,843	32.62 %	\$ 825,441	37.17 %
7/1/2014*	192,951	486,131	293,180	39.69	856,566	34.23
7/1/2015	222,487	317,623	95,136	70.05	881,711	10.79

*unaudited

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

The ARC for fiscal year 2016 was determined as part of the July 1, 2015, actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include:

- A rate of return on the investment of present and future assets of 7.0 percent per year compounded annually.
- Projected annual salary increases of 3.0 percent.
- An annual healthcare cost trend rate of 7.39 percent initial Pre 65 and 7.39 percent Post 65, reduced by decrements to an ultimate rate of 5.0 percent.

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

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

Concentrations

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

2. Public Schools OPEB Plan

Plan Description

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

Funding Policy

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

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

Annual OPEB Cost

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

The Public Schools' annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for 2016, 2015, and 2014 are as follows:

	2016	2015	2014
ARC, for the year ended June 30	\$ 23,384,000	17,384,000	17,003,000
Interest on net OPEB asset from prior year	(2,336,000)	(1,024,000)	(1,004,000)
Actuarial adjustment	1,732,000	759,001	745,000
Annual OPEB cost	22,780,000	17,119,001	16,744,000
Actual contributions	(21,689,000)	(26,097,000)	(25,524,938)
(Increase) decrease in net OPEB asset, for the year ended June 30	1,091,000	(8,977,999)	(8,780,938)
Net OPEB obligation (asset), beginning of year	(31,151,922)	(22,173,923)	(13,392,985)
Net OPEB obligation (asset), end of year	\$ (30,060,922)	(31,151,922)	(22,173,923)
Percentage of annual OPEB cost contributed	95.21%	152.44%	152.44%

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

For the fiscal years 2014 through 2016, Public Schools' OPEB funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (000) (a)	Actuarial Accrued Liability (AAL) - Entry Age (000) (b)	Unfunded AAL (UAAL) (Funding Excess) (000) (b-a)	Funded Ratio (a/b)	Covered Payroll (000) (c)	UAAL (Funding Excess) as a Percentage of Covered Payroll ((b-a) / c)
7/1/2013	\$ 64,925	\$ 273,983	\$ 209,058	23.70 %	\$ 1,109,000	18.85 %
7/1/2014	71,192	283,690	212,498	25.09	1,153,000	18.43
7/1/2015	95,900	377,300	281,400	25.42	1,456,900	19.31

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

In the July, 2015, actuarial valuation, the entry age normal actuarial cost method was used to estimate the Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2016, as well as the fiscal year 2016 ARC. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses) and certain annual health care cost trends. These rates incorporate a 4.0 percent payroll inflation assumption. The plan's UAAL is being amortized as a level percentage of projected pay over an open period of 30 years.

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

Concentrations

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

3. Current Plan Membership

The latest actuarial valuation for Fairfax County and Fairfax County Public Schools were July 1, 2015. At that time membership in the reporting entity's plans is presented as follows:

	Primary Government	Component Unit - Public Schools
	OPEB	OPEB
Retirees and beneficiaries receiving benefits	4,887	9,485
Active employees	13,331	19,834
Total number of plan members	18,218	29,319

4. Valuation of Investments

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

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

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

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

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

Limited Partnership – Private Equity Fund - This fund invests in the equity of a variety of privately held companies. The Trust's interest in the fund is valued at the Trust's ownership interest in the collective limited partners' capital. The Trust's ownership interest in limited partners' capital is used as a practical expedient to estimate fair value. This investment can never be redeemed with the fund. Instead, the nature of investments of this type is that distributions are received through the liquidation of the underlying assets of the fund. It is expected that the underlying assets of the fund will be liquidated over a period of six to twelve years. It is probable that the Trust's investment in this fund will be sold at an amount different from Trust's ownership interest in limited partners' capital as of June 30, 2016. 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, 2016, was recent arms-length financing rounds in which the partnership or other partnerships managed by the general partner had participated. As of June 30, 2016, all underlying investments of the fund were valued at cost.

Partnership – Real Estate Fund - This fund invests primarily in commercial, industrial, and multi-family residential properties and is valued at the NAV of units of the collective partnership. The NAV is used as a practical expedient to estimate fair value. This practical expedient would not be

used if it is determined to be probable that the Trust could not redeem its investment at the NAV per unit reported by the fund. The real estate partnership provides quarterly valuations to the Trust. 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. Redemptions are available quarterly upon 45 days' notice.

I. RISK MANAGEMENT

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

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

The claims liabilities in the self-insurance funds are discounted at 1.33 percent and 0.75 percent at June 30, 2016 and 2015, respectively, to reflect anticipated investment income. Changes in the balances of claims liabilities during fiscal years 2016 and 2015 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, 2014	\$ 48,073,000	11,063,418	36,005,553	23,324,000
Claims and changes in estimates	23,153,169	157,607,523	11,832,649	343,229,129
Claims payments	(20,612,169)	(157,870,941)	(10,307,342)	(343,845,129)
Liability balances, June 30, 2015	50,614,000	10,800,000	37,530,860	22,708,000
Claims and changes in estimates	24,067,832	170,132,434	12,046,548	356,116,702
Claims payments	(20,341,832)	(169,454,434)	(10,086,433)	(356,410,702)
Liability balances, June 30, 2016	\$ 54,340,000	11,478,000	39,490,975	22,414,000

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. There has been one automobile liability claim settled which exceeded the liability SIR in the past three fiscal years.

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, 2016 (in thousands):

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
Primary Government					
Governmental activities:					
General obligation bonds payable:					
Principal amount of bonds payable	\$ 2,158,841	475,495	(461,186)	2,173,150	178,160
Premium on bonds payable	208,960	73,173	(50,696)	231,437	34,203
Revenue bonds payable:					
Principal amount of bonds payable	846,520	173,960	(219,814)	800,666	31,979
Premium on bonds payable	55,759	26,097	(19,736)	62,120	6,271
Discount on bonds payable	(733)	-	45	(688)	(44)
Notes payable	75,736	80,405	(10,145)	145,996	10,145
Bond anticipation notes:					
Compensated absences payable	112,776	70,260	(67,370)	115,666	65,454
Landfill closure and postclosure obligations	70,179	619	-	70,798	3,600
Obligations under capital leases and installment purchases	23,218	7,618	(4,898)	25,938	5,266
Insurance and benefit claims payable	61,414	5,835	(1,431)	65,818	30,099
Net pension liability	1,121,637	931,964	(638,102)	1,415,499	-
Other:					
HUD Section 108 loans	10,152	-	(681)	9,471	688
Obligations for claims and judgments	18,053	14,700	-	32,753	32,753
Library Exchange	17,539	-	(845)	16,694	848
Total governmental activities	4,780,051	1,860,126	(1,474,859)	5,165,318	399,422
Business-type activities:					
Sewer revenue bonds payable:					
Principal amount of bonds payable	592,086	164,450	(193,950)	562,586	23,953
Premium on bonds payable	27,064	24,782	(14,166)	37,680	1,798
Net pension liability	21,919	4,730	-	26,649	-
Compensated absences payable	2,262	10	(40)	2,232	1,419
Total business-type activities	643,331	193,972	(208,156)	629,147	27,170
Total long-term liabilities - Primary Government	\$ 5,423,382	2,054,098	(1,683,015)	5,794,465	426,592
Component Units					
Public Schools					
Compensated absences payable	\$ 33,157	22,816	(23,210)	32,763	22,934
Obligations under capital leases and installment purchases	79,529	24,646	(14,444)	89,731	17,127
Insurance and benefit claims payable	60,239	30,745	(29,079)	61,905	29,191
Net pension liability	2,980,288	547,061	(305,373)	3,221,976	-
Unearned rent	385	574	(385)	574	-
Total Public Schools	3,153,598	625,842	(372,491)	3,406,949	69,252
FCRHA					
Mortgage revenue bonds payable	24,558	-	(781)	23,777	825
Mortgage notes payable	58,482	200	(2,016)	56,666	987
Net pension liability	17,502	3,355	-	20,857	-
Compensated absences payable	1,166	591	(634)	1,123	615
Total FCRHA	101,708	4,146	(3,431)	102,423	2,427
Park Authority					
Revenue bonds payable:					
Principal amount of bonds payable	4,185	-	(630)	3,555	655
Premium on bonds payable	433	-	(124)	309	106
Net pension liability	38,774	8,775	(2,639)	44,910	-
Loan from Primary Government	12,305	-	(328)	11,977	373
Compensated absences payable	4,455	2,507	(2,354)	4,608	2,446
Total Park Authority	60,152	11,282	(6,075)	65,359	3,580
EDA					
Compensated absences payable	308	289	(248)	349	229
Unearned rent	767	-	(141)	626	162
Net pension liability	4,829	1,696	(634)	5,891	-
Total EDA	5,904	1,985	(1,023)	6,866	391
Total long-term liabilities - Component units	\$ 3,321,362	643,255	(383,020)	3,581,597	75,650

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

1. General Obligation Bonds

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

At June 30, 2016, the amount of general obligation bonds authorized and unissued is summarized to the right.

	Bond Purpose	Amount (in Thousands)
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, 2016.	School improvements	\$ 566,391
	Transportation improvements	118,839
	Parks and park facilities	48,260
	Public safety facilities	202,865
	Public library facilities	19,615
	Flood control	23,590
	Total authorized but unissued bonds	<u>\$ 979,560</u>

In July 2015, the County issued \$139,515,000 of Series 2015C General Obligation Public Improvement Refunding Bonds with an average interest rate of 4.85 percent. The Refunding Bonds, with a \$19,049,971 premium, were issued to current refund \$154,540,000 of outstanding Series 2005A bonds. Proceeds of \$158,112,656 were used to redeem the Series 2005A bonds on October 1, 2015. The County refunded these bonds to reduce its total debt service payments over the next twelve years by approximately \$15.5 million and to obtain an economic gain of approximately \$15.1 million.

In February 2016, the County issued \$217,040,000 of Series 2016A General Obligation Public Improvement Bonds with an average interest rate of 4.22 percent. The bonds were issued to finance projects related to school improvements, public safety, park facilities, and other purposes.

In February 2016, the County issued \$118,940,000 of Series 2016A General Obligation Public Improvement Refunding Bonds with an average interest rate of 4.22 percent. The Refunding Bonds, with a \$20,476,141 premium, were issued to advance refund \$11,720,000 of outstanding Series 2008A bonds, \$19,950,000 of outstanding Series 2009A bonds, \$51,780,000 of outstanding Series 2011A bonds, \$5,425,000 of outstanding Series 2012A bonds and \$30,945,000 of outstanding Series 2013A bonds. Proceeds of \$138,891,476 were used to purchase U.S. Government securities which were deposited in an irrevocable escrow account to provide for the resources to redeem the Series 2008A bonds on April 1, 2018, the Series 2009A bonds on April 1, 2019, the Series 2011 bonds on

April 1, 2021, the Series 2012A bonds on April 1, 2020 and the Series 2013A bonds on October 1, 2021. The County refunded these bonds to reduce its total debt service payments over the next twelve years by approximately \$14.5 million and to obtain an economic gain of approximately \$12.0 million.

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

2. Revenue Bonds

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

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

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

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

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

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

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

In June 2014, the EDA issued \$126,690,000 of facilities revenue bonds to finance the costs of the construction of a building to serve as a public safety facility for the County. Also, in June 2014, EDA issued \$30,175,000 of facilities revenue bonds to finance the leasehold acquisition from LAF, LLC of the Workhouse Arts Center located in Lorton, Virginia. As the County is responsible, under the related documents and subject to annual appropriation, to make payments to a trustee sufficient to pay principal and interest on these bonds, the related transactions, including the liability for the bonds, have been recorded in the County's financial statements and not in those of EDA.

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

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

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

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

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

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

3. Sewer Revenue Bonds

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

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

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

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

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

As of June 30, 2016, the outstanding bonds consist of \$13,400,000 of Series 2009 Revenue Bonds, \$39,545,000 of Series 2012 Revenue Bonds, \$58,580,000 of Series 2014 Revenue Refunding Bonds, and \$164,450,000 of Series 2016A Revenue Refunding Bonds

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

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

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

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

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

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

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

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

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

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

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

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

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

The Sewer System's share of UOSA's total outstanding debt at June 30, 2016 is \$254,524,994 and it is subordinate to the sewer revenue bonds issued by the Sewer System.

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

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

As of June 30, 2016, the outstanding principal for the 2001 and 2002 subordinated revenue bonds is \$13,094,347 and \$18,991,651, respectively.

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

4. Bond Anticipation Notes

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

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

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

In December 2014, EDA utilized its revenue bond structure (Silver Line Phase II) Series 2014 to enter into a loan agreement with the United States Department of Transportation for a Transportation Infrastructure Financing and Innovation Act (TIFIA) loan in the principal amount up to \$403,274,894 (plus capitalized interest). Proceeds from the TIFIA Loan will be used to finance the County's share of Phase II of the Silver Line Metrorail expansion. The County is obligated by a contract with the EDA to pay amounts equal to debt service on the TIFIA loan. The County's obligation to make such payments is subject to the annual appropriation by the Board of sufficient funds for such purpose. The terms of the TIFIA Bond provide for repayment of the loan to begin October 1, 2023 and end April 1, 2046. At June 30, 2016, the outstanding principal of the TIFIA Loan was \$101,108,189.

Detailed information regarding the bond anticipation notes and notes payable outstanding as of June 30, 2016 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, 2016, are comprised of the issues presented on the following pages:

BASIC FINANCIAL STATEMENTS

Series		Interest Rate (%)	Issue Date	Final Maturity Date	Annual Principal Payments (000)	Original Issue (000)	Principal Outstanding (000)	Interest Payable to Maturity (000)	Total Principal Outstanding & Interest Payable to Maturity (000)
Governmental activities:									
General obligation bonds:									
General County:									
Series 2008 A	Public Improvement	5.00	01-30-08	04-01-28	4,960	\$ 99,155	9,920	744	10,664
Series 2009 A	Public Improvement	4.00-5.00	01-28-09	04-01-29	2,450	49,000	9,800	1,103	10,903
Series 2009 C	Refunding	5.00	10-28-09	10-01-19	3,019-14,578	48,527	36,905	2,987	39,892
Series 2009 E	Public Improvement (BABs)	3.70-5.25	10-28-09	10-01-29	4,247	63,700	59,453	20,241	79,694
Series 2011 A	Public Improvement	4.00-5.00	02-10-11	04-01-31	2,400	47,880	12,000	1,680	13,680
Series 2012 A	Public Improvement	2.00-5.00	02-02-12	04-01-32	1,936-3,860	77,185	57,902	16,636	74,538
Series 2012 B	Refunding	4.00-5.00	02-02-12	04-01-24	3,969-13,142	74,759	72,425	18,981	91,406
Series 2013 A	Public Improvement	5.00	01-24-13	10-01-32	3,925-3,930	78,535	43,195	16,585	59,780
Series 2013 B	Refunding	3.00-4.00	01-24-13	10-01-25	1,242-9,255	54,389	47,676	9,107	56,783
Series 2014 A	Public Improvement	3.00-5.00	02-06-14	10-01-33	6,170-6,175	123,426	111,077	41,309	152,386
Series 2014 A	Refunding	3.00-5.00	02-06-14	10-01-23	821-6,637	18,569	12,409	1,289	13,698
Series 2014 B	Refunding	3.00-5.00	11-04-14	10-01-26	649-15,893	70,399	64,410	21,815	86,225
Series 2015 A	Public Improvement	3.00-5.00	03-04-15	10-01-34	4,297-4,305	86,037	81,732	32,361	114,093
Series 2015 B	Refunding	3.00-5.00	03-11-15	10-01-26	1,824-8,613	17,989	17,989	7,662	25,651
Series 2015 C	Refunding	3.00-5.00	07-07-15	10-01-25	2,662-8,657	49,077	49,077	9,580	58,657
Series 2016 A	Public Improvement	2.00-5.00	02-09-16	10-01-35	4,115-4,120	82,312	82,312	35,868	118,180
Series 2016 A	Refunding	2.00-5.00	02-09-16	10-01-30	2,214-13,840	37,806	37,806	17,365	55,171
Total general obligation bonds - General County						1,078,745	806,088	255,313	1,061,401
Schools:									
Series 2008 A	Public Improvement	4.13-5.00	01-30-08	04-01-28	6,765	135,320	13,530	1,015	14,545
Series 2009 A	Public Improvement	3.50-5.00	01-28-09	04-01-29	7,525	150,510	30,100	3,386	33,486
Series 2009 C	Refunding	3.00-5.00	10-28-09	10-01-19	5,081-24,052	83,273	60,980	4,750	65,730
Series 2009 E	Public Improvement (BABs)	3.10-5.25	10-28-09	10-01-29	9,233	138,500	129,267	44,008	173,275
Series 2011 A	Public Improvement	4.00-5.00	02-10-11	04-01-31	6,230	123,515	31,150	4,361	35,511
Series 2012 A	Public Improvement	2.00-5.00	02-02-12	04-01-32	3,524-7,025	140,470	105,369	30,272	135,641
Series 2012 B	Refunding	4.00-5.00	02-02-12	04-01-24	4,671-21,058	117,591	113,074	29,859	142,933
Series 2013 A	Public Improvement	4.00-5.00	01-24-13	10-01-32	6,390	127,800	70,290	26,998	97,288
Series 2013 B	Refunding	3.00-4.00	01-24-13	10-01-25	1,518-14,285	73,611	64,019	12,160	76,179
Series 2014 A	Public Improvement	3.00-5.00	02-06-14	10-01-33	7,045	140,904	126,813	47,168	173,981
Series 2014 A	Refunding	3.00-5.00	02-06-14	10-01-23	1,553-11,203	33,411	22,126	2,410	24,536
Series 2014 B	Refunding	1.50-5.00	11-04-14	10-01-26	1,976-28,423	131,791	120,725	39,186	159,911
Series 2015 A	Public Improvement	2.00-5.00	03-04-15	10-01-34	7,065-7,068	141,303	134,238	53,166	187,404
Series 2015 B	Refunding	3.00-5.00	03-11-15	10-01-26	4,736-19,772	39,081	39,081	16,554	55,635
Series 2015 C	Refunding	3.00-5.00	07-07-15	10-01-25	3,253-17,328	90,438	90,438	15,863	106,301
Series 2016 A	Public Improvement	2.00-5.00	02-09-16	10-01-35	6,730-6,740	134,728	134,728	58,681	193,409
Series 2016 A	Refunding	2.00-5.00	02-09-16	10-01-30	5,746-27,125	81,134	81,134	37,373	118,507
Total general obligation bonds - Schools						1,883,380	1,367,062	427,210	1,794,272
Total general obligation bonds						2,962,125	2,173,150	682,523	2,855,673
Revenue bonds:									
EDA revenue bonds:									
Series 2003	Refunding	5.00	10-01-03	11-15-18	6,645-7,885	85,650	22,180	2,066	24,246
Series 2010	Six Public Facilities Projects	3.00-5.00	03-10-10	04-01-32	1,280-2,785	43,390	27,630	8,880	36,510
Series 2011	Silver Line Phase 1 Project	3.00-5.00	05-26-11	04-01-36	5,285-6,325	205,705	23,605	2,959	26,564
Series 2011	Metrorail Station Parking Project	3.00-5.00	07-28-11	08-01-34	3,275-7,225	99,430	96,155	44,174	140,329
Series 2012 A	Refunding Laurel Hill Project	3.00-5.00	04-17-12	06-01-33	670-4,205	47,745	36,410	8,748	45,158
Series 2012 A	Facilities Revenue Bonds	4.50-5.00	05-30-12	03-01-42	1,240-3,700	65,965	58,980	42,822	101,802
Series 2012	Silver Line Phase 1 Project	4.00-5.00	10-10-12	04-01-37	1,035-1,235	42,390	4,615	579	5,194
Series 2014 A	Public Safety Facility Project	4.00-5.00	06-26-14	10-01-34	7,035-7,040	126,690	126,690	63,061	189,751
Series 2014 A	County Facilities Refunding	3.00-5.00	06-26-14	10-01-34	1,415-3,385	44,000	42,625	23,284	65,909
Series 2014 B	County Facilities Project	.65-4.38	06-26-14	10-01-33	1,185-2,085	30,175	27,585	10,789	38,374
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	99,452	273,412
FCRHA lease revenue bonds:									
Series 2003	Gum Springs Glen Head Start Facility	3.50	07-22-03	8-01-23	44-171	2,530	1,126	154	1,280
Series 2009	Wedgewood	3.00-5.00	08-20-09	10-01-39	2,040-5,610	94,950	83,480	54,563	138,043
VRA Subfund Revenue bonds:									
Series 2013 C	Linconia Project	2.07-5.13	11-20-13	10-01-33	550-555	11,085	9,975	4,161	14,136
CDA revenue bonds:									
Series 2011 A	Tax-Exempt	6.25-6.88	06-09-11	03-01-36	465-5,315	46,980	46,980	45,043	92,023
Series 2011 A	Taxable	7.25	07-06-11	03-01-36	150-2,180	18,670	18,670	19,220	37,890
Total revenue bonds						\$ 1,139,315	800,666	429,955	1,230,621

(Continued)

NOTES TO THE FINANCIAL STATEMENTS

Series	Interest Rate (%)	Issue Date	Final Maturity Date	Annual Principal Payments (000)	Original Issue (000)	Principal Outstanding (000)	Interest Payable to Maturity (000)	Total Principal Outstanding & Interest Payable to Maturity (000)
Notes payables:								
Salona	3.93-4.29	12-27-05	12-31-25	323-645	\$ 12,900	6,128	1,283	7,411
Capital Renewal	1.24	12-18-13	01-01-19	5,000	25,000	15,000	373	15,373
Capital Renewal	1.30	03-10-15	01-01-20	2,000	10,000	8,000	259	8,259
Crescent	2.22	02-25-15	03-01-18	2,500-13,260	18,260	15,760	644	16,404
TIFIA Loan	2.73	12-17-14	04-01-46	4462-8003	403,275	101,108	576	101,684
Total notes payables					469,435	145,996	3,135	149,131
HUD Section 108 Loans:								
HUD Section 108 loan #8	4.97-6.67	07-01-01	08-01-21	115	2,300	690	45	735
HUD Section 108 loan #11	Variable	06-29-09	08-01-28	196-334	5,040	3,622	1,010	4,632
HUD Section 108 loan #12	Variable	02-14-11	08-01-30	343-344	6,535	5,159	1,147	6,306
Total HUD Section 108 loans					13,875	9,471	2,202	11,673
Total governmental activities					4,584,750	3,129,283	1,117,815	4,247,098
Business-type activities:								
Sewer revenue bonds:								
UOSA Bonds Subordinated	2.00-6.00	01-12-95	07-01-43	1,828-21,526	277,621	254,525	110,815	365,340
Series 2001 Subordinated	0.95	06-01-01	02-01-21	2,528-2,679	40,000	13,094	397	13,491
Series 2002 Subordinated	0.95	09-01-02	03-01-22	3,028-3,253	50,000	18,992	668	19,660
Series 2009 Revenue	4.5	06-17-09	07-15-40	2,805-9,415	152,255	13,400	1,382	14,782
Series 2012 Revenue	5.0	08-08-12	07-15-42	1,475-5,435	90,710	39,545	32,258	71,803
Series 2014 Refunding	2.00-5.00	04-16-14	07-15-28	3,175-5,770	61,755	58,580	16,809	75,389
Series 2016 Refunding	3.00-4.00	05-12-16	06-30-40	7,360-12,950	164,450	164,450	95,533	259,983
Total business-type activities					836,791	562,586	257,862	820,448
Total County bond, note, and loan indebtedness					\$ 5,421,541	3,691,869	1,375,677	5,067,546

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, 2016 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
2017	\$ 178,160	92,467	31,979	37,680	10,833	1,741	23,953	19,178	244,925	151,066
2018	180,670	84,915	38,574	35,800	21,600	982	24,902	20,388	265,746	142,085
2019	178,710	76,937	39,714	33,885	8,348	559	25,801	19,502	252,573	130,883
2020	170,465	69,057	32,119	32,281	3,356	429	26,766	18,571	232,706	120,338
2021	163,330	61,462	32,840	30,786	1,364	357	27,431	17,629	224,965	110,234
2022-2026	685,855	204,471	171,700	130,152	107,275	1,065	135,824	75,577	1,100,654	411,265
2027-2031	445,100	79,060	200,895	87,293	2,691	204	117,454	47,187	766,140	213,744
2032-2036	170,860	14,154	212,035	36,676	-	-	80,086	27,638	462,981	78,468
2037-2041	-	-	37,110	5,235	-	-	86,150	11,497	123,260	16,732
2042-2046	-	-	3,700	167	-	-	14,219	695	17,919	862
Totals	\$ 2,173,150	682,523	800,666	429,955	155,467	5,337	562,586	257,862	3,691,869	1,375,677

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, 2016, excluding FCRHA's component units is presented as follows:

Series	Secured By	Interest Rate (%)	Issue Date	Final Maturity Date	Annual Principal Payments (000)	Original Issue (000)	Total Principal Outstanding (000)
Housing Bonds Payable:							
Mortgage revenue bonds	Little River Glen rental property	4.65-6.10	08-29-96	09-01-26	\$ 150-190	\$ 6,340	3,655
Tax-exempt revenue bonds	Herndon Harbor I - rental property	6.10	08-01-97	07-01-27	24-30	2,875	609
Multi-family revenue bonds	Castellani Meadows	6.15	04-01-98	03-01-28	20-26	1,700	553
Lease revenue refunding bonds	FCRHA revenues	4.71	06-15-98	06-15-18	180-220	3,630	535
Multi-family revenue bonds	Herndon Harbor II - rental property	4.875-5.50	05-01-99	05-01-29	44-56	2,000	1,332
Multi-family revenue bonds	Cedar Ridge Apartments	5.984	03-29-07	10-01-48	62-115	13,200	12,326
Multi-family revenue bonds	Olley Glen - senior rental property	3.15-5.75	08-26-08	08-01-51	30-355	12,220	4,767
Total mortgage bonds payable - FCRHA						41,965	23,777
Mortgage Notes Payable and Loan from County:							
United Bank	Faircrest North, Laurel Hill, Westcott Ridge, Holly Acres, Legato Corner, and Willow Oaks rental properties	6.21	01-01-07	12-01-21	54-65	2,998	2,359
	East Market, Fair oaks, Bryson	6.14	12-06-07	12-01-22	15-22	856	698
	Stockwell, Northampton, Halstead I & II	6.11	07-24-09	07-01-24	15-22	868	739
	Unsecured	Libor + 80bps	varies	varies	-	3,401	1,389
Sun Trust Bank	Leland Road Group Home property	5.55	10-06-99	04-01-17	34-43	615	45
	Hopkins Glen rental property	4.33	12-02-02	10-01-16	10-62	475	24
	Stonegate rental property	6.16	02-08-05	01-08-24	112	1,286	712
and Urban Development	Various FCRHA rental properties	1.21-5.29	08-07-03	08-01-17	35	500	72
	Olley Glen property	1.29-3.44	01-29-09	08-01-23	100-125	2,050	1,185
Virginia Housing Development Authority	Minerva Fisher-Hall Group Home property	8.07	07-01-79	06-01-19	2-16	437	96
	Penderbrook rental property	7.17	09-01-88	10-01-18	16-25	770	151
	First Stop Group Home property	7.61	08-01-06	03-01-25		385	247
The City of Fairfax	Various properties owned by note holder	9.00-12.50	varies	varies	5-6	65	47
Fairfax County Redevelopment and Housing Authority	Herndon Harbour House	2.00-6.35	varies	08-01-27	-	2,487	2,653
	The Green rental property	3.37	varies	11-01-28	-	1,257	1,233
	Unsecured	2.00	varies	01-01-25	-	131	130
	Castellani Meadows	4.00		04-01-28		1,889	1,227
RHA	Murrygate Housing	1.0	varies	10-01-24	-	500	500
	Stonegate	1.0	varies	04-01-24	-	1,957	1,957
Total mortgage notes payable - FCRHA						22,927	15,464
Total public housing bonds, notes, and loans payable - FCRHA primary government						\$ 64,892	39,241

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, 2016, are presented on the following page:

Fiscal Year	Component Unit - FCRHA (Primary Government)					
	Housing Bonds Payable		Mortgage Notes Payable and Loan from County		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 825,060	1,282,329	533,308	406,238	1,358,368	1,688,567
2018	874,644	1,236,548	489,692	362,810	1,364,336	1,599,358
2019	635,415	1,192,752	431,769	333,397	1,067,184	1,526,149
2020	672,250	1,152,842	396,079	343,779	1,068,329	1,496,621
2021	715,613	1,115,252	417,669	230,939	1,133,282	1,346,191
2022-2026	4,301,450	4,883,491	7,952,552	1,140,309	12,254,002	6,023,800
2027-2031	2,808,919	3,721,540	5,243,511	-	8,052,430	3,721,540
2032-2036	2,376,874	3,131,218	-	-	2,376,874	3,131,218
2037-2041	3,160,773	2,419,363	-	-	3,160,773	2,419,363
2042-2046	4,202,991	1,470,399	-	-	4,202,991	1,470,399
2047-2051	3,174,183	325,996	-	-	3,174,183	325,996
2052	28,455	28,304	-	-	-	-
Totals	\$ 23,776,627	21,960,034	15,464,580	2,817,472	39,241,207	24,777,506

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, 2016, are as follows:

Fiscal Year	Revenue Bonds			Loan from Primary Government			Total	
	Int. Rate	Principal	Interest	Int. Rate	Principal	Interest	Principal	Interest
2017	3.42	\$ 655,000	146,884	5.00	372,600	456,699	1,027,600	603,583
2018	4.82	680,000	119,275	5.00	422,300	438,069	1,102,300	557,344
2019	4.23	705,000	87,959	5.00	471,400	416,954	1,176,400	504,913
2020	4.82	740,000	55,206	5.00	526,100	393,384	1,266,100	448,590
2021	4.82	775,000	18,684	5.00	585,700	367,079	1,360,700	385,763
2022-2026	-	-	-	5.00	3,529,400	1,406,442	3,529,400	1,406,442
2027-2031	-	-	-	3.00-4.00	4,190,000	770,306	4,190,000	770,306
2032-2033	-	-	-	4.00	1,880,000	101,613	1,880,000	101,613
Totals		\$ 3,555,000	428,008		11,977,500	4,350,546	15,532,500	4,778,554

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, 2016, approximately \$35.0 million of such tax-exempt bonds that are still outstanding.

The EDA is empowered by the Commonwealth to issue Industrial Revenue Bonds (IRBs) on behalf of businesses relocating and/or expanding their operations within the County. Principal and interest on the IRBs are paid entirely by the businesses. The terms of the IRBs stipulate that neither the EDA nor the County guarantees the repayment of principal and interest to the bondholders. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2016, the cumulative amount of all IRBs outstanding was \$517,261,976.

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. 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, 2016, the total outstanding principal amount of these transportation contract revenue bonds outstanding was \$169,540,000.

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, 2016, \$6.1 million of these notes are outstanding.

9. Debt Guarantee

In 1989 and 1990, EDA issued \$26,765,000 of parking revenue bonds to finance construction of parking structures near the Vienna Metrorail Station and the Huntington Metrorail Station in the County. All obligations relating to the construction of such parking structures have now been paid. EDA issued \$25,735,000 in bonds on November 10, 1999, to finance a second parking structure at the Vienna Metrorail Station. In August 2005, EDA issued \$18,695,000 in bonds to refund all of the callable 1999 parking revenue bonds. The parking revenue bonds are payable under a lease with the Washington Metropolitan Area Transit Authority (WMATA) from revenues to be derived by WMATA from parking surcharges at these and other parking facilities in the County. In the event such

revenues are not sufficient to pay debt service on the parking revenue bonds and under certain other conditions, the County is, in effect, obligated, subject to annual appropriation by its Board, to make payments to EDA sufficient to pay such debt service. As of June 30, 2016, \$9,295,000 of such bonds remain outstanding.

10. Defeasance of Debt

During the fiscal year, the County has defeased certain outstanding bonds by placing the proceeds of newly issued bonds in an irrevocable escrow fund to provide for all future debt service payments on the old bonds. Accordingly, the escrow fund assets and the liabilities for the defeased bonds are not included in the financial statements. As of June 30, 2016, the outstanding bonds considered defeased but not yet redeemed are \$366.0 million in general obligation bonds and \$189.4 million in revenue bonds.

11. Sanitary Landfill Closure and Postclosure Obligation

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

The existing Municipal Solid Waste (MSW) unit stopped accepting unprocessed waste on December 31, 1995 and the placement of the final closure cap on the MSW unit was completed during 2007. The ash disposal unit, or Area Three Lined Landfill (ATLL), continues to accept incinerator ash generated from the thermal processing of municipal solid waste from energy from waste facilities in Fairfax County, Arlington County and the Noman Cole Pollution Prevention (wastewater treatment) Plant. Closure expenditures have been incurred for all of the MSW unit and approximately 12 percent of the permitted ATLL cap area. The County holds permits that allow it to continue using the landfill until it is filled to capacity, which is estimated to occur in approximately 2042.

The \$70.8 million reported as the landfill closure and post closure obligation at June 30, 2016, represents the total estimated cost remaining to be incurred based on landfill capacity used to date. 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.

12. Obligations Under Capital Leases and Installment Purchases

The reporting entity has financed the acquisition of certain capital assets, including a satellite government center, buses, computer equipment, copier machines, and trailers, by entering into capital lease and installment purchase agreements. The balance of capital assets, net, and the minimum obligations under these capital lease and installment purchase agreements as of June 30, 2016, are presented on the following page.

Asset Class	Primary Government - Governmental Activities	Component Unit - Public Schools
Land	\$ -	6,000,000
Buildings	-	56,910,185
Improvements	1,031,838	-
Equipment	33,300,680	60,459,682
Total assets, at cost	34,332,518	123,369,867
Accumulated depreciation	(11,709,126)	(29,867,856)
Total assets, net	\$ 22,623,392	93,502,011
Fiscal Year	Minimum Obligations	Minimum Obligations
2017	\$ 5,862,232	19,970,631
2018	5,862,232	16,262,811
2019	4,730,820	12,606,017
2020	4,730,820	10,190,845
2021	4,534,987	7,027,466
2022-2026	1,940,807	17,342,375
2027-2031	-	17,342,375
2032-2036	-	13,871,875
Total minimum obligations	27,661,898	114,614,395
Portion representing interest	(1,724,120)	(24,883,469)
Present value of minimum obligations	\$ 25,937,778	89,730,926

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 \$42.6 million and unearned revenues in the amount of \$42.6 million is reported. Minimum lease payments for each of the five succeeding fiscal years are \$1,415,000; \$1,470,000; \$1,530,000; \$1,600,000; and \$1,685,000, respectively.

K. LONG-TERM COMMITMENTS

1. WMATA

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

Capital Contributions – Transit Equipment and Facilities

Each fiscal year, the County and other local jurisdictions make contributions for WMATA's acquisition, replacement, and rehabilitation of transit equipment and facilities and for the debt service on federally guaranteed transit revenue bonds issued by WMATA. The County's obligation of approximately \$27.2 million for fiscal year 2016 was funded with \$24.1 million of County general

obligation bond proceeds, and \$3.1 million of state aid provided through the Northern Virginia Transportation Commission (NVTC). It is anticipated that the County's obligation for fiscal year 2017 will amount to \$36.7 million and be funded with \$6.7 million of state aid provided through the NVTC and \$30.0 million of County general obligation bond proceeds.

Operating Subsidies

The County and other local jurisdictions contribute annually toward WMATA's deficits resulting from the operation of its rail, bus, and paratransit systems. For fiscal year 2016, the County's obligation of approximately \$118.2 million for operating subsidies was funded with \$8.9 million from the County's Metro Operations and Construction Fund, \$109.3 million from state aid and regional gasoline tax receipts provided through the NVTC. It is anticipated that the County's obligation for fiscal year 2017 will amount to \$118.8 million and be funded with \$107.8 million of state aid and regional gasoline tax receipts provided through the NVTC and \$11.0 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 2016 contribution to the VRE was \$4.8 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 2016, the County's, Public Schools', and EDA's total expenditures for these operating leases were \$18.5 million, \$4.1 million, and \$0.7 million, respectively. At June 30, 2016, the minimum long-term lease commitments accounted for as operating leases were as shown:

Fiscal Year	Primary Government	Component Units	
	Governmental Activities	Public Schools	EDA
2017	\$ 19,310,192	4,396,568	775,047
2018	18,613,207	5,015,842	796,263
2019	15,044,999	5,163,805	818,142
2020	7,632,966	5,312,749	280,228
2021	3,541,853	5,470,038	-
2022-2026	12,383,895	5,633,046	-
2027-2031	2,707,445	-	-
2032-2036	828,726	-	-
2037-2041	732,356	-	-
Total	\$ 80,795,639	30,992,048	2,669,680

4. Intermunicipal Agreements

City of Alexandria, Virginia Renew Enterprises

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

The ARE facility is currently undergoing major improvements to meet new water quality standards. The Sewer System paid ARE \$24.9 million for purchase capacity in fiscal year 2016 to fund its share of construction costs and it estimates its share of the remaining construction costs to be \$143.3 million, of which \$19.9 million is expected to be incurred in fiscal year 2017 and the balance over fiscal years 2018 to 2026. In addition, the Sewer System made payments of \$11.6 million to the ARE during fiscal year 2016 for its share of the ARE's operating costs.

District of Columbia Water and Sewer Authority

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

The Blue Plains Plant is currently undergoing a major renovation of its nitrogen removal facilities along with the constructions of new wet weather flow facilities. The Sewer System paid DC Water \$19.1 million for purchase capacity during fiscal year 2016 to fund its share of construction costs, and it estimates its share of the remaining construction costs to be \$79.2 million, of which \$16.5 million is expected to be incurred in fiscal year 2017 and the balance over fiscal years 2018 to 2026. In addition, the Sewer System made payments of \$12.8 million for contractual services to DC Water during fiscal year 2016 for its share of the Plant's operating costs.

Upper Occoquan Sewage Authority

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

UOSA's current operating expenses, construction costs, and annual debt service payments are funded by each of the participating jurisdictions based on their allocated capacity, with certain modifications. The Sewer System made contractual service payments to UOSA in fiscal year 2016 of \$13.5 million to pay its share of UOSA's operating costs.

Summarized UOSA financial information as of and for the years ended June 30, 2014 and 2015 (the most recent audited financial information available), is as follows:

	2015	2014
Total assets	\$ 600,486,380	616,213,701
Deferred outflows of resources	23,659,227	8,642,846
Total liabilities	(552,565,390)	(539,636,065)
Deferred inflows of resources	(2,660,211)	-
Net position	\$ 68,920,006	85,220,482
Operating revenues	\$ 28,504,352	28,140,951
Operating expenses	(55,155,801)	(52,692,746)
Nonoperating revenues, net	2,353,974	4,722,304
Capital contributions	16,102,978	14,840,020
Decrease in net position	\$ (8,194,497)	(4,989,471)
Total net position, beginning of year	85,220,482	90,209,953
Cumulative effect of change in accounting principle	(8,105,979)	-
Total net position, end of year	\$ 68,920,006	85,220,482

Arlington County, Virginia

The Sewer System is obligated under an agreement with Arlington County, Virginia to share the construction and operating costs of the sewage treatment facility owned and operated by Arlington County. Currently, the Sewer System has a capacity entitlement of 3 MGD, which is 7.5 percent of the facility's total capacity of 40 MGD. The Sewer System has no significant influence over the management of the treatment facility. In addition, the Sewer System has no direct on-going equity interest in the facility's assets and liabilities.

The Arlington facility is currently undergoing a major upgrade to meet new water quality standards. The Sewer System paid Arlington \$10,108 in fiscal year 2016 to fund its share of the construction costs and it estimates its share of the remaining construction costs to be \$17.5 million, of which \$724,000 is expected to be incurred in fiscal year 2017 and the balance over fiscal years 2018 to 2026. In addition, the Sewer System made payments of \$2.0 million for contractual services to Arlington during fiscal year 2016 for its share of Arlington's operating costs.

Loudoun County, Virginia

The Sewer System is obligated under an agreement with Loudoun County, Virginia to share the construction and operating costs and debt service requirements for the sewage treatment facility owned and operated by Loudoun Water. Currently, the Sewer System has a capacity entitlement of 1.0 MGD, which is 9.0 percent of the facility's total capacity of 11 MGD. The Sewer System has no significant influence over the management of the treatment facility. Furthermore, the Sewer System has no direct on-going equity interest in the facility's assets and liabilities.

The System did not pay any operating cost to Loudoun Water in fiscal year 2016. 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 2017.

5. Long-term Contracts

At June 30, 2016, the Primary Government had contractual commitments of \$87,736,524 in the capital projects funds and \$32,571,000 in the Sewer System for construction of various sewer projects. At June 30, 2016, the component units had contractual commitments of \$203,393,038 and \$8,807,600 in the capital projects funds of the Public Schools and the Park Authority, respectively, for construction of various projects.

L. CONTINGENT LIABILITIES

The County is contingently liable with respect to lawsuits and other claims that arise in the ordinary course of its operations. Although the outcome of these matters is not presently determinable, in the opinion of County management, the resolution of these matters will not have a material adverse effect on the County's financial condition.

The County receives grant funds, principally from the federal government, which benefit programs across many functional areas. Certain expenditures of these funds are subject to audit by the grantor, and the County is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of County management, no material refunds will be required as a result of expenditures disallowed by the grantors.

M. IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENTS

In Fiscal Year 2016, the County implemented GASB Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The implementation of these standards did not have a material impact on the County's financial statements for fiscal year 2016.

Required

Supplementary Information

The Required Supplementary Information subsection includes the budgetary comparison schedule for the County of Fairfax's major fund, the General Fund. It also includes trend data, including the schedule of funding progress and the schedule of employer contributions, related to the pension trust funds of the County of Fairfax and the Fairfax County Public Schools component unit. The notes to required supplementary information are also included in this subsection.

COUNTY OF FAIRFAX, VIRGINIA
Budgetary Comparison Schedule - General Fund (Budget Basis)
For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,298,742,574	3,314,723,160	3,327,545,950	12,822,790
Permits, privilege fees, and regulatory licenses	45,572,818	46,549,359	48,443,054	1,893,695
Intergovernmental	338,889,844	338,494,991	343,799,583	5,304,592
Charges for services	74,616,185	74,937,994	79,208,450	4,270,456
Fines and forfeitures	13,348,086	12,443,009	11,648,758	(794,251)
Revenue from the use of money and property	21,003,774	21,116,191	21,635,558	519,367
Recovered costs	18,334,374	16,713,329	17,680,573	967,244
Total revenues	3,810,507,655	3,824,978,033	3,849,961,926	24,983,893
EXPENDITURES				
General government administration	105,529,530	111,293,907	104,529,747	6,764,160
Judicial administration	35,509,873	36,287,628	37,085,359	(797,731)
Public safety	453,273,390	465,702,065	453,007,954	12,694,111
Public works	72,595,574	77,458,678	74,246,857	3,211,821
Health and welfare	303,988,208	313,767,252	301,071,475	12,695,777
Community development	49,443,970	53,529,162	47,499,139	6,030,023
Parks, recreation, and cultural	51,109,402	54,035,782	52,144,079	1,891,703
Nondepartmental	338,526,376	342,112,156	332,086,092	10,026,064
Total expenditures	1,409,976,323	1,454,186,630	1,401,670,702	52,515,928
Excess of revenues over expenditures	2,400,531,332	2,370,791,403	2,448,291,224	77,499,821
OTHER FINANCING SOURCES (USES)				
Transfers in from other primary government funds	9,828,217	9,828,217	9,828,217	-
Transfers out to other primary government funds	(582,521,903)	(616,796,213)	(616,796,213)	-
Transfers out to component units	(1,827,049,994)	(1,840,149,994)	(1,840,149,994)	-
Total other financing (uses), net	(2,399,743,680)	(2,447,117,990)	(2,447,117,990)	-
Net change in fund balance	\$ 787,652	(76,326,587)	1,173,234	77,499,821

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	2016	2015
Total Pension Liability		
Service cost	\$ 84,154	84,075
Interest	353,622	340,920
Changes in benefit terms	1,463	-
Differences between expected and actual experience	(8,617)	-
Changes of assumptions	-	-
Benefit payments, including refunds of member contributions	(258,835)	(238,562)
Net change in total pension liability	171,787	186,433
Total pension liability - beginning	4,807,873	4,621,440
Total pension liability - ending	<u>\$ 4,979,660</u>	<u>4,807,873</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 138,493	129,618
Contributions - member	33,194	32,759
Net investment income	16,342	490,196
Benefit payments, including refunds of member contributions	(258,835)	(238,560)
Administrative expense	(1,897)	(1,885)
Net change in plan fiduciary net position	(72,703)	412,128
Plan fiduciary net position - beginning	3,766,060	3,353,932
Plan fiduciary net position - ending	<u>\$ 3,693,357</u>	<u>3,766,060</u>
Net pension liability - ending	<u>\$ 1,286,303</u>	<u>1,041,814</u>
Plan fiduciary net position as a percentage of the total pension liability	74.17 %	78.33 %
Covered employee payroll	\$ 686,289	671,597
Net pension liability as a percentage of covered employee payroll	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	2016	2015
Total Pension Liability		
Service cost	\$ 30,390	30,859
Interest	106,740	102,492
Differences between expected and actual experience	(11,516)	-
Benefit payments, including refunds of member contributions	(67,757)	(62,288)
Net change in total pension liability	57,857	71,063
Total pension liability - beginning	1,453,060	1,381,997
Total pension liability - ending	<u>\$ 1,510,917</u>	<u>1,453,060</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 37,867	34,179
Contributions - member	8,890	10,091
Net investment income	41,601	176,684
Benefit payments, including refunds of member contributions	(67,757)	(62,288)
Administrative expense	(443)	(431)
Net change in plan fiduciary net position	20,158	158,235
Plan fiduciary net position - beginning	1,260,757	1,102,522
Plan fiduciary net position - ending	<u>\$ 1,280,915</u>	<u>1,260,757</u>
Net pension liability - ending	<u>\$ 230,002</u>	<u>192,303</u>
Plan fiduciary net position as a percentage of the total pension liability	84.78 %	86.77 %
Covered employee payroll	\$ 102,844	100,912
Net pension liability as a percentage of covered employee payroll	223.64 %	190.56 %

* 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	2016	2015
Total Pension Liability		
Service cost	\$ 41,721	39,648
Interest	132,951	125,660
Changes in benefit terms	1,702	-
Differences between expected and actual experience	11,019	-
Benefit payments, including refunds of member contributions	(84,849)	(78,918)
Net change in total pension liability	102,544	86,390
Total pension liability - beginning	1,781,131	1,694,741
Total pension liability - ending	<u>\$ 1,883,675</u>	<u>1,781,131</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 60,928	56,095
Contributions - member	11,473	10,906
Net investment income	21,800	210,256
Benefit payments, including refunds of member contributions	(84,849)	(78,917)
Administrative expense	(455)	(434)
Net change in plan fiduciary net position	8,897	197,906
Plan fiduciary net position - beginning	1,516,720	1,318,814
Plan fiduciary net position - ending	<u>\$ 1,525,617</u>	<u>1,516,720</u>
Net pension liability - ending	<u>\$ 358,058</u>	<u>264,411</u>
Plan fiduciary net position as a percentage of the total pension liability	80.99 %	85.15
Covered employee payroll	\$ 160,762	153,979
Net pension liability as a percentage of covered employee payroll	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	2016	2015
Total Pension Liability		
Service cost	\$ 77,494	75,788
Interest	198,939	192,724
Differences between expected and actual experience	(17,051)	(19,052)
Benefit payments, including refunds of member contributions	(167,843)	(167,050)
Net change in total pension liability	91,539	82,410
Total pension liability - beginning	2,697,689	2,615,279
Total pension liability - ending	<u>\$ 2,789,228</u>	<u>2,697,689</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 74,324	74,174
Contributions - member	39,983	40,018
Net investment income	32,085	304,641
Benefit payments, including refunds of member contributions	(167,843)	(167,050)
Administrative expense	(3,752)	(3,629)
Net change in plan fiduciary net position	(25,203)	248,154
Plan fiduciary net position - beginning	2,204,927	1,956,773
Plan fiduciary net position - ending	<u>\$ 2,179,724</u>	<u>2,204,927</u>
Net pension liability - ending	<u>\$ 609,504</u>	<u>492,762</u>
Plan fiduciary net position as a percentage of the total pension liability	78.15 %	81.73 %
Covered employee payroll	\$ 1,366,030	1,324,537
Net pension liability as a percentage of covered employee payroll	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	2016	2015
Employees' Retirement System:		
Total pension liability	\$ 4,979,660	4,807,874
Pension plan's fiduciary net position	<u>3,693,357</u>	<u>3,766,060</u>
Net pension liability	<u>\$ 1,286,303</u>	<u>1,041,814</u>
Plan fiduciary net position as a percentage of the total pension liability	74.17 %	78.33 %
Covered employee payroll	\$ 686,289	671,597
Net pension liability as a percentage of covered employer payroll	187.43 %	155.12 %
Police Officers Retirement System:		
Total pension liability	\$ 1,510,917	1,453,060
Pension plan's fiduciary net position	<u>1,280,915</u>	<u>1,260,757</u>
Net pension liability	<u>\$ 230,002</u>	<u>192,303</u>
Plan fiduciary net position as a percentage of the total pension liability	84.78 %	86.77 %
Covered employee payroll	\$ 102,844	100,912
Net pension liability as a percentage of covered employer payroll	223.64 %	190.57 %
Uniformed Retirement System:		
Total pension liability	\$ 1,883,675	1,781,131
Pension plan's fiduciary net position	<u>1,525,617</u>	<u>1,516,720</u>
Net pension liability	<u>\$ 358,058</u>	<u>264,411</u>
Plan fiduciary net position as a percentage of the total pension liability	80.99 %	85.15 %
Covered employee payroll	\$ 160,762	153,979
Net pension liability as a percentage of covered employer payroll	222.73 %	171.72 %
Educational Employees' Supplementary Retirement System		
Total pension liability	\$ 2,789,228	2,697,689
Pension plan's fiduciary net position	<u>2,179,724</u>	<u>2,204,927</u>
Net pension liability	<u>\$ 609,504</u>	<u>492,762</u>
Plan fiduciary net position as a percentage of the total pension liability	78.15 %	81.73 %
Covered employee payroll	\$ 1,366,030	1,324,537
Net pension liability as a percentage of covered employer payroll	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)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Employees' Retirement Systems:										
Actuarial Determined Contribution Contributions in Relations to the	\$ 155,780	138,493	129,618	127,448	114,683	96,608	64,069	65,111	62,636	57,453
Actuarial Determined Contribution Contribution (Deficiency) Excess	<u>155,780</u>	<u>138,493</u>	<u>129,618</u>	<u>127,448</u>	<u>114,683</u>	<u>96,608</u>	<u>64,069</u>	<u>65,111</u>	<u>62,636</u>	<u>57,453</u>
	\$ -	-	-	-	-	-	-	-	-	-
Covered Employee Payroll	\$ 708,415	686,289	671,597	669,018	666,759	657,194	659,826	676,828	653,140	621,110
Contributions as a Percentage of Covered Payroll	21.99%	20.18%	19.30%	19.05%	17.20%	14.70%	9.71%	9.62%	9.59%	9.25%
Police Officers Retirement System:										
Actuarial Determined Contribution Contributions in Relations to the	\$ 40,647	37,867	34,179	34,011	31,701	29,175	23,767	23,508	21,448	19,223
Actuarial Determined Contribution Contribution (Deficiency) Excess	<u>40,647</u>	<u>37,867</u>	<u>34,179</u>	<u>34,011</u>	<u>31,701</u>	<u>29,175</u>	<u>23,767</u>	<u>23,508</u>	<u>21,448</u>	<u>19,223</u>
	\$ -	-	-	-	-	-	-	-	-	-
Covered Employee Payroll	\$ 107,022	102,844	100,912	102,598	101,280	103,054	104,057	102,926	102,133	98,326
Contributions as a Percentage of Covered Payroll	37.98%	36.82%	33.87%	33.15%	31.30%	28.31%	22.84%	22.84%	21.00%	19.55%
Uniformed Retirement System:										
Actuarial Determined Contribution Contributions in Relations to the	\$ 65,548	60,929	56,095	53,722	50,351	45,817	40,771	40,855	39,086	36,487
Actuarial Determined Contribution Contribution (Deficiency) Excess	<u>65,548</u>	<u>60,929</u>	<u>56,095</u>	<u>53,722</u>	<u>50,351</u>	<u>45,817</u>	<u>40,771</u>	<u>40,855</u>	<u>39,086</u>	<u>36,487</u>
	\$ -	-	-	-	-	-	-	-	-	-
Covered Employee Payroll	\$ 168,808	160,762	153,979	153,492	148,924	149,925	154,086	154,403	148,445	140,280
Contributions as a Percentage of Covered Payroll	38.83%	37.90%	36.43%	35.00%	33.81%	30.56%	26.46%	26.46%	26.33%	26.01%
Educational Employees' Supplementary Retirement System:										
Actuarial Determined Contribution Contributions in Relations to the	\$ 76,070	74,791	73,673	68,242	50,739	47,118	35,147	37,282	38,334	36,644
Actuarial Determined Contribution Contribution (Deficiency) Excess	<u>76,600</u>	<u>74,324</u>	<u>74,174</u>	<u>67,735</u>	<u>52,934</u>	<u>47,118</u>	<u>37,869</u>	<u>40,012</u>	<u>38,334</u>	<u>36,644</u>
	\$ 530	(467)	501	(507)	2,195	-	2,722	2,730	-	-
Covered Employee Payroll	\$ 1,374,735	1,366,030	1,324,537	1,268,439	1,219,683	1,166,290	1,183,394	1,187,314	1,137,512	1,087,359
Contributions as a Percentage of Covered Payroll	5.57%	5.44%	5.60%	5.34%	4.34%	4.04%	3.20%	3.37%	3.37%	3.37%

See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Proportionate Share of Net Pension Liability in VRS Pension Plan

Last Ten Fiscal Years *

(Dollar amounts in thousands)

	2016	2015
Proportion of the net pension liability	17.89 %	18.15
Proportion share of the net pension liability	\$ 2,251,917	2,193,660
covered-employee payroll	1,368,572	1,330,241
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	1.65 %	1.65
Plan fiduciary net position as a percentage of the total pension liability	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 6/30, year shown is fiscal year of presentation.

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Contributions-VRS Pension Plan

Last Ten Fiscal Years*

(Dollar amounts in thousands)

	Actuarial Determined Contribution	Contributions in Relations to the Actuarial Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 154,785	154,954	(169)	1,330,241	11.65 %
2016	192,421	192,421	-	1,368,572	14.06

* The schedule is intended to show information for 10 years. 2015 is first year implemented, additional years will be displayed as they become available.

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

Fiscal Year Ended June 30	Primary Government Other Postemployment Benefits (OPEB)		Component Unit - Public Schools Other Postemployment Benefits (OPEB)	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2009	\$ 25,393,000	84.89 %	\$ 37,522,000	97.70 %
2010	32,553,000	54.59	35,954,000	75.47
2011	35,373,000	59.38	38,163,000	119.20
2012	37,640,000	118.02	30,630,000	138.50
2013	38,858,000	98.58	31,142,000	110.72
2014	30,452,000	127.24	17,003,000	150.12
2015	31,033,000	129.14	17,384,000	150.12
2016	13,338,000	255.82	23,384,000	92.75

* The schedule is intended to show information for 10 years. 2009 is first year the information is available, additional years will be displayed as they become available.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Funding Progress - OPEB
Last Ten Fiscal Years*

Actuarial Valuation Date	Actuarial Value of Assets (000) (a)	Actuarial Accrued Liability (AAL) - Entry Age (000) (b)	Unfunded AAL (UAAL) (Funding Excess) (000) (b-a)	Funded Ratio (a/b)	Covered Payroll (000) (c)	UAAL (Funding Excess) as a Percentage of Covered Payroll ((b-a) / c)
Primary Government						
Other Postemployment Benefits (OPEB):						
7/1/2007	\$ -	\$ 379,856	\$ 379,856	- %	\$ 650,106	58.43 %
7/1/2008	48,207	350,709	302,502	13.75	697,253	43.39
7/1/2009	50,233	441,286	391,053	11.38	761,303	51.37
7/1/2010	60,473	489,203	428,730	12.36	777,040	55.17
7/1/2011	80,087	474,229	394,142	16.89	799,500	49.30
7/1/2012	103,270	503,786	400,516	20.50	824,504	48.58
7/1/2013	148,543	455,386	306,843	32.62	825,441	37.17
7/1/2014	192,951	486,131	293,180	39.69	856,556	34.23
7/1/2015	222,487	317,623	95,136	70.05	881,711	10.79
Component Unit - Public Schools						
Other Postemployment Benefits (OPEB):						
7/1/2007	\$ -	\$ 299,668	\$ 299,668	- %	\$ 1,302,665	23.00 %
7/1/2008	7,996	458,067	450,071	1.75	1,352,321	33.28
7/1/2009	17,520	466,324	448,804	3.76	1,377,000	32.60
7/1/2010	19,563	471,617	452,054	4.15	1,432,000	32.90
7/1/2011	40,051	431,303	391,252	9.29	1,005,000	38.93
7/1/2012	53,423	448,849	395,426	11.90	1,045,000	37.84
7/1/2013	64,925	273,983	209,058	23.70	1,109,000	18.85
7/1/2014	71,192	283,680	212,488	25.09	1,153,000	18.45
7/1/2015	95,900	377,300	281,400	25.42	1,456,900	19.31

* The schedule is intended to show information for 10 years. 2007 is first year the information is available, additional years will be displayed as they become available.



COUNTY OF FAIRFAX, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2016

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)	\$ 1,173,234
Timing difference - Purchase expenditures	69,221
Basis difference - Unrealized Revenue from investments	237,532
Interfund differences - Fringe benefits	798,272
Perspective differences:	
The Gift Fund and NOVARIS are treated as a separate fund for budget purposes	(261,589)
The Revenue Stabilization Fund is treated as a separate fund for budget purposes	20,479,372
The Consolidated Community Funding Pool Fund is treated as a separate fund for budget purposes	(67,263)
The Contributory Fund is treated as a separate fund for budget purposes	(68,255)
The Information Technology Fund is treated as a separate fund for budget purposes	(6,889,880)
Net change in fund balance (GAAP basis)	<u>\$ 15,470,644</u>

- f. Original and final budgeted amounts are shown on the Budgetary Comparison Schedule; amendments were not significant in relation to the original budget.
- g. Appropriations lapse at June 30 unless the Board of Supervisors approves carrying them forward to the next fiscal year.

B. PENSION TREND DATA

Ten-year historical trend information of the retirement systems administered by the County is presented as required supplementary information. This information is intended to help users assess each system's funding status on a going concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

Analysis of the dollar amounts of plan fiduciary net position, total pension liability, and net pension liability in isolation can be misleading. Expressing plan net position as a percentage of the total pension liability provides one indication of each system's funding status. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage is, the stronger the system. Trends in the net pension liability and covered employee payroll are both affected by inflation. Expressing the net pension liability as a percentage of covered employee payroll approximately adjusts for the effects of inflation and aids in the analysis of the systems' progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller the percentage is, the stronger the system.

The Schedule of Changes in Net Pension Liability and Related Ratios illustrates whether each plan's net position is increasing or decreasing over time relative to the total pension liability, and the net pension liability as it relates to covered employee payroll.

The Schedule of Employer Contributions provides historical context for the amount of contributions in the current period. The actuarially determined contribution rates are calculated as of June 30, one year prior to the beginning of the fiscal year in which contributions are reported. Significant methods and assumptions used to determine the contributions for County administered systems include:

Actuarial cost method	Entry Age Normal
Asset valuation method	3-year smoothed market
Amortization method	Corridor method, amortize liability outside of 90% corridor over an open 15 year period with level percentage of payroll. In fiscal year 2016, the target was increased to a 95% level.
Discount rate	7.5%
Amortization growth rate	3.0%
Price inflation	3.0%
Salary increases	3.0% plus merit component based on employee's years of service
Mortality	Sex distinct RP-2000 combined mortality projected to 2015 using Scale AA

Information pertaining to the retirement systems administered by the reporting entity can be found in Note G to the financial statements.

C. OTHER POSTEMPLOYMENT BENEFITS (OPEB) TREND DATA

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

Information pertaining to the OPEB plans administered by the reporting entity can be found in Note H to the financial statements.



Other

Supplementary Information

The Other Supplementary Information subsection includes the combining and individual fund statements and schedules for the following:

- Governmental Funds
- Internal Service Funds
- Fiduciary Funds
- Capital Assets
- Component Units:
 - Fairfax County Public Schools
 - Fairfax County Redevelopment and Housing Authority
 - Fairfax County Park Authority
 - Fairfax County Economic Development Authority

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 2016, 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, 2016

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Taxes:				
Real property	\$ 2,434,215,819	2,434,215,819	2,437,226,929	3,011,110
Personal property	369,389,423	376,197,577	380,957,000	4,759,423
Business licenses	150,438,372	156,154,257	157,003,715	849,458
Local sales and use	247,285,580	245,770,735	249,282,081	3,511,346
Consumers utility	46,044,609	46,044,609	45,152,755	(891,854)
Recordation	19,490,385	22,744,679	23,808,125	1,063,446
Occupancy, tobacco, and other	31,878,386	33,595,484	34,115,345	519,861
Total taxes	3,298,742,574	3,314,723,160	3,327,545,950	12,822,790
Permits, privilege fees, and regulatory licenses	45,572,818	46,549,359	48,443,054	1,893,695
Intergovernmental	338,889,844	338,494,991	343,799,583	5,304,592
Charges for services	74,616,185	74,937,994	79,208,450	4,270,456
Fines and forfeitures	13,348,086	12,443,009	11,648,758	(794,251)
Revenue from the use of money and property	21,003,774	21,116,191	21,635,558	519,367
Recovered costs	18,334,374	16,713,329	17,680,573	967,244
Total revenues	3,810,507,655	3,824,978,033	3,849,961,926	24,983,893
EXPENDITURES				
General government administration:				
Board of Supervisors	5,588,122	5,587,682	5,064,665	523,017
Financial and Program Auditor	367,963	366,284	303,928	62,356
County Executive	6,548,294	6,553,163	6,144,930	408,233
Tax Administration	23,619,724	23,718,853	23,758,903	(40,050)
Finance	8,268,986	9,135,706	7,954,621	1,181,085
Cable and Consumer Services	956,395	999,760	1,045,067	(45,307)
Human Resources	7,306,424	7,404,161	6,892,095	512,066
Procurement and Material Management	4,643,774	4,938,725	4,805,795	132,930
Public Affairs	1,226,162	1,292,473	1,210,221	82,252
Elections	4,032,359	5,604,901	4,377,734	1,227,167
County Attorney	6,714,266	8,001,981	6,437,736	1,564,245
Information Technology	31,288,662	32,713,827	31,701,834	1,011,993
Management and Budget	4,539,311	4,545,556	4,437,212	108,344
Civil Service Commission	429,088	430,835	395,006	35,829
Total general government administration	105,529,530	111,293,907	104,529,747	6,764,160
Judicial administration:				
Circuit Court and Records	10,837,645	10,876,231	10,715,709	160,522
Commonwealth Attorney	3,718,255	3,736,115	3,632,170	103,945
General District Court	2,370,845	2,554,668	2,339,517	215,151
Sheriff	18,583,128	19,120,614	20,397,963	(1,277,349)
Total judicial administration	35,509,873	36,287,628	37,085,359	(797,731)
Public safety:				
Cable and Consumer Services	698,177	698,177	648,798	49,379
Land Development Services	10,104,746	10,262,042	10,581,485	(319,443)
Juvenile and Domestic Relations District Court	22,589,661	22,815,343	22,285,861	529,482
Police Department	180,792,263	185,614,863	182,499,532	3,115,331
Sheriff	46,196,681	47,030,032	42,983,012	4,047,020
Fire and Rescue	186,829,813	192,672,943	188,123,919	4,549,024
Emergency Management	1,836,708	2,379,017	1,734,965	644,052
Code Compliance	4,225,341	4,229,648	4,150,382	79,266
Total public safety	\$ 453,273,390	465,702,065	453,007,954	12,694,111

EXHIBIT B

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
Public works:				
Facilities Management	\$ 54,523,321	57,117,485	55,210,287	1,907,198
Business Planning and Support	1,205,527	1,207,298	985,551	221,747
Capital Facilities	13,475,164	13,849,297	13,542,941	306,356
Unclassified Administrative Expenses	3,391,562	5,284,598	4,508,078	776,520
Total public works	72,595,574	77,458,678	74,246,857	3,211,821
Health and welfare:				
Family Services	195,671,254	199,771,770	194,710,122	5,061,648
Health Department	55,083,029	58,754,832	53,635,598	5,119,234
Human Services Administration	12,995,921	13,091,282	12,801,367	289,915
Office to Prevent and End Homelessness	12,141,549	13,439,031	11,980,919	1,458,112
Neighborhood and Community Services	28,096,455	28,710,337	27,943,469	766,868
Total health and welfare	303,988,208	313,767,252	301,071,475	12,695,777
Community development:				
Economic Development Authority	7,463,150	7,463,150	7,459,647	3,503
Land Development Services	14,909,179	16,486,114	13,828,750	2,657,364
Planning and Zoning	10,670,696	11,950,528	10,519,552	1,430,976
Planning Commission	754,387	754,587	722,937	31,650
Housing and Community Development	6,255,389	6,330,366	5,778,538	551,828
Human Rights and Equity Programs	1,534,778	1,534,790	1,347,232	187,558
Transportation	7,856,391	9,009,627	7,842,483	1,167,144
Total community development	49,443,970	53,529,162	47,499,139	6,030,023
Parks, recreation, and cultural:				
Park Authority	23,440,278	23,844,953	23,445,623	399,330
Public Library	27,669,124	30,190,829	28,698,456	1,492,373
Total parks, recreation, and cultural	51,109,402	54,035,782	52,144,079	1,891,703
Nondepartmental:				
Unclassified Administrative Expenses	(1,200,000)	1,925	-	1,925
Employee Benefits	339,726,376	342,110,231	332,086,092	10,024,139
Total nondepartmental	338,526,376	342,112,156	332,086,092	10,026,064
Total expenditures	1,409,976,323	1,454,186,630	1,401,670,702	52,515,928
Excess of revenues over expenditures	\$ 2,400,531,332	2,370,791,403	2,448,291,224	77,499,821

continued

COUNTY OF FAIRFAX, VIRGINIA
Budgetary Comparison Schedule Detail - General Fund (Budget Basis)
For the fiscal year ended June 30, 2016

EXHIBIT B
concluded

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget
				Positive
				(Negative)
OTHER FINANCING SOURCES (USES)				
Transfers in:				
From other Primary Government funds:				
Special Revenue Funds:				
Cable Communications	\$ 3,532,217	3,532,217	3,532,217	-
Integrated Pest Management	141,000	141,000	141,000	-
Stormwater Services	1,125,000	1,125,000	1,125,000	-
Refuse Collection and Recycling Operations	548,000	548,000	548,000	-
Refuse Disposal	577,000	577,000	577,000	-
Energy Resource Recovery Facility	49,000	49,000	49,000	-
I-95 Refuse Disposal	186,000	186,000	186,000	-
Enterprise Funds:				
Sewer Operation and Maintenance	2,850,000	2,850,000	2,850,000	-
Component Units	820,000	820,000	820,000	-
Total transfers in from other Primary Government funds	9,828,217	9,828,217	9,828,217	-
Transfers out:				
To other Primary Government funds:				
Special Revenue Funds:				
County Transit Systems	(34,547,739)	(33,407,739)	(33,407,739)	-
Federal/State Grants	(5,408,464)	(5,408,464)	(5,408,464)	-
Information Technology	(2,700,000)	(2,700,000)	(2,700,000)	-
Fairfax-Falls Church Community Services Board	(115,488,498)	(116,243,498)	(116,243,498)	-
Consolidated Community Funding Pool	(10,611,143)	(10,611,143)	(10,611,143)	-
Contributory Fund	(12,894,637)	(14,894,637)	(14,894,637)	-
Alcohol Safety Action Program	(486,678)	(486,678)	(486,678)	-
Revenue Stabilization	(536,848)	(15,381,802)	(15,381,802)	-
Debt Service Fund:				
Debt Service Fund	(314,950,773)	(314,950,773)	(314,950,773)	-
Capital Projects Funds:				
General Construction and Contributions	(19,041,768)	(28,561,768)	(28,561,768)	-
Infrastructure Replacement and Upgrades	(2,700,000)	(13,353,356)	(13,353,356)	-
Public Safety Construction	-	(100,000)	(100,000)	-
Metro Operations and Construction	(11,298,296)	(11,298,296)	(11,298,296)	-
Pedestrian Walkway Improvements	(300,000)	(300,000)	(300,000)	-
Internal Service Funds:				
Self-Insurance	(23,278,826)	(25,819,826)	(25,819,826)	-
Document Services	(2,278,233)	(2,278,233)	(2,278,233)	-
OPEB Trust Fund	(26,000,000)	(21,000,000)	(21,000,000)	-
Total transfers out to other Primary Government funds	(582,521,903)	(616,796,213)	(616,796,213)	-
To component units:				
Public Schools:				
General Fund	(1,825,153,345)	(1,825,153,345)	(1,825,153,345)	-
School Construction	-	(13,100,000)	(13,100,000)	-
FCRHA - Elderly Housing Program	(1,896,649)	(1,896,649)	(1,896,649)	-
Total transfers out to component units	(1,827,049,994)	(1,840,149,994)	(1,840,149,994)	-
Total transfers out	(2,409,571,897)	(2,456,946,207)	(2,456,946,207)	-
Total other financing (uses), net	(2,399,743,680)	(2,447,117,990)	(2,447,117,990)	-
Net change in fund balance	\$ 787,652	(76,326,587)	1,173,234	77,499,821

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, 2016

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Health and welfare	\$ 10,611,143	10,687,193	10,678,406	8,787
Total expenditures	10,611,143	10,687,193	10,678,406	8,787
Excess (deficiency) of revenues over (under) expenditures	(10,611,143)	(10,687,193)	(10,678,406)	8,787
OTHER FINANCING SOURCES				
Transfers in	10,611,143	10,611,143	10,611,143	-
Total other financing sources	10,611,143	10,611,143	10,611,143	-
Net change in fund balance	\$ -	(76,050)	(67,263)	8,787

COUNTY OF FAIRFAX, VIRGINIA
General Fund Group
Budgetary Comparison Schedule - Contributory Fund (Budget Basis)
For the fiscal year ended June 30, 2016

EXHIBIT B-1B

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ -	1,000,000	1,000,000	-
Total revenues	-	1,000,000	1,000,000	-
EXPENDITURES				
General government administration	2,232,649	2,232,649	2,228,375	4,274
Public safety	9,577	9,577	9,577	-
Health and welfare	3,327,859	3,327,859	3,327,859	-
Community development	3,661,496	6,661,496	6,661,496	-
Parks, recreation, and cultural	3,735,585	3,735,585	3,735,585	-
Total expenditures	12,967,166	15,967,166	15,962,892	4,274
Excess (deficiency) of revenues over (under) expenditures	(12,967,166)	(14,967,166)	(14,962,892)	4,274
OTHER FINANCING SOURCES				
Transfers in	12,894,637	14,894,637	14,894,637	-
Total other financing sources	12,894,637	14,894,637	14,894,637	-
Net change in fund balance	\$ (72,529)	(72,529)	(68,255)	4,274

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, 2016

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 206	206	178	(28)
Recovered costs	18,593	18,593	18,593	-
Total revenues	18,799	18,799	18,771	(28)
EXPENDITURES				
Public safety	18,799	46,095	26,690	19,405
Total expenditures	18,799	46,095	26,690	19,405
Excess (deficiency) of revenues over (under) expenditures	-	(27,296)	(7,919)	19,377
Net change in fund balance	\$ -	(27,296)	(7,919)	19,377

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, 2016

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	247,000	382,750	135,750
Charges for Services	-	-	727,173	727,173
Revenue from the use of money and property	43,760	43,760	97,957	54,197
Recovered costs	-	-	339,775	339,775
Total revenues	43,760	290,760	1,547,655	1,256,895
EXPENDITURES				
General government administration	6,424,000	42,808,773	14,817,775	27,990,998
Total expenditures	6,424,000	42,808,773	14,817,775	27,990,998
Excess (deficiency) of revenues over (under) expenditures	(6,380,240)	(42,518,013)	(13,270,120)	29,247,893
OTHER FINANCING SOURCES				
Transfers in	6,380,240	6,380,240	6,380,240	-
Total other financing sources	6,380,240	6,380,240	6,380,240	-
Net change in fund balance	\$ -	(36,137,773)	(6,889,880)	29,247,893

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, 2016**

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 650,000	650,000	572,835	(77,165)
Total revenues	650,000	650,000	572,835	(77,165)
Excess (deficiency) of revenues over (under) expenditures	650,000	650,000	572,835	(77,165)
OTHER FINANCING SOURCES				
Transfers in	536,848	19,906,537	19,906,537	-
Total other financing sources	536,848	19,906,537	19,906,537	-
Net change in fund balance	\$ 1,186,848	20,556,537	20,479,372	(77,165)



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

COUNTY OF FAIRFAX, VIRGINIA
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2016

EXHIBIT C

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Equity in pooled cash and temporary investments	\$ 588,116,562	13,331,634	204,299,175	805,747,371
Receivables (net of allowances):				
Accounts	11,811,632	-	177,747	11,989,379
Accrued interest	1,061,459	27,034	3,192,370	4,280,863
Loans	19,837,414	-	34,822,094	54,659,508
Due from intergovernmental units	40,613,867	-	233,743	40,847,610
Loan to component unit	-	11,977,500	-	11,977,500
Lease to component unit	-	42,625,000	-	42,625,000
Interfund receivables	2,000,779	-	-	2,000,779
Prepaid and other assets	391,176	-	-	391,176
Restricted assets:				
Equity in pooled cash and temporary investments	-	-	70,472,435	70,472,435
Cash with fiscal agents	53,023,181	9,919,655	74,470,616	137,413,452
Total assets	716,856,070	77,880,823	387,668,180	1,182,405,073
DEFERRED OUTFLOWS OF RESOURCES				
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	\$ 716,856,070	77,880,823	387,668,180	1,182,405,073
LIABILITIES				
Accounts payable and accrued liabilities	\$ 37,057,681	55,914	8,682,114	45,795,709
Accrued salaries and benefits	11,703,642	-	-	11,703,642
Contract retainages	2,703,916	-	7,117,613	9,821,529
Due to intergovernmental units	4,452,347	-	-	4,452,347
Due to component units	-	-	776,821	776,821
Interfund payables	2,787,768	-	19,099	2,806,867
Unearned revenues	1,317,549	42,625,000	26,688,294	70,630,843
Performance and other deposits	3,600	-	25,392,101	25,395,701
Total liabilities	60,026,503	42,680,914	68,676,042	171,383,459
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	5,314,326	-	3,191,668	8,505,994
Total deferred inflows of resources	5,314,326	-	3,191,668	8,505,994
Total liabilities and deferred inflows of resources	65,340,829	42,680,914	71,867,710	179,889,453
FUND BALANCES				
Nonspendable:				
Prepaid amounts	391,176	-	-	391,176
Total Nonspendable	391,176	-	-	391,176
Restricted for:				
Public safety, courts, and judicial	29,485,582	-	-	29,485,582
General public works	131,231,231	-	-	131,231,231
Stormwater management	41,563,499	-	-	41,563,499
Transportation	333,281,721	-	-	333,281,721
Social services, health and welfare	10,504,741	-	-	10,504,741
Housing and community development	39,999,457	-	-	39,999,457
Parks, recreation, and cultural	17,594,483	11,977,500	-	29,571,983
Debt service	-	6,819,283	-	6,819,283
Capital projects	-	-	198,443,672	198,443,672
Other purposes	1,456,297	-	-	1,456,297
Total Restricted	605,117,011	18,796,783	198,443,672	822,357,466
Committed to:				
Public safety, courts, and judicial	2,334,021	-	-	2,334,021
Transportation	15,204,033	-	-	15,204,033
Social services, health and welfare	17,022,045	-	-	17,022,045
Housing and community development	11,446,955	-	-	11,446,955
Debt service	-	16,403,126	-	16,403,126
Capital projects	-	-	117,377,652	117,377,652
Total Committed	46,007,054	16,403,126	117,377,652	179,787,832
Unassigned:	-	-	(20,854)	(20,854)
Total fund balances	651,515,241	35,199,909	315,800,470	1,002,515,620
Total liabilities, deferred inflows of resources, and fund balances	\$ 716,856,070	77,880,823	387,668,180	1,182,405,073

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT C-1

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

For the fiscal year ended June 30, 2016

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 45,850,087	-	11,300,000	57,150,087
Permits, privilege fees, and regulatory licenses	25,722,906	-	-	25,722,906
Intergovernmental	207,878,807	4,314,248	1,048,855	213,241,910
Charges for services	286,878,753	-	1,327,532	288,206,285
Fines and forfeitures	109,560	-	-	109,560
Developers' contributions	3,428,077	-	3,416,636	6,844,713
Revenue from the use of money and property	7,470,831	2,835,966	6,374,692	16,681,489
Recovered costs	1,774,613	-	4,171,197	5,945,810
Gifts, donations, and contributions	532,267	-	-	532,267
Total revenues	579,645,901	7,150,214	27,638,912	614,435,027
EXPENDITURES				
Current:				
General government administration	-	-	5,570,881	5,570,881
Judicial administration	1,100,246	-	-	1,100,246
Public safety	64,289,879	-	495,289	64,785,168
Public works	99,987,331	-	9,779	99,997,110
Health and welfare	212,279,615	-	4,675,186	216,954,801
Community development	148,125,080	-	17,851,877	165,976,957
Parks, recreation, and cultural	12,239,509	-	4,170,868	16,410,377
Intergovernmental:				
Community development	90,227,296	-	33,263,084	123,490,380
Parks, recreation, and cultural	-	-	25,465,049	25,465,049
Education - for Public Schools	3,882,217	-	156,500,000	160,382,217
Capital outlay:				
General government administration	-	-	8,802,369	8,802,369
Public safety	6,866,051	-	67,439,159	74,305,210
Public works	22,011,857	-	2,577,768	24,589,625
Health and welfare	543,948	-	4,016,908	4,560,856
Community development	26,436,299	-	8,950,613	35,386,912
Parks, recreation, and cultural	1,710,429	-	3,598,069	5,308,498
Debt service:				
Principal retirement	13,522,341	367,164,094	5,185,000	385,871,435
Interest and other charges	33,342,929	118,752,491	4,397,867	156,493,287
Total expenditures	736,565,027	485,916,585	352,969,766	1,575,451,378
Deficiency of revenues under expenditures	(156,919,126)	(478,766,371)	(325,330,854)	(961,016,351)
OTHER FINANCING SOURCES (USES)				
Transfers in	195,413,176	320,452,481	57,526,731	573,392,388
Transfers out	(56,276,872)	(4,524,735)	(7,464,825)	(68,266,432)
General obligation bonds issued	4,635,000	-	212,405,000	217,040,000
Premium on general obligation bonds issued	1,365,000	-	32,281,819	33,646,819
Revenue refunding bonds issued	173,960,000	-	-	173,960,000
Premium on revenue refunding bonds issued	26,097,160	-	-	26,097,160
General obligation refunding bonds issued	-	258,455,000	-	258,455,000
Premium on general obligation refunding bonds issued	-	39,526,112	-	39,526,112
General obligation payments to refunded bonds escrow agent	-	(138,891,476)	-	(138,891,476)
Notes issued	79,453,048	-	-	79,453,048
Lease revenue bond payments to refunded bonds escrow agent	(200,057,160)	-	-	(200,057,160)
Capital leases	1,031,838	-	-	1,031,838
Total other financing sources, net	225,621,190	475,017,382	294,748,725	995,387,297
Net change in fund balances	68,702,064	(3,748,989)	(30,582,129)	34,370,946
Fund balances, July 1, 2015	582,813,177	38,948,898	346,382,599	968,144,674
Fund balances, June 30, 2016	\$ 651,515,241	35,199,909	315,800,470	1,002,515,620



The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources (other than bond proceeds for major capital projects) that are legally restricted to expenditures for specified purposes.

County Transit Systems Fund is used to account for the operation of a bus service, known as the Fairfax Connector, to transport citizens in certain parts of the County to and from WMATA's rail stations and for the County's contributions to the Virginia Railway Express commuter rail service.

Dulles Rail Phase I Transportation Improvement District Fund is used to account for the charges to property owners within the Phase I District to support the debt service payments for bonds issued to fund the County's share of certain transportation improvements in the district.

Dulles Rail Phase II Transportation Improvement District Fund is used to account for the charges to property owners within the Phase II District to support the debt service payments for bonds to be issued. These bonds fund the County's share of certain transportation improvements in the district.

County and Regional Transportation Projects is used to account for the special tax assessed on commercial and industrial real estate in Fairfax County to support opportunities to improve transportation and pedestrian access. The tax revenues support roadway, pedestrian, and transit projects.

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

Metrorail Parking System Pledged Revenue Fund is used to collect and disburse funds related to revenue-generating activities at Metrorail parking facilities owned by and located within the County. These funds will be earned from fees paid at these parking facilities and used to pay operating, maintenance and debt expenses of the facilities.

Federal/State Grant Fund is used to account for the utilization of federal and state funds to assist County citizens.

Cable Communications Fund is used to account for costs associated with monitoring the County's Cable Communications Ordinance and Franchise Agreement as well as providing programming for the County's Governmental Access Channel. Its primary source of revenue is franchise fees.

Fairfax-Falls Church Community Services Board Fund is used to account for mental health, intellectual disability, and alcohol and drug services to individuals and families in Fairfax County and the Cities of Fairfax and Falls Church.

Reston Community Center Fund is used to account for the operation of a community center serving the residents of Small District Five, located within the Hunter Mill Magisterial Districts. The district's residents support the fund by payment of a special assessment.

Mosaic Community Development Authority (CDA) Fund is the main operating fund of the CDA. The CDA was established as a separate corporate entity and all operational aspects are handled by administrators and trustees outside the County. This fund is not an appropriated fund within the operating budget. Thus, there is no budgetary comparison schedule for this fund. The Authority is funded through a special assessment on property located within the district.

McLean Community Center Fund is used to account for the operation of a community center serving the residents of Small District One, located within the Dranesville Magisterial District. The district's residents support the fund by payment of a special assessment.

Burgundy Village Community Center Fund is used to account for the operation of a community center serving the residents of Service District 1A, located within the Lee Magisterial District. The district's residents support the fund by payment of a special assessment.

E-911 Fund is used to account for the operation of a 911 emergency response service for the citizens of the County, including related information technology projects.

Integrated Pest Management Program Fund is used to account for detection, abatement, and public information programs to suppress gypsy moth and cankerworm insect populations in the County.

Stormwater Services Fund is used to account for the operation of the Stormwater Management Program. The operating requirements and stormwater capital projects are supported by the stormwater service district levy.

Leaf Collection Fund is used to account for the collection and disposal of leaves from residences and businesses located within designated districts. These districts' residents and businesses support the fund by payment of a special assessment.

Refuse Collection and Recycling Operations Fund is used to account for the collection of refuse in designated districts and from all County departments and also accounts for the operation of the County's solid waste reduction and recycling centers.

Refuse Disposal Fund is used to account for the operation of a transfer station to receive refuse collected throughout the County and channel it to either the Energy Resource Recovery Facility (incinerator) or a landfill.

Energy Resource Recovery Facility Fund is used to account for the operation of a mass burn waste to energy facility, by a private contractor, used to burn refuse collected throughout the County and received from certain other local jurisdictions. The sale of electricity generated by the facility is a source of revenue for this fund.

I-95 Refuse Disposal Fund is used to account for the operation of a landfill which is now only used for disposal of ash generated by certain local incinerators.

Community Development Block Grant Fund is used to account for programs to upgrade low and moderate income neighborhoods through the provision of public facilities, home improvements, and public services.

Housing Trust Fund is used to account for the promotion of housing for low and moderate income individuals in the County by providing low cost debt and equity capital in the form of loans, grants, and equity contributions.

HOME Investment Partnership Grant Fund is used to account for affordable housing programs involving acquisition, rehabilitation, new construction, and tenant-based rental assistance.

Alcohol Safety Action Program Fund is used to account for programs to reduce the incidence of driving under the influence (DUI) of alcohol through rehabilitative alcohol/drug education, case management of DUI defendants, referral to alcohol/drug treatment programs and public information. This fund is solely fee supported and is not an appropriated fund within the operating budget. Thus, there is no budgetary comparison schedule for this fund.

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Funds
Combining Balance Sheet
June 30, 2016

	County Transit Systems	Dulles Rail Phase I Transportation Improvement District	Dulles Rail Phase II Transportation Improvement District	County and Regional Transportation Projects	Tysons Service District
ASSETS					
Equity in pooled cash and temporary investments	\$ 20,157,451	13,235,690	65,925,878	181,258,554	13,702,484
Receivables (net of allowances):					
Accounts	933,179	52,281	11,027	176,912	19,454
Accrued interest	-	738	614	557	98
Loans	-	-	-	-	-
Due from intergovernmental units	-	-	-	7,960,372	-
Interfund receivables	-	-	-	-	-
Prepaid and other assets	-	-	-	-	-
Restricted assets - Cash with fiscal agents	-	32,918,198	-	10,359,210	-
Total assets	21,090,630	46,206,907	65,937,519	199,755,605	13,722,036
DEFERRED OUTFLOWS OF RESOURCES					
Total deferred outflows of resources	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 21,090,630	46,206,907	65,937,519	199,755,605	13,722,036
LIABILITIES					
Accounts payable and accrued liabilities	\$ 10,090,474	4,162	9,978	5,226,787	1,977
Accrued salaries and benefits	-	-	-	180,145	-
Contract retainages	16,636	-	-	1,824,433	-
Due to other governments	-	-	-	4,452,347	-
Interfund payables	-	-	-	-	-
Unearned revenues	-	52,281	11,027	175,971	19,454
Performance and other deposits	-	-	-	-	-
Total liabilities	10,107,110	56,443	21,005	11,859,683	21,431
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Total liabilities and deferred inflows of resources	10,107,110	56,443	21,005	11,859,683	21,431
FUND BALANCES					
Nonspendable:					
Prepaid amounts	-	-	-	-	-
Total Nonspendable	-	-	-	-	-
Restricted for:					
Public safety, courts, and judicial	-	-	-	-	-
General public works	-	-	-	-	-
Stormwater management	-	-	-	-	-
Transportation	-	46,150,464	65,916,514	187,895,922	13,700,605
Social services, health and welfare	-	-	-	-	-
Housing and community development	-	-	-	-	-
Parks, recreation, and cultural	-	-	-	-	-
Other purposes	-	-	-	-	-
Total Restricted	-	46,150,464	65,916,514	187,895,922	13,700,605
Committed to:					
Public safety, courts, and judicial	-	-	-	-	-
Transportation	10,983,520	-	-	-	-
Social services, health and welfare	-	-	-	-	-
Housing and community development	-	-	-	-	-
Total Committed	10,983,520	-	-	-	-
Total fund balances	10,983,520	46,150,464	65,916,514	187,895,922	13,700,605
Total liabilities, deferred inflows of resources, and fund balances	\$ 21,090,630	46,206,907	65,937,519	199,755,605	13,722,036

EXHIBIT D

Metrorail Parking System Pledged Revenue	Federal/ State Grant	Cable Communications	Fairfax- Falls Church Community Services Board	Reston Community Center	
					ASSETS
23,566,196	21,252,207	9,092,107	24,138,928	7,047,358	Equity in pooled cash and temporary investments
358,931	309,953	1,830,106	-	28,663	Receivables (net of allowances):
141	166	-	-	195	Accounts
-	-	-	-	-	Accrued interest
-	21,392,788	2,014,873	400,006	-	Loans
-	-	-	-	-	Due from intergovernmental units
-	69,480	-	154,094	21,500	Interfund receivables
77	-	-	-	-	Prepaid and other assets
23,925,345	43,024,594	12,937,086	24,693,028	7,097,716	Restricted assets - Cash with fiscal agents
					Total assets
					DEFERRED OUTFLOWS OF RESOURCES
-	-	-	-	-	Total deferred outflows of resources
23,925,345	43,024,594	12,937,086	24,693,028	7,097,716	Total assets and deferred outflows of resources
					LIABILITIES
64,435	4,422,572	229,114	4,749,246	116,768	Accounts payable and accrued liabilities
-	1,736,577	251,288	5,345,237	259,502	Accrued salaries and benefits
-	54,576	-	-	-	Contract retainages
-	-	-	-	-	Due to other governments
-	-	-	-	-	Interfund payables
-	-	-	-	312,694	Unearned revenues
-	-	-	-	3,600	Performance and other deposits
64,435	6,213,725	480,402	10,094,483	692,564	Total liabilities
					DEFERRED INFLOWS OF RESOURCES
-	-	1,009,729	-	-	Unavailable revenue
-	-	1,009,729	-	-	Total deferred inflows of resources
64,435	6,213,725	1,490,131	10,094,483	692,564	Total liabilities and deferred inflows of resources
					FUND BALANCES
					Nonspendable:
-	69,480	-	154,094	21,500	Prepaid amounts
-	69,480	-	154,094	21,500	Total Nonspendable
					Restricted for:
-	23,233,974	-	-	-	Public safety, courts, and judicial
-	-	-	-	-	General public works
-	-	-	-	-	Stormwater management
19,640,397	(22,181)	-	-	-	Transportation
-	8,893,744	-	-	-	Social services, health and welfare
-	360,084	-	-	-	Housing and community development
-	362,068	-	-	6,383,652	Parks, recreation, and cultural
-	1,456,297	-	-	-	Other purposes
19,640,397	34,283,986	-	-	6,383,652	Total Restricted
					Committed to:
-	-	-	-	-	Public safety, courts, and judicial
4,220,513	-	-	-	-	Transportation
-	2,457,403	-	14,444,451	-	Social services, health and welfare
-	-	11,446,955	-	-	Housing and community development
4,220,513	2,457,403	11,446,955	14,444,451	-	Total Committed
23,860,910	36,810,869	11,446,955	14,598,545	6,405,152	Total fund balances
23,925,345	43,024,594	12,937,086	24,693,028	7,097,716	Total liabilities, deferred inflows of resources, and fund balances

continued

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Funds
Combining Balance Sheet
June 30, 2016

	Mosaic Community Development Authority	McLean Community Center	Burgundy Village Community Center	E-911	Integrated Pest Management Program
ASSETS					
Equity in pooled cash and temporary investments	\$ -	11,047,389	301,887	7,580,873	2,946,630
Receivables (net of allowances):					
Accounts	-	36,737	671	216,857	11,088
Accrued interest	2,433	258	5	277	73
Loans	-	-	-	-	-
Due from intergovernmental units	-	-	-	7,330,695	-
Interfund receivables	-	-	-	-	-
Prepaid and other assets	-	63,813	-	-	-
Restricted assets - Cash with fiscal agents	5,316,250	-	-	-	-
Total assets	5,318,683	11,148,197	302,563	15,128,702	2,957,791
DEFERRED OUTFLOWS OF RESOURCES					
Total deferred outflows of resources	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 5,318,683	11,148,197	302,563	15,128,702	2,957,791
LIABILITIES					
Accounts payable and accrued liabilities	\$ 1,388	44,127	47	1,733,885	324,291
Accrued salaries and benefits	-	155,366	801	1,308,158	141,117
Contract retainages	-	-	-	-	-
Due to other governments	-	-	-	-	-
Interfund payables	-	-	-	-	-
Unearned revenues	-	337,172	671	-	11,080
Performance and other deposits	-	-	-	-	-
Total liabilities	1,388	536,665	1,519	3,042,043	476,488
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	3,501,030	-
Total deferred inflows of resources	-	-	-	3,501,030	-
Total liabilities and deferred inflows of resources	1,388	536,665	1,519	6,543,073	476,488
FUND BALANCES					
Nonspendable:					
Prepaid amounts	-	63,813	-	-	-
Total Nonspendable	-	63,813	-	-	-
Restricted for:					
Public safety, courts, and judicial	-	-	-	6,251,608	-
General public works	-	-	-	-	-
Stormwater management	-	-	-	-	-
Transportation	-	-	-	-	-
Social services, health and welfare	-	-	-	-	1,610,997
Housing and community development	5,317,295	-	-	-	870,306
Parks, recreation, and cultural	-	10,547,719	301,044	-	-
Other purposes	-	-	-	-	-
Total Restricted	5,317,295	10,547,719	301,044	6,251,608	2,481,303
Committed to:					
Public safety, courts, and judicial	-	-	-	2,334,021	-
Transportation	-	-	-	-	-
Social services, health and welfare	-	-	-	-	-
Housing and community development	-	-	-	-	-
Total Committed	-	-	-	2,334,021	-
Total fund balances	5,317,295	10,611,532	301,044	8,585,629	2,481,303
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,318,683	11,148,197	302,563	15,128,702	2,957,791

EXHIBIT D

Stormwater Services	Leaf Collection	Refuse Collection and Recycling Operations	Refuse Disposal	Energy Resource Recovery Facility	
					ASSETS
46,624,465	4,496,312	11,267,163	10,121,366	67,954,835	Equity in pooled cash and temporary investments
243,412	15,309	175,418	7,118,745	77,720	Receivables (net of allowances):
-	112	304	382	649	Accounts
-	-	-	-	-	Accrued interest
38,310	-	198,305	98,448	22,509	Loans
-	-	-	-	1,632,469	Due from intergovernmental units
82,289	-	-	-	-	Interfund receivables
-	-	-	-	-	Prepaid and other assets
-	-	-	-	-	Restricted assets - Cash with fiscal agents
46,988,476	4,511,733	11,641,190	17,338,941	69,688,182	Total assets
					DEFERRED OUTFLOWS OF RESOURCES
-	-	-	-	-	Total deferred outflows of resources
46,988,476	4,511,733	11,641,190	17,338,941	69,688,182	Total assets and deferred outflows of resources
					LIABILITIES
3,881,236	5,828	299,737	1,599,232	3,529,189	Accounts payable and accrued liabilities
866,970	-	528,168	570,921	35,254	Accrued salaries and benefits
351,221	-	-	81,169	-	Contract retainages
-	-	-	-	-	Due to other governments
-	-	-	1,645,042	355,737	Interfund payables
243,261	15,250	138,688	-	-	Unearned revenues
-	-	-	-	-	Performance and other deposits
5,342,688	21,078	966,593	3,896,364	3,920,180	Total liabilities
					DEFERRED INFLOWS OF RESOURCES
-	-	-	-	-	Unavailable revenue
-	-	-	-	-	Total deferred inflows of resources
5,342,688	21,078	966,593	3,896,364	3,920,180	Total liabilities and deferred inflows of resources
					FUND BALANCES
					Nonspendable:
82,289	-	-	-	-	Prepaid amounts
82,289	-	-	-	-	Total Nonspendable
					Restricted for:
-	-	-	-	-	Public safety, courts, and judicial
-	4,490,655	10,674,597	13,442,577	65,768,002	General public works
41,563,499	-	-	-	-	Stormwater management
-	-	-	-	-	Transportation
-	-	-	-	-	Social services, health and welfare
-	-	-	-	-	Housing and community development
-	-	-	-	-	Parks, recreation, and cultural
-	-	-	-	-	Other purposes
41,563,499	4,490,655	10,674,597	13,442,577	65,768,002	Total Restricted
					Committed to:
-	-	-	-	-	Public safety, courts, and judicial
-	-	-	-	-	Transportation
-	-	-	-	-	Social services, health and welfare
-	-	-	-	-	Housing and community development
-	-	-	-	-	Total Committed
41,645,788	4,490,655	10,674,597	13,442,577	65,768,002	Total fund balances
46,988,476	4,511,733	11,641,190	17,338,941	69,688,182	Total liabilities, deferred inflows of resources, and fund balances

continued

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Funds
Combining Balance Sheet
June 30, 2016

EXHIBIT D

	I-95 Refuse Disposal	Community Development Block Grant	Housing Trust	HOME Investment Partnerships Grant
ASSETS				
Equity in pooled cash and temporary investments	\$ 36,868,417	39	9,192,040	136,421
Receivables (net of allowances):				
Accounts	186,946	-	-	-
Accrued interest	860	1	1,053,594	-
Loans	-	7,483,727	9,204,685	3,149,002
Due from intergovernmental units	-	1,064,861	-	92,700
Interfund receivables	368,310	-	-	-
Prepaid and other assets	-	-	-	-
Restricted assets - Cash with fiscal agents	-	-	4,429,446	-
Total assets	37,424,533	8,548,628	23,879,765	3,378,123
DEFERRED OUTFLOWS OF RESOURCES				
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	\$ 37,424,533	8,548,628	23,879,765	3,378,123
LIABILITIES				
Accounts payable and accrued liabilities	\$ 390,935	36,876	290,153	500
Accrued salaries and benefits	173,864	56,801	-	8,311
Contract retainages	4,334	11,515	360,032	-
Due to other governments	-	-	-	-
Interfund payables	-	786,989	-	-
Unearned revenues	-	-	-	-
Performance and other deposits	-	-	-	-
Total liabilities	569,133	892,181	650,185	8,811
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	803,567	-
Total deferred inflows of resources	-	-	803,567	-
Total liabilities and deferred inflows of resources	569,133	892,181	1,453,752	8,811
FUND BALANCES				
Nonspendable:				
Prepaid amounts	-	-	-	-
Total Nonspendable	-	-	-	-
Restricted for:				
Public safety, courts, and judicial	-	-	-	-
General public works	36,855,400	-	-	-
Stormwater management	-	-	-	-
Transportation	-	-	-	-
Social services, health and welfare	-	-	-	-
Housing and community development	-	7,656,447	22,426,013	3,369,312
Parks, recreation, and cultural	-	-	-	-
Other purposes	-	-	-	-
Total Restricted	36,855,400	7,656,447	22,426,013	3,369,312
Committed to:				
Public safety, courts, and judicial	-	-	-	-
Transportation	-	-	-	-
Social services, health and welfare	-	-	-	-
Housing and community development	-	-	-	-
Total Committed	-	-	-	-
Total fund balances	36,855,400	7,656,447	22,426,013	3,369,312
Total liabilities, deferred inflows of resources, and fund balances	\$ 37,424,533	8,548,628	23,879,765	3,378,123

EXHIBIT D
 concluded

Alcohol Safety Action Program	Total Special Revenue Funds	
ASSETS		
201,872	588,116,562	Equity in pooled cash and temporary investments
8,223	11,811,632	Receivables (net of allowances):
2	1,061,459	Accounts
-	19,837,414	Accrued interest
-	40,613,867	Loans
-	2,000,779	Due from intergovernmental units
-	391,176	Interfund receivables
-	53,023,181	Prepaid and other assets
210,097	716,856,070	Restricted assets - Cash with fiscal agents
		Total assets
DEFERRED OUTFLOWS OF RESOURCES		
-	-	Total deferred outflows of resources
210,097	716,856,070	Total assets and deferred outflows of resources
LIABILITIES		
4,744	37,057,681	Accounts payable and accrued liabilities
85,162	11,703,642	Accrued salaries and benefits
-	2,703,916	Contract retainages
-	4,452,347	Due to other governments
-	2,787,768	Interfund payables
-	1,317,549	Unearned revenues
-	3,600	Performance and other deposits
89,906	60,026,503	Total liabilities
DEFERRED INFLOWS OF RESOURCES		
-	5,314,326	Unavailable revenue
-	5,314,326	Total deferred inflows of resources
89,906	65,340,829	Total liabilities and deferred inflows of resources
FUND BALANCES		
Nonspendable:		
-	391,176	Prepaid amounts
-	391,176	Total Nonspendable
Restricted for:		
-	29,485,582	Public safety, courts, and judicial
-	131,231,231	General public works
-	41,563,499	Stormwater management
-	333,281,721	Transportation
-	10,504,741	Social services, health and welfare
-	39,999,457	Housing and community development
-	17,594,483	Parks, recreation, and cultural
-	1,456,297	Other purposes
-	605,117,011	Total Restricted
Committed to:		
-	2,334,021	Public safety, courts, and judicial
-	15,204,033	Transportation
120,191	17,022,045	Social services, health and welfare
-	11,446,955	Housing and community development
120,191	46,007,054	Total Committed
120,191	651,515,241	Total fund balances
210,097	716,856,070	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, 2016

	County Transit Systems	Dulles Rail Phase I Transportation Improvement District	Dulles Rail Phase II Transportation Improvement District	County and Regional Transportation Projects	Tysons Service District
REVENUES					
Taxes	\$ -	-	-	-	-
Permits, privilege fees, and regulatory licenses	-	-	-	-	-
Intergovernmental	16,614,316	-	-	69,290,995	-
Charges for services	13,216,992	22,947,508	15,010,423	52,596,580	6,386,394
Fines and forfeitures	-	-	-	-	-
Developers' contributions	-	-	-	-	-
Revenue from the use of money and property	502,737	415,419	172,869	244,164	34,417
Recovered costs	-	-	-	-	-
Gifts, donations, and contributions	-	-	-	-	-
Total revenues	30,334,045	23,362,927	15,183,292	122,131,739	6,420,811
EXPENDITURES					
Current:					
Judicial administration	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community development	84,005,640	-	-	36,486,282	-
Parks, recreation, and cultural	-	-	-	-	-
Intergovernmental:					
Community development	4,967,851	-	-	85,259,445	-
Education - for Public Schools	-	-	-	-	-
Capital outlay:					
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community development	12,135,667	-	-	9,852,935	-
Parks, recreation, and cultural	-	-	-	-	-
Debt service:					
Principal retirement	-	6,320,000	-	-	-
Interest and other charges	-	28,420,288	7,500	-	-
Total expenditures	101,109,158	34,740,288	7,500	131,598,662	-
Excess (deficiency) of revenues over (under) expenditures	(70,775,113)	(11,377,361)	15,175,792	(9,466,923)	6,420,811
OTHER FINANCING SOURCES (USES)					
Transfers in	69,054,023	-	-	-	-
Transfers out	-	-	-	(37,274,902)	-
General obligation bonds issued	-	-	-	-	-
Premium on general obligation bonds issued	-	-	-	-	-
Notes issued	-	-	-	79,453,048	-
Revenue refunding bonds issued	-	173,960,000	-	-	-
Premium on revenue refunding bonds issued	-	26,097,160	-	-	-
Payments to refunded bonds escrow agent	-	(200,057,160)	-	-	-
Capital leases	-	-	-	-	-
Total other financing sources (uses), net	69,054,023	-	-	42,178,146	-
Net change in fund balances	(1,721,090)	(11,377,361)	15,175,792	32,711,223	6,420,811
Fund balances, July 1, 2015	12,704,610	57,527,825	50,740,722	155,184,699	7,279,794
Fund balances, June 30, 2016	\$ 10,983,520	46,150,464	65,916,514	187,895,922	13,700,605

EXHIBIT D-1

Metrarail Parking system Pledged Revenue	Federal/ State Grant	Cable Communications	Fairfax- Falls Church Community Services Board	Reston Community Center	
REVENUES					
-	-	-	-	-	- Taxes
-	-	25,634,226	-	-	- Permits, privilege fees, and regulatory licenses
-	91,157,394	-	18,272,490	-	- Intergovernmental
6,021,181	176,000	434	18,056,858	7,794,759	- Charges for services
-	-	10,150	36,296	-	- Fines and forfeitures
-	-	-	-	-	- Developers' contributions
1,454,683	104,228	-	-	307,061	- Revenue from the use of money and property
-	1,267,590	-	-	-	- Recovered costs
-	532,267	-	-	-	- Gifts, donations, and contributions
7,475,864	93,237,479	25,644,810	36,365,644	8,101,820	Total revenues
EXPENDITURES					
Current:					
-	1,100,246	-	-	-	- Judicial administration
-	26,277,204	-	-	-	- Public safety
-	-	-	-	-	- Public works
-	59,778,340	-	149,254,478	-	- Health and welfare
1,063,758	9,722,496	9,620,538	-	-	- Community development
-	-	-	-	7,202,722	- Parks, recreation, and cultural
Intergovernmental:					
-	-	-	-	-	- Community development
-	-	3,882,217	-	-	- Education - for Public Schools
Capital outlay:					
-	2,915,839	-	-	-	- Public safety
-	-	-	-	-	- Public works
-	314,463	-	168,015	-	- Health and welfare
-	896,783	800,199	-	-	- Community development
-	-	-	-	1,230,363	- Parks, recreation, and cultural
Debt service:					
3,275,000	-	-	-	202,824	- Principal retirement
4,112,713	-	-	-	32,175	- Interest and other charges
8,451,471	101,005,371	14,302,954	149,422,493	8,668,084	Total expenditures
Excess (deficiency) of revenues over (under) expenditures					
(975,607)	(7,767,892)	11,341,856	(113,056,849)	(566,264)	
OTHER FINANCING SOURCES (USES)					
4,220,513	5,408,464	-	116,243,498	-	- Transfers in
-	-	(11,833,882)	-	-	- Transfers out
-	-	-	-	-	- General obligation bonds issued
-	-	-	-	-	- Premium on general obligation bonds issued
-	-	-	-	-	- issued
-	-	-	-	-	- Notes issued
-	-	-	-	-	- Revenue refunding bonds issued
-	-	-	-	-	- Premium on revenue refunding bonds issued
-	-	-	-	-	- Payments to refunded bonds escrow agent
-	-	-	-	1,031,838	- Capital leases
4,220,513	5,408,464	(11,833,882)	116,243,498	1,031,838	Total other financing sources (uses)
3,244,906	(2,359,428)	(492,026)	3,186,649	465,574	Net change in fund balances
20,616,004	39,170,297	11,938,981	11,411,896	5,939,578	Fund balances, July 1, 2015
23,860,910	36,810,869	11,446,955	14,598,545	6,405,152	Fund balances, June 30, 2016

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, 2016

	Mosaic Community Development Authority	McLean Community Center	Burgundy Village Community Center	E-911	Integrated Pest Management Program
REVENUES					
Taxes	\$ 4,529,965	-	-	41,320,122	-
Permits, privilege fees, and regulatory licenses	-	-	-	-	-
Intergovernmental	-	-	-	4,629,914	-
Charges for services	-	5,479,266	27,011	1,835	2,242,360
Fines and forfeitures	-	-	50	-	-
Developers' contributions	-	-	-	-	-
Revenue from the use of money and property	43,731	131,793	34,789	10,043	9,129
Recovered costs	-	-	-	359,080	-
Gifts, donations, and contributions	-	-	-	-	-
Total revenues	4,573,696	5,611,059	61,850	46,320,994	2,251,489
EXPENDITURES					
Current:					
Judicial administration	-	-	-	-	-
Public safety	-	-	-	38,012,675	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	1,536,044
Community development	26,759	-	-	-	800,727
Parks, recreation, and cultural	-	4,961,941	74,846	-	-
Intergovernmental:	-	-	-	-	-
Community development	-	-	-	-	-
Education - for Public Schools	-	-	-	-	-
Capital outlay:					
Public safety	-	-	-	3,950,212	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	61,470
Community development	-	-	-	-	-
Parks, recreation, and cultural	-	480,066	-	-	-
Debt service:					
Principal retirement	-	-	-	3,043,517	-
Interest and other charges	-	-	-	481,900	-
Total expenditures	26,759	5,442,007	74,846	45,488,304	2,398,241
Excess (deficiency) of revenues over (under) expenditures	4,546,937	169,052	(12,996)	832,690	(146,752)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(4,542,088)	-	-	-	(141,000)
General obligation bonds issued	-	-	-	-	-
Premium on general obligation bonds issued	-	-	-	-	-
Notes issued	-	-	-	-	-
Revenue refunding bonds issued	-	-	-	-	-
Premium on revenue refunding bonds issued	-	-	-	-	-
Payments to refunded bonds escrow agent	-	-	-	-	-
Capital leases	-	-	-	-	-
Total other financing sources (uses)	(4,542,088)	-	-	-	(141,000)
Net change in fund balances	4,849	169,052	(12,996)	832,690	(287,752)
Fund balances, July 1, 2015	5,312,446	10,442,480	314,040	7,752,939	2,769,055
Fund balances, June 30, 2016	5,317,295	\$ 10,611,532	301,044	8,585,629	2,481,303

EXHIBIT D-1

Stormwater Services	Leaf Collection	Refuse Collection and Recycling Operations	Refuse Disposal	Energy Resource Recovery Facility	
REVENUES					
-	-	-	-	-	- Taxes
-	-	-	88,680	-	Permits, privilege fees, and regulatory licenses
812,588	-	129,453	-	-	Intergovernmental
56,259,325	2,263,561	17,737,849	28,070,892	23,217,178	Charges for services
-	-	-	63,064	-	Fines and forfeitures
-	-	-	-	-	Developers' contributions
29,096	14,095	385,202	1,402,830	371,483	Revenue from the use of money and property
-	-	23,303	124,312	-	Recovered costs
-	-	-	-	-	Gifts, donations, and contributions
57,101,009	2,277,656	18,275,807	29,749,778	23,588,661	Total revenues
EXPENDITURES					
Current:					
-	-	-	-	-	Judicial administration
-	-	-	-	-	Public safety
26,220,691	1,921,070	16,902,674	24,175,208	24,197,242	Public works
-	-	-	-	-	Health and welfare
-	-	-	-	-	Community development
-	-	-	-	-	Parks, recreation, and cultural
Intergovernmental:					
-	-	-	-	-	Community development
-	-	-	-	-	Education - for Public Schools
Capital outlay:					
-	-	-	-	-	Public safety
19,687,502	-	259,780	1,318,623	-	Public works
-	-	-	-	-	Health and welfare
-	-	-	-	-	Community development
-	-	-	-	-	Parks, recreation, and cultural
Debt service:					
-	-	-	-	-	Principal retirement
-	-	-	-	-	Interest and other charges
45,908,193	1,921,070	17,162,454	25,493,831	24,197,242	Total expenditures
11,192,816	356,586	1,113,353	4,255,947	(608,581)	Excess (deficiency) of revenues over (under) expenditures
OTHER FINANCING SOURCES (USES)					
-	-	-	-	-	Transfers in
(1,125,000)	-	(548,000)	(577,000)	(49,000)	Transfers out
4,635,000	-	-	-	-	General obligation bonds issued
1,365,000	-	-	-	-	Premium on general obligation bonds issued
-	-	-	-	-	Notes issued
-	-	-	-	-	Revenue refunding bonds issued
-	-	-	-	-	Premium on revenue refunding bonds issued
-	-	-	-	-	Payments to refunded bonds escrow agent
-	-	-	-	-	Capital leases
4,875,000	-	(548,000)	(577,000)	(49,000)	Total other financing sources (uses)
16,067,816	356,586	565,353	3,678,947	(657,581)	Net change in fund balances
25,577,972	4,134,069	10,109,244	9,763,630	66,425,583	Fund balances, July 1, 2015
41,645,788	4,490,655	10,674,597	13,442,577	65,768,002	Fund balances, June 30, 2016

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, 2016

EXHIBIT D-1
concluded

	I-95 Refuse Disposal	Community Development Block Grant	Housing Trust	HOME Investment Partnerships Grant	Alcohol Safety Action Program	Total Special Revenue Funds
REVENUES						
Taxes	\$ -	-	-	-	-	45,850,087
Permits, privilege fees, and regulatory licenses	-	-	-	-	-	25,722,906
Intergovernmental	-	5,276,494	-	1,688,280	6,883	207,878,807
Charges for services	8,213,140	-	-	-	1,159,207	286,878,753
Fines and forfeitures	-	-	-	-	-	109,560
Developers' contributions	-	-	3,428,077	-	-	3,428,077
Revenue from the use of money and property	325,438	287,551	703,394	485,530	1,149	7,470,831
Recovered costs	328	-	-	-	-	1,774,613
Gifts, donations, and contributions	-	-	-	-	-	532,267
Total revenues	8,538,906	5,564,045	4,131,471	2,173,810	1,167,239	579,645,901
EXPENDITURES						
Current:						
Judicial administration	-	-	-	-	-	1,100,246
Public safety	-	-	-	-	-	64,289,879
Public works	6,570,446	-	-	-	-	99,987,331
Health and welfare	-	-	-	-	1,710,753	212,279,615
Community development	-	4,009,597	282,692	2,106,591	-	148,125,080
Parks, recreation, and cultural	-	-	-	-	-	12,239,509
Intergovernmental:						
Community development	-	-	-	-	-	90,227,296
Education - for Public Schools	-	-	-	-	-	3,882,217
Capital outlay:						
Public safety	-	-	-	-	-	6,866,051
Public works	745,952	-	-	-	-	22,011,857
Health and welfare	-	-	-	-	-	543,948
Community development	-	-	2,750,715	-	-	26,436,299
Parks, recreation, and cultural	-	-	-	-	-	1,710,429
Debt service:						
Principal retirement	-	681,000	-	-	-	13,522,341
Interest and other charges	-	288,353	-	-	-	33,342,929
Total expenditures	7,316,398	4,978,950	3,033,407	2,106,591	1,710,753	736,565,027
Excess (deficiency) of revenues over (under) expenditures	1,222,508	585,095	1,098,064	67,219	(543,514)	(156,919,126)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	486,678	195,413,176
Transfers out	(186,000)	-	-	-	-	(56,276,872)
General obligation bonds issued	-	-	-	-	-	4,635,000
Premium on general obligation bonds issued	-	-	-	-	-	1,365,000
Notes issued	-	-	-	-	-	79,453,048
Revenue refunding bonds issued	-	-	-	-	-	173,960,000
Premium on revenue refunding bonds issued	-	-	-	-	-	26,097,160
Payments to refunded bonds escrow agent	-	-	-	-	-	(200,057,160)
Capital leases	-	-	-	-	-	1,031,838
Total other financing sources (uses)	(186,000)	-	-	-	486,678	225,621,190
Net change in fund balances	1,036,508	585,095	1,098,064	67,219	(56,836)	68,702,064
Fund balances, July 1, 2015	35,818,892	7,071,352	21,327,949	3,302,093	177,027	582,813,177
Fund balances, June 30, 2016	\$ 36,855,400	\$ 7,656,447	22,426,013	3,369,312	120,191	651,515,241

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2A

Special Revenue Fund

Budgetary Comparison Schedule - County Transit Systems Fund (Budget Basis)

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 32,662,450	24,155,338	16,614,316	(7,541,022)
Charges for services	9,907,396	8,549,029	6,826,992	(1,722,037)
Revenue from the use of money and property	500,000	500,000	502,737	2,737
Total revenues	43,069,846	33,204,367	23,944,045	(9,260,322)
EXPENDITURES				
Community development	108,663,869	114,013,266	94,719,158	19,294,108
Total expenditures	108,663,869	114,013,266	94,719,158	19,294,108
Excess (deficiency) of revenues over (under) expenditures	(65,594,023)	(80,808,899)	(70,775,113)	10,033,786
OTHER FINANCING SOURCES				
Transfers in	65,594,023	69,054,023	69,054,023	-
Total other financing sources	65,594,023	69,054,023	69,054,023	-
Net change in fund balance	\$ -	(11,754,876)	(1,721,090)	10,033,786

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2B

Special Revenue Fund

Budgetary Comparison Schedule - Dulles Rail Phase I Transportation Improvement

District Fund (Budget Basis)

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 22,656,524	22,656,524	22,947,508	290,984
Revenue from the use of money and property	-	-	68,173	68,173
Total revenues	22,656,524	22,656,524	23,015,681	359,157
EXPENDITURES				
Debt service:				
Principal retirement	6,220,000	6,220,000	6,320,000	(100,000)
Interest and other charges:				
Interest	11,021,662	11,021,662	27,719,609	(16,697,947)
Bond issuance costs and other	100,000	100,000	700,679	(600,679)
Total expenditures	17,341,662	17,341,662	34,740,288	(17,398,626)
Excess (deficiency) of revenues over (under) expenditures	5,314,862	5,314,862	(11,724,607)	(17,039,469)
Net change in fund balance	\$ 5,314,862	5,314,862	(11,724,607)	(17,039,469)

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2C

Special Revenue Fund

Budgetary Comparison Schedule - Dulles Rail Phase II Transportation Improvement

District Fund (Budget Basis)

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 15,232,968	15,232,968	15,010,423	(222,545)
Revenue from the use of money and property	15,233	15,233	172,869	157,636
Total revenues	15,248,201	15,248,201	15,183,292	(64,909)
EXPENDITURES				
Debt service:				
Bond issuance costs and other	500,000	16,150,000	7,500	16,142,500
Total expenditures	500,000	16,150,000	7,500	16,142,500
Excess (deficiency) of revenues over (under) expenditures	14,748,201	(901,799)	15,175,792	16,077,591
Net change in fund balance	\$ 14,748,201	(901,799)	15,175,792	16,077,591

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2D

Special Revenue Fund

Budgetary Comparison Schedule - County and Regional Transportation Projects (Budget Basis)

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 37,702,949	94,685,383	51,653,998	(43,031,385)
Charges for services	52,654,758	52,654,758	52,596,580	(58,178)
Revenue from the use of money and property	10,167,200	-	244,029	244,029
Total revenues	100,524,907	147,340,141	104,494,607	(42,845,534)
EXPENDITURES				
Community development	61,782,805	326,680,510	46,326,158	280,354,352
Debt service:				
Interest and other charges:				
Interest	10,287,713	-	-	-
Total expenditures	72,070,518	326,680,510	46,326,158	280,354,352
Excess (deficiency) of revenues over (under) expenditures	28,454,389	(179,340,369)	58,168,449	237,508,818
OTHER FINANCING SOURCES (USES)				
Transfers out	(28,454,389)	(37,274,902)	(37,274,902)	-
Revenue bonds issued	-	50,000,000	-	(50,000,000)
Total other financing sources (uses), net	(28,454,389)	12,725,098	(37,274,902)	(50,000,000)
Net change in fund balance	\$ -	(166,615,271)	20,893,547	187,508,818

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2E

Special Revenue Fund

Budgetary Comparison Schedule - Tysons Service District Fund (Budget Basis)

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 6,417,112	6,417,112	6,386,394	(30,718)
Revenue from the use of money and property	-	-	34,417	34,417
Total revenues	6,417,112	6,417,112	6,420,811	3,699
EXPENDITURES				
Community development	-	6,450,000	-	6,450,000
Total expenditures	-	6,450,000	-	6,450,000
Excess (deficiency) of revenues over (under) expenditures	6,417,112	(32,888)	6,420,811	6,453,699
Net change in fund balance	\$ 6,417,112	(32,888)	6,420,811	6,453,699

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2F

Special Revenue Fund

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

For the fiscal year ended June 30, 2016

	*Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ -	5,200,200	6,021,181	820,981
Revenue from the use of money and property	-	967,000	1,454,565	487,565
Total revenues	-	6,167,200	7,475,746	1,308,546
EXPENDITURES				
Public works	-	1,400,000	1,063,758	336,242
Debt service:				
Principal retirement	-	3,275,000	3,275,000	-
Interest and other charges:				
Interest	-	4,112,713	4,112,713	-
Total expenditures	-	8,787,713	8,451,471	336,242
Excess (deficiency) of revenues over (under) expenditures	-	(2,620,513)	(975,725)	1,644,788
OTHER FINANCING SOURCES				
Transfers in	-	4,220,513	4,220,513	-
Total other financing sources	-	4,220,513	4,220,513	-
Net change in fund balance	\$ -	1,600,000	3,244,788	1,644,788

* Fiscal Year 2016 Adopted Budget Plan for Metrorail Parking System Pledged Revenue was included under Fund 40010, County and Regional Transportation Projects

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Fund
Budgetary Comparison Schedule - Federal/State Grant Fund (Budget Basis)
For the fiscal year ended June 30, 2016

EXHIBIT D-2G

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 103,629,862	209,341,065	91,157,396	(118,183,669)
Recovered costs	-	2,792,246	2,080,085	(712,161)
Gifts, donations, and contributions	-	786,746	-	(786,746)
Total revenues	103,629,862	212,920,057	93,237,481	(119,682,576)
EXPENDITURES				
General government administration	109,038,326	34,307,865	32,681	34,275,184
Judicial administration	-	2,463,781	819,323	1,644,458
Public safety	-	69,383,249	29,483,038	39,900,211
Health and welfare	-	95,374,257	60,092,803	35,281,454
Community development	-	55,255,633	10,619,279	44,636,354
Parks, recreation, and cultural	-	5,771	-	5,771
Total expenditures	109,038,326	256,790,556	101,047,124	155,743,432
Excess (deficiency) of revenues over (under) expenditures	(5,408,464)	(43,870,499)	(7,809,643)	36,060,856
OTHER FINANCING SOURCES				
Transfers in	5,408,464	5,408,464	5,408,464	-
Total other financing sources	5,408,464	5,408,464	5,408,464	-
Net change in fund balance	\$ -	(38,462,035)	(2,401,179)	36,060,856

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2H

Special Revenue Fund

Budgetary Comparison Schedule - Cable Communications Fund (Budget Basis)

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Permits, privilege fees, and regulatory licenses	\$ 25,167,468	25,167,468	25,634,226	466,758
Charges for services	1,000	1,000	434	(566)
Fines and forfeitures	-	-	10,150	10,150
Total revenues	25,168,468	25,168,468	25,644,810	476,342
EXPENDITURES				
Community development	12,404,950	19,709,908	10,420,737	9,289,171
Total expenditures	12,404,950	19,709,908	10,420,737	9,289,171
Excess of revenues over expenditures	12,763,518	5,458,560	15,224,073	9,765,513
OTHER FINANCING USES				
Transfers out	(11,833,882)	(11,833,882)	(11,833,882)	-
Transfers out to component units	(3,882,217)	(3,882,217)	(3,882,217)	-
Total other financing uses	(15,716,099)	(15,716,099)	(15,716,099)	-
Net change in fund balance	\$ (2,952,581)	(10,257,539)	(492,026)	9,765,513

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2I

Special Revenue Fund

Budgetary Comparison Schedule - Fairfax-Falls Church Community Services Board Fund (Budget Basis)

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 19,609,226	18,139,737	18,272,490	132,753
Charges for services	18,395,421	18,395,421	18,056,858	(338,563)
Fines and forfeitures	14,100	14,100	36,296	22,196
Total revenues	38,018,747	36,549,258	36,365,644	(183,614)
EXPENDITURES				
Health and welfare	153,507,245	159,369,688	149,422,478	9,947,210
Total expenditures	153,507,245	159,369,688	149,422,478	9,947,210
Excess (deficiency) of revenues over (under) expenditures	(115,488,498)	(122,820,430)	(113,056,834)	9,763,596
OTHER FINANCING SOURCES				
Transfers in	115,488,498	116,243,498	116,243,498	-
Total other financing sources	115,488,498	116,243,498	116,243,498	-
Net change in fund balance	\$ -	(6,576,932)	3,186,664	9,763,596

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2J

Special Revenue Fund

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

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 8,066,575	8,066,575	7,794,759	(271,816)
Revenue from the use of money and property	210,852	210,852	307,061	96,209
Total revenues	8,277,427	8,277,427	8,101,820	(175,607)
EXPENDITURES				
Parks, recreation, and cultural	8,991,545	9,529,883	7,636,246	1,893,637
Total expenditures	8,991,545	9,529,883	7,636,246	1,893,637
Excess (deficiency) of revenues over (under) expenditures	(714,118)	(1,252,456)	465,574	1,718,030
Net change in fund balance	\$ (714,118)	(1,252,456)	465,574	1,718,030

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2K

Special Revenue Fund

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

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)	
	Original	Final			
REVENUES					
Charges for services	\$	5,306,809	5,306,809	5,479,266	172,457
Revenue from the use of money and property		86,333	86,333	131,793	45,460
Total revenues		5,393,142	5,393,142	5,611,059	217,917
EXPENDITURES					
Parks, recreation, and cultural		7,236,949	8,060,467	5,442,007	2,618,460
Total expenditures		7,236,949	8,060,467	5,442,007	2,618,460
Excess (deficiency) of revenues over (under) expenditures		(1,843,807)	(2,667,325)	169,052	2,836,377
Net change in fund balance	\$	(1,843,807)	(2,667,325)	169,052	2,836,377

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2L

Special Revenue Fund

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

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 23,609	23,609	27,011	3,402
Fines and forfeitures	-	-	50	50
Revenue from the use of money and property	33,200	33,200	34,789	1,589
Total revenues	56,809	56,809	61,850	5,041
EXPENDITURES				
Parks, recreation, and cultural	45,447	96,475	74,846	21,629
Excess (deficiency) of revenues over (under) expenditures	11,362	(39,666)	(12,996)	26,670
Total expenditures	45,447	96,475	74,846	21,629
Net change in fund balance	\$ 11,362	(39,666)	(12,996)	26,670

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Fund
Budgetary Comparison Schedule - E-911 Fund (Budget Basis)
For the fiscal year ended June 30, 2016

EXHIBIT D-2M

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sales and use taxes	\$ 41,320,122	41,320,122	41,320,122	-
Intergovernmental	4,400,000	4,400,000	4,629,914	229,914
Charges for Services	-	-	1,835	1,835
Revenue from the use of money and property	10,000	10,000	10,043	43
Recovered costs	150,000	150,000	359,080	209,080
Total revenues	45,880,122	45,880,122	46,320,994	440,872
EXPENDITURES				
Public safety	45,824,196	52,568,278	45,488,304	7,079,974
Total expenditures	45,824,196	52,568,278	45,488,304	7,079,974
Excess (deficiency) of revenues over (under) expenditures	55,926	(6,688,156)	832,690	7,520,846
Net change in fund balance	\$ 55,926	(6,688,156)	832,690	7,520,846

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2N

Special Revenue Fund

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

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 2,258,159	-	-	-
Charges for services	-	2,258,159	2,242,360	(15,799)
Revenue from the use of money and property	7,691	7,691	9,129	1,438
Total revenues	2,265,850	2,265,850	2,251,489	(14,361)
EXPENDITURES				
Health and welfare	2,037,313	2,241,310	1,597,514	643,796
Community development	1,129,614	1,163,774	800,727	363,047
Total expenditures	3,166,927	3,405,084	2,398,241	1,006,843
Excess (deficiency) of revenues over (under) expenditures	(901,077)	(1,139,234)	(146,752)	992,482
OTHER FINANCING USES				
Transfers out	(141,000)	(141,000)	(141,000)	-
Total other financing uses	(141,000)	(141,000)	(141,000)	-
Net change in fund balance	\$ (1,042,077)	(1,280,234)	(287,752)	992,482

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2o

Special Revenue Fund

Budgetary Comparison Schedule - Stormwater Services Fund (Budget Basis)

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental	\$ -	917,858	812,588	(105,270)
Charges for services	56,500,000	56,500,000	56,259,325	(240,675)
Revenue from the use of money and property	-	-	29,096	29,096
Total revenues	56,500,000	57,417,858	57,101,009	(316,849)
EXPENDITURES				
Public works	55,375,000	110,130,493	46,025,007	64,105,486
Total expenditures	55,375,000	110,130,493	46,025,007	64,105,486
Excess (deficiency) of revenues over (under) expenditures	1,125,000	(52,712,635)	11,076,002	63,788,637
OTHER FINANCING SOURCES (USES)				
General obligation bonds issued	-	28,225,000	6,000,000	(22,225,000)
Transfers out	(1,125,000)	(1,125,000)	(1,125,000)	-
Total other financing sources (uses), net	(1,125,000)	27,100,000	4,875,000	(22,225,000)
Net change in fund balance	\$ -	(25,612,635)	15,951,002	41,563,637

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2P

Special Revenue Fund

Budgetary Comparison Schedule - Leaf Collection Fund (Budget Basis)

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 2,253,419	2,253,419	2,263,561	10,142
Revenue from the use of money and property	59,148	59,148	14,095	(45,053)
Total revenues	2,312,567	2,312,567	2,277,656	(34,911)
EXPENDITURES				
Public works	2,364,737	2,397,156	1,921,070	476,086
Total expenditures	2,364,737	2,397,156	1,921,070	476,086
Excess (deficiency) of revenues over (under) expenditures	(52,170)	(84,589)	356,586	441,175
Net change in fund balance	\$ (52,170)	(84,589)	356,586	441,175

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2Q

Special Revenue Fund

Budgetary Comparison Schedule - Refuse Collection and Recycling Operations Fund (Budget Basis)

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 128,034	128,034	129,453	1,419
Charges for services	18,576,094	18,576,094	17,737,849	(838,245)
Revenue from the use of money and property	287,223	287,223	385,202	97,979
Recovered costs	22,780	22,780	23,303	523
Total revenues	19,014,131	19,014,131	18,275,807	(738,324)
EXPENDITURES				
Public works	19,674,456	20,725,941	17,162,454	3,563,487
Total expenditures	19,674,456	20,725,941	17,162,454	3,563,487
Excess (deficiency) of revenues over (under) expenditures	(660,325)	(1,711,810)	1,113,353	2,825,163
OTHER FINANCING USES				
Transfers out	(548,000)	(548,000)	(548,000)	-
Total other financing uses	(548,000)	(548,000)	(548,000)	-
Net change in fund balance	\$ (1,208,325)	(2,259,810)	565,353	2,825,163

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2R

Special Revenue Fund

Budgetary Comparison Schedule - Refuse Disposal Fund (Budget Basis)

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Permits, privilege fees, and regulatory licenses	\$ 78,840	78,840	88,680	9,840
Charges for services	44,826,890	44,826,890	28,070,892	(16,755,998)
Revenue from the use of money and property	2,310,791	2,310,791	1,402,830	(907,961)
Recovered costs	-	-	124,312	124,312
Fines and forfeitures	-	-	63,064	63,064
Total revenues	47,216,521	47,216,521	29,749,778	(17,466,743)
EXPENDITURES				
Public works	48,333,031	53,033,744	25,493,831	27,539,913
Total expenditures	48,333,031	53,033,744	25,493,831	27,539,913
Excess (deficiency) of revenues over (under) expenditures	(1,116,510)	(5,817,223)	4,255,947	10,073,170
OTHER FINANCING USES				
Transfers out	(577,000)	(577,000)	(577,000)	-
Total other financing uses	(577,000)	(577,000)	(577,000)	-
Net change in fund balance	\$ (1,693,510)	(6,394,223)	3,678,947	10,073,170

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2s

Special Revenue Fund

Budgetary Comparison Schedule - Energy Resource Recovery Facility Fund (Budget Basis)

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 25,112,350	25,112,350	23,217,178	(1,895,172)
Revenue from the use of money and property	845,811	845,811	371,483	(474,328)
Total revenues	25,958,161	25,958,161	23,588,661	(2,369,500)
EXPENDITURES				
Public works	25,801,271	25,924,699	24,197,242	1,727,457
Total expenditures	25,801,271	25,924,699	24,197,242	1,727,457
Excess (deficiency) of revenues over (under) expenditures	156,890	33,462	(608,581)	(642,043)
OTHER FINANCING USES				
Transfers out	(49,000)	(49,000)	(49,000)	-
Total other financing uses	(49,000)	(49,000)	(49,000)	-
Net change in fund balance	\$ 107,890	(15,538)	(657,581)	(642,043)

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Fund
Budgetary Comparison Schedule - I-95 Refuse Disposal Fund (Budget Basis)
For the fiscal year ended June 30, 2016

EXHIBIT D-2T

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Permits, privilege fees, and regulatory licenses	\$ 7,200	7,200	-	(7,200)
Charges for services	8,385,751	8,385,751	8,213,140	(172,611)
Revenue from the use of money and property	260,437	260,437	325,438	65,001
Recovered costs	-	-	328	328
Total revenues	8,653,388	8,653,388	8,538,906	(114,482)
EXPENDITURES				
Public works	7,709,391	16,135,835	7,316,398	8,819,437
Total expenditures	7,709,391	16,135,835	7,316,398	8,819,437
Excess (deficiency) of revenues over (under) expenditures	943,997	(7,482,447)	1,222,508	8,704,955
OTHER FINANCING USES				
Transfers out	(186,000)	(186,000)	(186,000)	-
Total other financing uses	(186,000)	(186,000)	(186,000)	-
Net change in fund balance	\$ 757,997	(7,668,447)	1,036,508	8,704,955

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2U

Special Revenue Fund

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

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	9,771,652	5,276,494	(4,495,158)
Revenue from the use of money and property	5,128,616	290,942	432,033	141,091
Total revenues	5,128,616	10,062,594	5,708,527	(4,354,067)
EXPENDITURES				
Community development	4,159,263	9,381,978	4,867,516	4,514,462
Debt service:				
Principal retirement	681,000	681,000	681,000	-
Interest and other charges:				
Interest	288,353	288,353	288,353	-
Total expenditures	5,128,616	10,351,331	5,836,869	4,514,462
Excess (deficiency) of revenues over (under) expenditures	-	(288,737)	(128,342)	160,395
Net change in fund balance	\$ -	(288,737)	(128,342)	160,395

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2v

Special Revenue Fund

Budgetary Comparison Schedule - Housing Trust Fund (Budget Basis)

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Developers' contributions	\$ -	-	3,428,077	3,428,077
Revenue from the use of money and property	5,227	5,227	40,599	35,372
Other Revenue	575,164	575,164	693,690	118,526
Total revenues	580,391	580,391	4,162,366	3,581,975
EXPENDITURES				
Community development	580,391	5,916,924	1,114,980	4,801,944
Total expenditures	580,391	5,916,924	1,114,980	4,801,944
Excess (deficiency) of revenues over (under) expenditures	-	(5,336,533)	3,047,386	8,383,919
Net change in fund balance	\$ -	(5,336,533)	3,047,386	8,383,919

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2w

Special Revenue Fund

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

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)	
	Original	Final			
REVENUES					
Intergovernmental	\$	-	2,944,850	1,688,280	(1,256,570)
Revenue from the use of money and property		1,580,878	775,960	572,930	(203,030)
Total revenues		1,580,878	3,720,810	2,261,210	(1,459,600)
EXPENDITURES					
Community development		1,580,878	3,773,138	2,092,925	1,680,213
Total expenditures		1,580,878	3,773,138	2,092,925	1,680,213
Excess (deficiency) of revenues over (under) expenditures		-	(52,328)	168,285	220,613
Net change in fund balance	\$	-	(52,328)	168,285	220,613



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, 2016

EXHIBIT E

	Debt Service	Mosaic Community Development Authority	Total Debt Service Funds
ASSETS			
Equity in pooled cash and temporary investments	\$ 13,331,634	-	13,331,634
Accrued interest	-	27,034	27,034
Loan to component unit	11,977,500	-	11,977,500
Lease to component unit	42,625,000	-	42,625,000
Restricted assets:			
Restricted assets - Cash with fiscal agents	3,127,406	6,792,249	9,919,655
Investments	-	-	-
Total assets	71,061,540	6,819,283	77,880,823
DEFERRED OUTFLOWS OF RESOURCES			
Total deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	\$ 71,061,540	6,819,283	77,880,823
LIABILITIES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 55,914	-	55,914
Unearned revenues	42,625,000	-	42,625,000
Total liabilities	42,680,914	-	42,680,914
DEFERRED INFLOWS OF RESOURCES			
Total deferred inflows of resources	-	-	-
Total liabilities and deferred inflows of resources	42,680,914	-	42,680,914
FUND BALANCES			
Restricted for:			
Parks, recreation, and cultural	11,977,500	-	11,977,500
Debt service	-	6,819,283	6,819,283
Total Restricted	11,977,500	6,819,283	18,796,783
Committed to:			
Debt service	16,403,126	-	16,403,126
Total Committed	16,403,126	-	16,403,126
Total fund balance	28,380,626	6,819,283	35,199,909
Total liabilities, deferred inflows of resources, and fund balance	\$ 71,061,540	6,819,283	77,880,823

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, 2016

	Debt Service	Mosaic Community Development Authority	Total Debt Service Funds
REVENUES			
Intergovernmental	\$ 4,314,248	-	4,314,248
Revenue from the use of money and property	2,613,133	222,833	2,835,966
Total revenues	6,927,381	222,833	7,150,214
EXPENDITURES			
Principal retirement:			
County	141,497,894	-	141,497,894
Schools	225,666,200	-	225,666,200
Interest:			
County	48,454,409	4,542,088	52,996,497
Schools	62,780,882	-	62,780,882
Other charges:			
Bond issuance costs and other	2,975,112	-	2,975,112
Total expenditures	481,374,497	4,542,088	485,916,585
Deficiency of revenues under expenditures	(474,447,116)	(4,319,255)	(478,766,371)
OTHER FINANCING SOURCES (USES)			
Transfers in from:			
General Fund	314,950,773	-	314,950,773
Special revenue funds	-	4,542,088	4,542,088
Capital projects funds	959,620	-	959,620
Transfers out	(4,524,735)	-	(4,524,735)
General obligation refunding bonds issued	258,455,000	-	258,455,000
Premium on general obligation refunding bonds issued	39,526,112	-	39,526,112
General obligation payments to refunded bonds escrow agent	(138,891,476)	-	(138,891,476)
Total other financing sources	470,475,294	4,542,088	475,017,382
Net change in fund balance	(3,971,822)	222,833	(3,748,989)
Fund balance, July 1, 2015	32,352,448	6,596,450	38,948,898
Fund balance, June 30, 2016	\$ 28,380,626	6,819,283	35,199,909

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, 2016

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,180,000	2,180,000	2,985,712	805,712
Total revenues	2,180,000	2,180,000	2,985,712	805,712
EXPENDITURES				
Principal retirement:				
County	83,073,094	87,378,094	87,377,994	100
Schools	118,181,000	125,246,000	125,246,100	(100)
Interest:				
County	46,959,008	50,217,012	41,025,338	9,191,674
Schools	71,187,240	61,124,539	60,458,656	665,883
Bond issuance costs and other	2,500,000	3,623,135	1,868,368	1,754,767
Total expenditures	321,900,342	327,588,780	315,976,456	11,612,324
Excess (deficiency) of revenues over (under) expenditures	(319,720,342)	(325,408,780)	(312,990,744)	12,418,036
OTHER FINANCING SOURCES (USES)				
General obligation bonds issued	500,000	500,000	845,015	345,015
Transfers in from:				
General Fund	314,950,773	314,950,773	314,950,773	-
Other funds	4,269,569	4,269,569	4,269,569	-
Transfers out	-	(4,524,735)	(4,524,735)	-
Total other financing sources, net	319,720,342	315,195,607	315,540,622	345,015
Net change in fund balance, net	\$ -	(10,213,173)	2,549,878	12,763,051



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, 2016

	Contributed Roadway Improvement	Library Construction	County Construction	Capital Renewal Construction
ASSETS				
Equity in pooled cash and temporary investments	\$ 65,916,896	3,568,883	69,140,719	15,750,050
Receivables:				
Accounts	-	-	177,747	-
Accrued interest	702	-	-	-
Loans	-	-	-	-
Due from intergovernmental units	1,235	-	-	-
Restricted assets:				
Equity in pooled cash and temporary investments	-	9,494,128	9,744,024	2,990,154
Cash with fiscal agents	-	-	2,668,903	-
Total assets	65,918,833	13,063,011	81,731,393	18,740,204
DEFERRED OUTFLOWS OF RESOURCES				
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	\$ 65,918,833	13,063,011	81,731,393	18,740,204
LIABILITIES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 81,976	549,623	1,105,911	298,548
Contract retainages	-	123,300	386,207	-
Due to component units	-	-	776,821	-
Interfund payables	-	-	-	-
Unearned revenue	-	-	26,688,294	-
Performance and other deposits	21,439,655	1,337	2,310,561	-
Total liabilities	21,521,631	674,260	31,267,794	298,548
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Total liabilities and deferred inflows of resources	21,521,631	674,260	31,267,794	298,548
FUND BALANCES				
Restricted for:				
Capital projects	44,397,202	12,388,751	9,744,024	2,990,154
Total Restricted	44,397,202	12,388,751	9,744,024	2,990,154
Committed to:				
Capital projects	-	-	40,719,575	15,451,502
Total Committed	-	-	40,719,575	15,451,502
Unassigned:	-	-	-	-
Total fund balances	44,397,202	12,388,751	50,463,599	18,441,656
Total liabilities, deferred inflows of resources, and fund balances	\$ 65,918,833	13,063,011	81,731,393	18,740,204

EXHIBIT F

Transportation Improvements	Pedestrian Walkway Improvements	Metro Operations and Construction	
			ASSETS
-	3,036,535	-	Equity in pooled cash and temporary investments
			Receivables:
-	-	-	Accounts
-	-	-	Accrued interest
-	-	-	Loans
150,287	18,622	-	Due from intergovernmental units
			Restricted assets:
20,397,975	-	-	Equity in pooled cash and temporary investments
-	-	-	Cash with fiscal agents
20,548,262	3,055,157	-	Total assets
			DEFERRED OUTFLOWS OF RESOURCES
-	-	-	Total deferred outflows of resources
20,548,262	3,055,157	-	Total assets and deferred outflows of resources
			LIABILITIES
			Liabilities:
1,519,315	3,959	-	Accounts payable and accrued liabilities
378,362	2,025	-	Contract retainages
-	-	-	Due to component units
-	-	19,099	Interfund payables
-	-	-	Unearned revenue
-	128,722	1,755	Performance and other deposits
1,897,677	134,706	20,854	Total liabilities
			DEFERRED INFLOW OF RESOURCES
-	-	-	Unavailable revenue
-	-	-	Total deferred inflows of resources
1,897,677	134,706	20,854	Total liabilities and deferred inflows of resources
			FUND BALANCES
			Restricted for:
18,650,585	782,788	-	Capital projects
18,650,585	782,788	-	Total Restricted
			Committed to:
-	2,137,663	-	Capital projects
-	2,137,663	-	Total Committed
-	-	(20,854)	Unassigned:
18,650,585	2,920,451	(20,854)	Total fund balances
20,548,262	3,055,157	-	Total liabilities, deferred inflows of resources, and fund balances

continued

COUNTY OF FAIRFAX, VIRGINIA
Capital Projects Funds
Combining Balance Sheet
June 30, 2016

	Public Safety Construction	Commercial Revitalization Program	Pro Rata Drainage Construction
ASSETS			
Equity in pooled cash and temporary investments	\$ 5,750,000	931,398	2,567,034
Receivables:			
Accounts	-	-	-
Accrued interest	-	-	-
Loans	-	-	-
Due from intergovernmental units	-	63,599	-
Restricted assets:			
Equity in pooled cash and temporary investments	23,822,192	-	-
Cash with fiscal agents	71,801,713	-	-
Total assets	101,373,905	994,997	2,567,034
DEFERRED OUTFLOWS OF RESOURCES			
Total deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	\$ 101,373,905	994,997	2,567,034
LIABILITIES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 4,874,450	-	3,100
Contract retainages	6,205,389	787	21,543
Due to component units	-	-	-
Interfund payables	-	-	-
Unearned revenue	-	-	-
Performance and other deposits	-	-	1,510,071
Total liabilities	11,079,839	787	1,534,714
DEFERRED INFLOW OF RESOURCES			
Unavailable revenue	-	-	-
Total deferred inflows of resources	-	-	-
Total liabilities and deferred inflows of resources	11,079,839	787	1,534,714
FUND BALANCES			
Restricted for:			
Capital projects	84,444,066	994,210	1,032,320
Total Restricted	84,444,066	994,210	1,032,320
Committed to:			
Capital projects	5,850,000	-	-
Total Committed	5,850,000	-	-
Unassigned:	-	-	-
Total fund balances	90,294,066	994,210	1,032,320
Total liabilities, deferred inflows of resources, and fund balances	\$ 101,373,905	994,997	2,567,034

EXHIBIT F
concluded

Housing Assistance Program	The Penny for Affordable Housing	Total Capital Projects Funds	
			ASSETS
2,664,713	34,972,947	204,299,175	Equity in pooled cash and temporary investments
-	-	177,747	Receivables:
-	3,191,668	3,192,370	Accounts
-	34,822,094	34,822,094	Accrued interest
-	-	233,743	Loans
4,023,962	-	70,472,435	Due from intergovernmental units
-	-	74,470,616	Restricted assets:
6,688,675	72,986,709	387,668,180	Equity in pooled cash and temporary investments
			Cash with fiscal agents
			Total assets
			DEFERRED OUTFLOWS OF RESOURCES
-	-	-	Total deferred outflows of resources
6,688,675	72,986,709	387,668,180	Total assets and deferred outflows of resources
			LIABILITIES AND FUND BALANCES
5,100	240,132	8,682,114	Liabilities:
-	-	7,117,613	Accounts payable and accrued liabilities
-	-	776,821	Contract retainages
-	-	19,099	Due to component units
-	-	26,688,294	Interfund payables
-	-	25,392,101	Unearned revenues
5,100	240,132	68,676,042	Performance and other deposits
			Total liabilities
			DEFERRED INFLOW OF RESOURCES
-	3,191,668	3,191,668	Unavailable revenue
-	3,191,668	3,191,668	Total deferred inflows of resources
5,100	3,431,800	71,867,710	Total liabilities and deferred inflows of resources
			FUND BALANCES
6,683,575	16,335,997	198,443,672	Restricted for:
6,683,575	16,335,997	198,443,672	Capital projects
-	53,218,912	117,377,652	Total Restricted
-	53,218,912	117,377,652	Committed to:
-	-	(20,854)	Capital projects
6,683,575	69,554,909	315,800,470	Total Committed
6,688,675	72,986,709	387,668,180	Unassigned:
			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, 2016

	Contributed Roadway Improvement	Library Construction	County Construction	Capital Renewal Construction
REVENUES				
Taxes	\$ -	-	-	-
Intergovernmental	4,600	-	-	467,321
Charges for services	-	-	1,327,532	-
Developers' contributions	2,748,886	-	466,731	-
Revenue from the use of money and property	221,077	-	419,873	-
Recovered costs	-	-	1,482,099	-
Total revenues	2,974,563	-	3,696,235	467,321
EXPENDITURES				
Current:				
General government administration	-	-	978,091	4,592,790
Public safety	-	-	562	-
Public works	-	-	9,779	-
Health and welfare	-	-	4,675,186	-
Community development	599,643	-	4,588,527	-
Parks, recreation, and cultural	-	-	4,170,868	-
Intergovernmental:				
Community development	-	-	-	-
Parks, recreation, and cultural	-	-	25,465,049	-
Education - for Public Schools	-	-	156,500,000	-
Capital outlay:				
General government administration	-	-	1,413,937	7,388,432
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	4,016,908	-
Community development	-	-	636,049	-
Parks, recreation, and cultural	-	2,916,631	681,438	-
Debt service:				
Principal retirement	-	-	645,000	-
Interest and other charges	-	-	271,851	-
Total expenditures	599,643	2,916,631	204,053,245	11,981,222
Excess (Deficiency of) revenues over (under) expenditures	2,374,920	(2,916,631)	(200,357,010)	(11,513,901)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	31,493,591	13,353,356
Transfers out	(143,825)	-	(959,619)	(3,769,486)
General obligation bonds issued	-	5,385,000	150,752,800	-
Premium on general obligation bonds issued	-	1,615,000	25,206,819	-
Total other financing sources (uses), net	(143,825)	7,000,000	206,493,591	9,583,870
Net change in fund balances	2,231,095	4,083,369	6,136,581	(1,930,031)
Fund balances, July 1, 2015	42,166,107	8,305,382	44,327,018	20,371,687
Fund balances, June 30, 2016	\$ 44,397,202	12,388,751	50,463,599	18,441,656

EXHIBIT F-1

Transportation Improvements	Pedestrian Walkway Improvements	Metro Operations and Construction	
REVENUES			
-	-	-	- Taxes
-	408,904	-	- Intergovernmental
-	-	-	- Charges for services
-	191,019	-	- Developers' contributions
-	-	-	- Revenue from the use of money and property
-	-	-	- Recovered costs
-	599,923	-	- Total revenues
EXPENDITURES			
Current:			
-	-	-	- General government administration
-	-	-	- Public safety
-	-	-	- Public works
-	-	-	- Health and welfare
8,860,844	595,965	-	- Community development
-	-	-	- Parks, recreation, and cultural
Intergovernmental:			
-	-	32,950,226	- Community development
-	-	-	- Parks, recreation, and cultural
-	-	-	- Education - for Public Schools
Capital outlay:			
-	-	-	- General government administration
-	-	-	- Public safety
-	-	-	- Public works
-	-	-	- Health and welfare
7,666,989	350,248	-	- Community development
-	-	-	- Parks, recreation, and cultural
Debt service:			
-	-	-	- Principal retirement
-	-	-	- Interest and other charges
16,527,833	946,213	32,950,226	Total expenditures
Deficiency of revenues			
(16,527,833)	(346,290)	(32,950,226)	under expenditures
OTHER FINANCING SOURCES (USES)			
-	1,137,663	11,442,121	Transfers in
-	-	(2,591,895)	Transfers out
15,405,000	-	23,190,000	General obligation bonds issued
4,595,000	-	-	Premium on general obligation bonds issued
20,000,000	1,137,663	32,040,226	Total other financing sources (uses)
3,472,167	791,373	(910,000)	Net change in fund balances
15,178,418	2,129,078	889,146	Fund balances, July 1, 2015
18,650,585	2,920,451	(20,854)	Fund balances, June 30, 2016

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, 2016

	Public Safety Construction	Commercial Revitalization Program	Pro Rata Drainage Construction
REVENUES			
Taxes	\$ -	-	-
Intergovernmental	-	168,030	-
Charges for services	-	-	-
Developers' contributions	10,000	-	-
Revenue from the use of money and property	488,882	-	-
Recovered costs	-	-	2,577,768
Total revenues	498,882	168,030	2,577,768
EXPENDITURES			
Current:			
General government administration	-	-	-
Public safety	494,727	-	-
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	67,439,159	-	-
Public works	-	-	2,577,768
Health and welfare	-	-	-
Community development	-	297,327	-
Parks, recreation, and cultural	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and other charges	-	-	-
Total expenditures	67,933,886	297,327	2,577,768
Excess (Deficiency of) revenues over (under) expenditures	(67,435,004)	(129,297)	-
OTHER FINANCING SOURCES (USES)			
Transfers in	100,000	-	-
Transfers out	-	-	-
General obligation bonds issued	17,672,200	-	-
Premium on general obligation bonds issued	865,000	-	-
Total other financing sources (uses)	18,637,200	-	-
Net change in fund balances	(48,797,804)	(129,297)	-
Fund balances, July 1, 2015	139,091,870	1,123,507	1,032,320
Fund balances, June 30, 2016	\$ 90,294,066	994,210	1,032,320

EXHIBIT F-1
concluded

Housing Assistance Program	The Penny for Affordable Housing	Total Capital Projects Funds	
REVENUES			
-	11,300,000	11,300,000	Taxes
-	-	1,048,855	Intergovernmental
-	-	1,327,532	Charges for services
-	-	3,416,636	Developers' contributions
-	5,244,860	6,374,692	Revenue from the use of money and property
111,330	-	4,171,197	Recovered costs
111,330	16,544,860	27,638,912	Total revenues
EXPENDITURES			
Current:			
-	-	5,570,881	General government administration
-	-	495,289	Public safety
-	-	9,779	Public works
-	-	4,675,186	Health and welfare
19,785	3,187,113	17,851,877	Community development
-	-	4,170,868	Parks, recreation, and cultural
Intergovernmental:			
-	312,858	33,263,084	Community development
-	-	25,465,049	Parks, recreation, and cultural
-	-	156,500,000	Education - for Public Schools
Capital outlay:			
-	-	8,802,369	General government administration
-	-	67,439,159	Public safety
-	-	2,577,768	Public works
-	-	4,016,908	Health and welfare
-	-	8,950,613	Community development
-	-	3,598,069	Parks, recreation, and cultural
Debt service:			
-	4,540,000	5,185,000	Principal retirement
-	4,126,016	4,397,867	Interest and other charges
19,785	12,165,987	352,969,766	Total expenditures
91,545	4,378,873	(325,330,854)	Excess (Deficiency of) revenues over (under) expenditures
OTHER FINANCING SOURCES (USES)			
-	-	57,526,731	Transfers in
-	-	(7,464,825)	Transfers out
-	-	212,405,000	General obligation bonds issued
-	-	32,281,819	Premium on general obligation bonds issued
-	-	294,748,725	Total other financing sources (uses)
91,545	4,378,873	(30,582,129)	Net change in fund balances
6,592,030	65,176,036	346,382,599	Fund balances, July 1, 2015
6,683,575	69,554,909	315,800,470	Fund balances, June 30, 2016



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, 2016

	Vehicle Services	Self- Insurance	Document Services
ASSETS			
Current assets:			
Equity in pooled cash and temporary investments	\$ 38,728,063	118,843,773	1,403,307
Accounts receivable	48,540	-	37
Accrued interest receivable	-	1,018	-
Interfund receivables	-	-	-
Inventories of supplies	3,011,031	-	-
Prepaid and other assets	-	-	946
Total current assets	41,787,634	118,844,791	1,404,290
Long-term assets:			
Capital assets:			
Non-depreciable/non-amortizable:			
Land	1,938,688	-	-
Construction in progress	10,796,546	-	-
Equipment under construction	4,068,422	-	-
Depreciable:			
Equipment	123,090,263	-	4,519,049
Software	-	-	-
Buildings and improvements	20,703,425	-	-
Infrastructure	3,539,277	-	-
Accumulated depreciation	(89,494,576)	-	(2,670,782)
Accumulated amortization	-	-	-
Total capital assets, net	74,642,045	-	1,848,267
Total assets	116,429,679	118,844,791	3,252,557
DEFERRED OUTFLOWS OF RESOURCES			
Total deferred outflows of resources	-	-	-
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	2,814,384	46,376	151,973
Accrued salaries and benefits	1,131,449	75,811	39,742
Compensated absences payable	1,034,018	94,921	49,659
Obligations under capital leases	-	-	852,926
Insurance and benefit claims payable	-	18,621,000	-
Total current liabilities	4,979,851	18,838,108	1,094,300
Long-term liabilities:			
Compensated absences payable	1,063,287	33,578	37,783
Obligations under capital leases	-	-	905,533
Insurance and benefit claims payable	-	35,719,000	-
Total long-term liabilities	1,063,287	35,752,578	943,316
Total liabilities	6,043,138	54,590,686	2,037,616
DEFERRED INFLOWS OF RESOURCES			
Total deferred inflows of resources	-	-	-
NET POSITION			
Net investment in capital assets	74,642,045	-	89,808
Unrestricted	35,744,496	64,254,105	1,125,133
Net position	\$ 110,386,541	64,254,105	1,214,941

EXHIBIT G

Technology Infrastructure Services	Health Benefits	Total Internal Service Funds	
			ASSETS
			Current assets:
7,614,084	63,869,710	230,458,937	Equity in pooled cash and temporary investments
4,048	-	52,625	Accounts receivable
-	830	1,848	Accrued interest receivable
-	1,398,372	1,398,372	Interfund receivables
-	-	3,011,031	Inventories of supplies
-	-	946	Prepaid and other assets
<u>7,618,132</u>	<u>65,268,912</u>	<u>234,923,759</u>	Total current assets
			Long-term assets:
			Capital assets:
			Non-depreciable/non-amortizable:
-	-	1,938,688	Land
-	273,548	11,070,094	Construction in progress
836,154	-	4,904,576	Equipment under construction
			Depreciable:
28,343,910	33,820	155,987,042	Equipment
2,200,587	-	2,200,587	Software
1,041,627	-	21,745,052	Buildings and improvements
-	-	3,539,277	Infrastructure
(17,028,018)	(20,522)	(109,213,898)	Accumulated depreciation
<u>(1,187,028)</u>	<u>-</u>	<u>(1,187,028)</u>	Accumulated amortization
<u>14,207,232</u>	<u>286,846</u>	<u>90,984,390</u>	Total capital assets, net
<u>21,825,364</u>	<u>65,555,758</u>	<u>325,908,149</u>	Total assets
			DEFERRED OUTFLOWS OF RESOURCES
-	-	-	Total deferred outflows of resources
			LIABILITIES
			Current liabilities:
1,067,745	4,463,744	8,544,222	Accounts payable and accrued liabilities
376,490	17,805	1,641,297	Accrued salaries and benefits
497,631	3,973	1,680,202	Compensated absences payable
185,819	-	1,038,745	Obligations under capital leases
-	11,478,000	30,099,000	Insurance and benefit claims payable
<u>2,127,685</u>	<u>15,963,522</u>	<u>43,003,466</u>	Total current liabilities
			Long-term liabilities:
355,882	-	1,490,530	Compensated absences payable
190,928	-	1,096,461	Obligations under capital leases
-	-	35,719,000	Insurance and benefit claims payable
<u>546,810</u>	<u>-</u>	<u>38,305,991</u>	Total long-term liabilities
<u>2,674,495</u>	<u>15,963,522</u>	<u>81,309,457</u>	Total liabilities
			DEFERRED INFLOWS OF RESOURCES
-	-	-	Total deferred inflows of resources
			NET POSITION
13,830,485	286,846	88,849,184	Net investment in capital assets
<u>5,320,384</u>	<u>49,305,390</u>	<u>155,749,508</u>	Unrestricted
<u>19,150,869</u>	<u>49,592,236</u>	<u>244,598,692</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, 2016

	Vehicle Services	Self- Insurance	Document Services
OPERATING REVENUES:			
Charges for services	\$ 72,804,099	26,450,657	3,130,475
Recovered costs	126,037	-	-
Total operating revenues	72,930,136	26,450,657	3,130,475
OPERATING EXPENSES:			
Personnel services	21,756,421	1,455,804	837,772
Materials and supplies	933,228	204,040	633,369
Equipment operation and maintenance	27,906,691	190,219	1,569,828
Risk financing and benefit payments	-	26,119,246	-
Depreciation	12,385,055	-	853,970
Professional consultant and contractual services	7,382,062	588,730	1,342,182
Other	94,918	94,420	-
Total operating expenses	70,458,375	28,652,459	5,237,121
Operating income (loss)	2,471,761	(2,201,802)	(2,106,646)
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	-	339,876	-
Interest expense	-	-	(131,856)
Gain (loss) on disposal of capital assets	226,368	-	-
Total nonoperating revenues (expenses), net	226,368	339,876	(131,856)
Income (loss) before transfers and contributions	2,698,129	(1,861,926)	(2,238,502)
Capital contributions	46,425	-	-
Transfers in	-	-	2,278,233
Change in net position	2,744,554	(1,861,926)	39,731
Net position, July 1, 2015	107,641,987	66,116,031	1,175,210
Net position, June 30, 2016	\$ 110,386,541	64,254,105	1,214,941

EXHIBIT G-1

Technology Infrastructure Services	Health Benefits	Total Internal Service Funds	
29,973,814	178,063,016	310,422,061	OPERATING REVENUES:
-	-	126,037	Charges for services
29,973,814	178,063,016	310,548,098	Recovered costs
			Total operating revenues
			OPERATING EXPENSES:
6,651,561	-	30,701,558	Personnel services
187,328	38,209	1,996,174	Materials and supplies
4,951,479	124,462	34,742,679	Equipment operation and maintenance
-	166,477,665	192,596,911	Risk financing and benefit payments
3,648,468	4,719	16,892,212	Depreciation
19,368,272	36,950	28,718,196	Professional consultant and contractual services
65,938	9,648,333	9,903,609	Other
34,873,046	176,330,338	315,551,339	Total operating expenses
(4,899,232)	1,732,678	(5,003,241)	Operating income (loss)
			NONOPERATING REVENUES (EXPENSES):
-	172,704	512,580	Interest revenue
(11,133)	-	(142,989)	Interest expense
(2,604)	-	223,764	Gain (loss) on disposal of capital assets
(13,737)	172,704	593,355	Total nonoperating revenues (expenses)
(4,912,969)	1,905,382	(4,409,886)	Income (loss) before transfers and contributions
-	-	46,425	Capital contributions
4,621,425	-	6,899,658	Transfers in
(291,544)	1,905,382	2,536,197	Change in net position
19,442,413	47,686,854	242,062,495	Net position, July 1, 2015
19,150,869	49,592,236	244,598,692	Net position, June 30, 2016

COUNTY OF FAIRFAX, VIRGINIA
Internal Service Funds
Combining Statement of Cash Flows
For the fiscal year ended June 30, 2016

	Vehicle Services	Self- Insurance	Document Services
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 72,968,590	26,450,657	3,132,485
Payments to suppliers and contractors	(34,096,612)	-	(3,469,620)
Payments to employees	(21,526,948)	(1,441,912)	(828,659)
Claims and benefits paid	-	(22,377,936)	-
Payments for interfund services used	(2,710,271)	(1,077,409)	-
Net cash provided by (used in) operating activities	14,634,759	1,553,400	(1,165,794)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	-	2,278,233
Net cash provided by noncapital financing activities	-	-	2,278,233
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of capital assets	650,864	-	-
Purchase of capital assets	(15,137,475)	-	(32,500)
Principal payments on obligations under capital leases	-	-	(803,376)
Interest payments on obligations under capital leases	-	-	(131,856)
Net cash used in capital and related financing activities	(14,486,611)	-	(967,732)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	339,352	-
Net cash provided by investing activities	-	339,352	-
Net increase (decrease) in cash and cash equivalents	148,148	1,892,752	144,707
Cash and cash equivalents, July 1, 2015	38,579,915	116,951,021	1,258,600
Cash and cash equivalents, June 30, 2016	\$ 38,728,063	118,843,773	1,403,307
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 2,471,761	(2,201,802)	(2,106,646)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	12,385,055	-	853,970
Change in assets and liabilities:			
(Increase) Decrease in accounts receivable	38,454	-	2,010
Increase in interfund receivables	-	-	-
Decrease in inventories of supplies	45,856	-	-
(Increase) Decrease in other assets	-	-	(946)
Increase (Decrease) in accounts payable and accrued liabilities	(535,841)	3,741,310	76,705
Increase (Decrease) in accrued salaries and benefits	229,474	13,892	9,113
Total adjustments to operating income	12,162,998	3,755,202	940,852
Net cash provided by (used in) operating activities	14,634,759	1,553,400	(1,165,794)
Noncash capital and financing activities:			
Initiation of an obligation under capital lease	\$ -	-	3,318,540
Capital contributions - equipment	46,425	-	-

EXHIBIT G-2

Technology Infrastructure Services	Health Benefits	Total Internal Service Funds	
CASH FLOWS FROM OPERATING ACTIVITIES			
29,969,766	177,850,475	310,371,973	Receipts from interfund services provided
(24,084,942)	(4,882,502)	(66,533,676)	Payments to suppliers and contractors
(6,673,358)	-	(30,470,877)	Payments to employees
-	(167,669,823)	(190,047,759)	Claims and benefits paid
-	-	(3,787,680)	Payments for interfund services used
(788,534)	5,298,150	19,531,981	Net cash provided by (used in) operating activities
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
4,621,425	-	6,899,658	Transfers from other funds
4,621,425	-	6,899,658	Net cash provided by noncapital financing activities
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
584	-	651,448	Proceeds from sale of capital assets
(4,568,732)	(6,463)	(19,745,170)	Purchase of capital assets
(180,846)	-	(984,222)	Principal payments on obligations under capital leases
(15,334)	-	(147,190)	Interest payments on obligations under capital leases
(4,764,328)	(6,463)	(20,225,134)	Net cash used in capital and related financing activities
CASH FLOWS FROM INVESTING ACTIVITIES			
-	172,660	512,012	Interest received
-	172,660	512,012	Net cash provided by investing activities
(931,437)	5,464,347	6,718,517	Net increase (decrease) in cash and cash equivalents
8,545,521	58,405,363	223,740,420	Cash and cash equivalents, July 1, 2015
7,614,084	63,869,710	230,458,937	Cash and cash equivalents, June 30, 2016
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
(4,899,232)	1,732,678	(5,003,241)	Operating income (loss)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
3,648,468	4,719	16,892,212	Depreciation and amortization
Change in assets and liabilities:			
(4,048)	47,219	83,635	(Increase) Decrease in accounts receivable
-	(259,759)	(259,759)	Increase in interfund receivables
-	-	45,856	Decrease in inventories of supplies
254,833	-	253,887	Increase (Decrease) in other assets
233,242	3,762,628	7,278,044	Increase (Decrease) in accounts payable and accrued liabilities
(21,797)	10,665	241,347	Increase (Decrease) in accrued salaries and benefits
4,110,698	3,565,472	24,535,222	Total adjustments to operating income
(788,534)	5,298,150	19,531,981	Net cash provided by (used in) operating activities
Noncash capital and financing activities:			
-	-	3,318,540	Initiation of an obligation under capital lease
-	-	46,425	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, 2016

	Uniformed Retirement	Employees' Retirement	Police Officers Retirement
ASSETS			
Equity in pooled cash and temporary investments	\$ 1,967,348	4,993,048	1,557,138
Cash collateral for securities lending	15,980,331	301,316,481	12,294,528
Contributions receivable	4,131,912	7,390,056	2,666,459
Accrued interest and dividends receivable	2,483,724	9,797,444	2,162,693
Receivable from sale of pension investments	21,335,909	120,841,193	3,536,699
Equipment	272	1,269	272
Investments:			
U.S. Government securities	28,931,620	106,026,000	53,072,184
Asset-backed securities	94,558,677	160,353,573	75,710,401
Corporate and other bonds	121,989,223	373,891,983	70,178,147
Common and preferred stock	169,059,146	1,143,663,759	151,533,585
Short-term investments	123,384,810	236,842,762	55,523,234
Investment in pooled funds	955,819,142	1,603,601,463	860,476,806
Total assets	1,539,642,114	4,068,719,031	1,288,712,146
DEFERRED OUTFLOWS OF RESOURCES			
Total deferred outflows of resources	-	-	-
LIABILITIES			
Accounts payable and accrued liabilities	2,748,884	7,716,391	2,130,973
Payable for purchase of pension investments	22,170,521	169,419,443	3,857,400
Liabilities for collateral received under securities lending agreements	15,980,331	301,316,481	12,294,528
Compensated absences, short term	23,582	110,050	23,582
Long-term liabilities:			
Compensated absences, long-term	15,951	74,437	15,950
Total liabilities	40,939,269	478,636,802	18,322,433
DEFERRED INFLOW OF RESOURCES			
Total deferred inflows of resources	-	-	-
NET POSITION			
Held in trust for pension/OPEB benefits	\$ 1,498,702,845	3,590,082,229	1,270,389,713

EXHIBIT H

Total Pension Trust Funds	OPEB Trust Fund	Total Trust Funds	
8,517,534	4,306,262	12,823,796	ASSETS
329,591,340	-	329,591,340	Equity in pooled cash and temporary investments
14,188,427	104,838	14,293,265	Cash collateral for securities lending
14,443,861	14,167	14,458,028	Contributions receivable
145,713,801	-	145,713,801	Accrued interest and dividends receivable
1,813	-	1,813	Receivable from sale of pension investments
			Equipment
			Investments:
188,029,804	-	188,029,804	U.S. Government securities
330,622,651	-	330,622,651	Asset-backed securities
566,059,353	-	566,059,353	Corporate and other bonds
1,464,256,490	-	1,464,256,490	Common and preferred stock
415,750,806	-	415,750,806	Short-term investments
3,419,897,411	236,874,855	3,656,772,266	Investment in pooled funds
6,897,073,291	241,300,122	7,138,373,413	Total assets
			DEFERRED OUTFLOWS OF RESOURCES
-	-	-	Total deferred outflows of resources
			LIABILITIES
12,596,248	42,740	12,638,988	Accounts payable and accrued liabilities
195,447,364	-	195,447,364	Payable for purchase of pension investments
329,591,340	-	329,591,340	Liabilities for collateral received under securities
157,214	-	157,214	lending agreements
			Compensated absences, short term
106,338	-	106,338	Long-term liabilities:
537,898,504	42,740	537,941,244	Compensated absences, long-term
			Total liabilities
			DEFERRED INFLOW OF RESOURCES
-	-	-	Total deferred inflows of resources
			NET POSITION
6,359,174,787	241,257,382	6,600,432,169	Held in trust 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, 2016

	Uniformed Retirement	Employees' Retirement	Police Officers Retirement
ADDITIONS			
Contributions:			
Employer	\$ 65,548,338	155,780,373	40,646,884
Plan members	12,020,447	34,627,061	9,324,066
Other	-	-	-
Total contributions	77,568,785	190,407,434	49,970,950
Investment income:			
From investment activities:			
Net depreciation in fair value of investments	(32,235,126)	(65,935,675)	(2,135,185)
Interest	13,085,114	33,891,343	11,420,882
Dividends	10,213,011	28,398,477	4,720,946
Total income (loss) from investment activities	(8,937,001)	(3,645,855)	14,006,643
Less investment activities expenses:			
Management fees	3,970,311	12,308,034	2,933,668
Other	640,654	1,381,904	354,320
Total investment activities expenses	4,610,965	13,689,938	3,287,988
Net income (loss) from investment activities	(13,547,966)	(17,335,793)	10,718,655
From securities lending activities:			
Securities lending income	160,209	1,084,468	67,164
Less securities lending expenses:			
Management fees	59,333	416,962	21,791
Total securities lending activities expenses	59,333	416,962	21,791
Net income from securities lending activities	100,876	667,506	45,373
Net investment income (loss)	(13,447,090)	(16,668,287)	10,764,028
Total additions	64,121,695	173,739,147	60,734,978
DEDUCTIONS			
Benefits	89,730,185	270,800,631	70,352,623
Refunds of contributions	805,890	4,101,311	397,188
Administrative expenses	500,255	2,112,595	510,544
Total deductions	91,036,330	277,014,537	71,260,355
Net increase (decrease)	(26,914,635)	(103,275,390)	(10,525,377)
Net position, July 1, 2015	1,525,617,480	3,693,357,619	1,280,915,090
Net position, June 30, 2016	\$ 1,498,702,845	3,590,082,229	1,270,389,713

EXHIBIT H-1

Total Pension Trust Funds	OPEB Trust Fund	Total Trust Funds	
261,975,595	34,120,866	296,096,461	ADDITIONS
55,971,574	-	55,971,574	Contributions:
-	1,419,231	1,419,231	Employer
317,947,169	35,540,097	353,487,266	Plan members
			Other
			Total contributions
			Investment income:
			From investment activities:
(100,305,986)	(456,407)	(100,762,393)	Net depreciation in fair value
58,397,339	38,867	58,436,206	of investments
43,332,434	-	43,332,434	Interest
1,423,787	(417,540)	1,006,247	Dividends
			Total income (loss) from investment activities
19,212,013	157,658	19,369,671	Less investment activities expenses:
2,376,878	500	2,377,378	Management fees
21,588,891	158,158	21,747,049	Other
(20,165,104)	(575,698)	(20,740,802)	Total investment activities expenses
			Net income (loss) from investment activities
1,311,841	-	1,311,841	From securities lending activities:
			Securities lending income
498,086	-	498,086	Less securities lending expenses:
498,086	-	498,086	Management fees
813,755	-	813,755	Total securities lending activities expenses
(19,351,349)	(575,698)	(19,927,047)	Net income from securities lending activities
298,595,820	34,964,399	333,560,219	Net investment income (loss)
			Total additions
			DEDUCTIONS
430,883,439	18,257,270	449,140,709	Benefits
5,304,389	-	5,304,389	Refunds of contributions
3,123,394	117,010	3,240,404	Administrative expenses
439,311,222	18,374,280	457,685,502	Total deductions
(140,715,402)	16,590,119	(124,125,283)	Net increase (decrease)
6,499,890,189	224,667,263	6,724,557,452	Net position, July 1, 2015
6,359,174,787	241,257,382	6,600,432,169	Net position, June 30, 2016

COUNTY OF FAIRFAX, VIRGINIA

Agency Funds

Combining Statement of Fiduciary Assets and Liabilities

June 30, 2016

	Sanitary Reimbursement	Special Welfare	State Taxes	Route 28
ASSETS				
Equity in pooled cash and temporary investments	\$ 1,656,357	530,170	66,885	126,291
Accounts receivable	-	-	-	516,234
Total assets	1,656,357	530,170	66,885	642,525
LIABILITIES				
Liabilities under reimbursement agreements	1,656,357	530,170	66,885	642,525
Total liabilities	\$ 1,656,357	530,170	66,885	642,525

EXHIBIT H-2

Lake Barcroft	Friends of Library	Toll Road Violations Penalties	Total Agency Funds	
ASSETS				
-	8,075	310	2,388,088	Equity in pooled cash and temporary investments
3,151	-	-	519,385	Accounts receivable
3,151	8,075	310	2,907,473	Total assets
LIABILITIES				
3,151	8,075	310	2,907,473	Liabilities under reimbursement agreements
3,151	8,075	310	2,907,473	Total liabilities

COUNTY OF FAIRFAX, VIRGINIA
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the fiscal year ended June 30, 2016

EXHIBIT H-3

	Balances June 30, 2015	Additions	Deductions	Balances June 30, 2016
Sanitary Reimbursement				
Assets:				
Equity in pooled cash and temporary investments	\$ 1,651,840	6,111	1,594	1,656,357
Total assets	1,651,840	6,111	1,594	1,656,357
Liabilities:				
Liabilities under reimbursement agreements	1,651,840	6,111	1,594	1,656,357
Total liabilities	1,651,840	6,111	1,594	1,656,357
Special Welfare				
Assets:				
Equity in pooled cash and temporary investments	477,637	610,099	557,566	530,170
Total assets	477,637	610,099	557,566	530,170
Liabilities:				
Liabilities under reimbursement agreements	477,637	610,099	557,566	530,170
Total liabilities	477,637	610,099	557,566	530,170
State Taxes				
Assets:				
Equity in pooled cash and temporary investments	14,019	11,466,716	11,413,850	66,885
Total assets	14,019	11,466,716	11,413,850	66,885
Liabilities:				
Liabilities under reimbursement agreements	14,019	11,466,716	11,413,850	66,885
Total liabilities	14,019	11,466,716	11,413,850	66,885
Route 28				
Assets:				
Equity in pooled cash and temporary investments	1,610	9,854,415	9,729,734	126,291
Accounts receivable	58,147	13,495,088	13,037,001	516,234
Total assets	59,757	23,349,503	22,766,735	642,525
Liabilities:				
Liabilities under reimbursement agreements	59,757	23,349,503	22,766,735	642,525
Total liabilities	59,757	23,349,503	22,766,735	642,525
Lake Barcroft				
Assets:				
Equity in pooled cash and temporary investments	400	1,063,603	1,064,003	-
Accounts receivable	1,789	1,093,942	1,092,580	3,151
Total assets	2,189	2,157,545	2,156,583	3,151
Liabilities:				
Liabilities under reimbursement agreements	2,189	2,157,545	2,156,583	3,151
Total liabilities	2,189	2,157,545	2,156,583	3,151
Friends of Library				
Assets:				
Equity in pooled cash and temporary investments	9,245	94,753	95,923	8,075
Total assets	9,245	94,753	95,923	8,075
Liabilities:				
Liabilities under reimbursement agreements	9,245	94,753	95,923	8,075
Total liabilities	9,245	94,753	95,923	8,075
Toll Road Violation Penalties Fund				
Assets:				
Equity in pooled cash and temporary investments	462	885,653	885,805	310
Total assets	462	885,653	885,805	310
Liabilities:				
Liabilities under reimbursement agreements	462	885,653	885,805	310
Total liabilities	462	885,653	885,805	310
Total Agency Funds:				
Assets:				
Equity in pooled cash and temporary investments	2,155,213	23,981,350	23,748,475	2,388,088
Accounts receivable	59,936	14,589,030	14,129,581	519,385
Total assets	2,215,149	38,570,380	37,878,056	2,907,473
Liabilities:				
Liabilities under reimbursement agreements	2,215,149	38,570,380	37,878,056	2,907,473
Total liabilities	\$ 2,215,149	38,570,380	37,878,056	2,907,473



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, 2016

County Public Schools			Nonmajor Governmental	
Balance Sheet - Governmental Funds				
2016				
	General Fund	Capital Projects Fund	Food and Nutrition Services	Special Revenue Grants and Self-Supporting Programs
ASSETS				
Equity in pooled cash and temporary investments	\$ 139,750,002	421	12,100,122	343,604
Receivables:				
Accounts	59,746	-	54,076	-
Accrued interest	25	-	13,284	6,611
Due from intergovernmental units	25,517,295	7,067,783	3,086,072	15,557,987
Due from Primary Government	87,000	-	255,859	-
Interfund receivables	30,363,000	-	-	-
Inventories of supplies	-	-	1,501,206	-
Prepaid and other assets	143,724	-	27,602	-
Restricted assets - investments	-	100,059,514	-	-
Total assets	195,920,792	107,127,718	17,038,221	15,908,202
DEFERRED OUTFLOWS OF RESOURCES				
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	\$ 195,920,792	107,127,718	17,038,221	15,908,202
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 16,782,628	14,657,886	67,205	1,140,933
Accrued salaries and benefits	36,505,872	8,657	1,264,166	171,063
Contract retainages	-	15,309,072	-	-
Interfund payables	-	30,363,000	-	-
Unearned revenues	559,244	-	2,247,887	2,674,199
Performance and other deposits	-	4,349,365	-	-
Total liabilities	53,847,744	64,687,980	3,579,258	3,986,195
DEFERRED INFLOWS OF RESOURCES				
Total deferred inflows of resources	-	-	-	-
Total liabilities and deferred inflows of resources	53,847,744	64,687,980	3,579,258	3,986,195
FUND BALANCES				
Nonspendable	143,724	-	1,528,808	-
Restricted	-	42,439,738	11,930,155	11,922,007
Committed	49,985,889	-	-	-
Assigned	91,943,435	-	-	-
Total fund balances	142,073,048	42,439,738	13,458,963	11,922,007
Total liabilities, deferred inflows of resources, and fund balances	\$ 195,920,792	107,127,718	17,038,221	15,908,202
Reconciliation of the Balance Sheet to the Statement of Net Position				
Fund balances - Total governmental funds			\$	209,922,247
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 \$4,196,349,628 and accumulated depreciation/amortization is \$1,816,178,111				2,380,171,517
The net OPEB asset, resulting from contributions for other post employment benefits in excess of the annual required contribution, is not considered a financial asset and, therefore, is not reported in the governmental funds.				30,060,922
Intangible assets used in governmental fund activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$13,145,389 and accumulated amortization is \$5,192,242.				7,953,147
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.				51,188,259
Compensated absences and accrued interests on long-term debt related to governmental fund activities are not due and payable in the current periods, and therefore, are not reported in the funds.				(32,551,142)
Capital leases are not due and payable in the current periods and, therefore, are not reported in the funds.				(89,730,926)
Accrued interest on long-term debt				(777,079)
Unearned rent				(573,623)
Revisions of capital lease agreement resulting in a reduction of capital lease obligation are reported as deferred inflows in the Statement of Net Position.				(4,295,644)
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 \$468,836,255, and the net pension liability is \$3,221,975,748. The deferred inflow related to pension liability is \$325,753,140.				(3,078,892,633)
Net position of governmental activities			\$	(527,524,955)

EXHIBIT I

Funds		
Funds		
Adult and Community Education	Total Governmental Funds	
ASSETS		
26,565	152,220,714	Equity in pooled cash and temporary investments
		Receivables:
29,852	143,474	Accounts
4,624	24,544	Accrued interest
470,035	51,699,172	Due from intergovernmental units
-	342,859	Due from Primary Government
-	30,363,200	Interfund receivables
-	1,501,206	Inventories of supplies
-	171,326	Prepaid and other assets
-	100,059,514	Restricted assets - investments
531,076	336,526,009	Total assets
DEFERRED OUTFLOWS OF RESOURCES		
-	-	Total deferred outflows of resources
531,076	336,526,009	Total assets and deferred outflows of resources
LIABILITIES AND FUND BALANCES		
		Liabilities:
26,137	32,674,789	Accounts payable and accrued liabilities
383,103	38,332,861	Accrued salaries and benefits
-	15,309,072	Contract retainages
-	30,363,000	Interfund payables
93,345	5,574,675	Unearned revenues
-	4,349,365	Performance and other deposits
502,585	126,603,762	Total liabilities
DEFERRED INFLOWS OF RESOURCES		
-	-	Total deferred inflows of resources
502,585	126,603,762	Total liabilities and deferred inflows of resources
FUND BALANCES		
-	1,672,532	Nonspendable
28,491	66,320,391	Restricted
-	49,985,889	Committed
-	91,943,435	Assigned
28,491	209,922,247	Total fund balances
531,076	336,526,009	Total liabilities, deferred inflows of resources, and fund balances

COUNTY OF FAIRFAX, VIRGINIA

Fairfax County Public Schools

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

For the fiscal year ended June 30, 2016

		Nonmajor Governmental		
			Special Revenue	
	General Fund	Capital Projects Fund	Food and Nutrition Services	Grants and Self-Supporting Programs
REVENUES				
Intergovernmental	\$ 2,456,980,718	183,099,004	35,870,445	49,033,811
Charges for services	8,902,065	-	39,603,825	2,225,580
Revenue from the use of money and property	3,874,747	-	31,469	10,063
Recovered costs	44,005,675	27,105	-	-
Other	8,664,492	1,942,912	15,000	1,052,235
Total revenues	2,522,427,697	185,069,021	75,520,739	52,321,689
EXPENDITURES				
Current:				
Education	2,460,578,893	20,626,159	74,127,549	70,792,308
Capital outlay	43,040,199	172,296,512	115,551	117,843
Debt service:				
Principal retirement	14,424,623	-	13,678	2,798
Interest and other charges	2,908,406	-	586	55
Total expenditures	2,520,952,121	192,922,671	74,257,364	70,913,004
Excess (deficiency) of revenues over (under) expenditures	1,475,576	(7,853,650)	1,263,375	(18,591,315)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	12,666,296	-	17,785,974
Transfers out	(30,687,270)	-	-	-
Capital leases and installment purchases	24,588,785	-	57,463	-
Total other financing sources (uses), net	(6,098,485)	12,666,296	57,463	17,785,974
Net change in fund balances	(4,622,909)	4,812,646	1,320,838	(805,341)
Fund balances, July 1, 2015	146,695,957	37,627,092	12,462,035	12,727,348
Decrease in reserve for inventories of supplies	-	-	(323,910)	-
Fund balances, June 30, 2016	\$ 142,073,048	42,439,738	13,458,963	11,922,007

EXHIBIT I-1

Funds		
Funds		
Adult and Community Education	Total Governmental Funds	
REVENUES		
1,499,737	2,726,483,715	Intergovernmental
5,559,726	56,291,196	Charges for services
32,131	3,948,410	Revenue from the use of money and property
-	44,032,780	Recovered costs
479,582	12,154,221	Other
7,571,176	2,842,910,322	Total revenues
EXPENDITURES		
Current:		
8,134,590	2,634,259,499	Education
37,432	215,607,537	Capital outlay
Debt service:		
3,168	14,444,267	Principal retirement
174	2,909,221	Interest and other charges
8,175,364	2,867,220,524	Total expenditures
(604,188)	(24,310,202)	Deficiency of revenues over expenditures
OTHER FINANCING SOURCES (USES)		
235,000	30,687,270	Transfers in
-	(30,687,270)	Transfers out
-	24,646,248	Capital leases and installment purchases
235,000	24,646,248	Total other financing sources (uses), net
(369,188)	336,046	Net change in fund balances
397,679	209,910,111	Fund balances, July 1, 2015
-	(323,910)	Decrease in reserve for inventories of supplies
28,491	209,922,247	Fund balances, June 30, 2016

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, 2016

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	\$	336,046
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	\$	215,607,537
Less depreciation/amortization expense		<u>(133,457,531)</u>
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.		11,807
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.		(257,244)
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.		321,049
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.		14,444,267
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.		385,010
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.		(1,734,735)
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.		1,652
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 and installment purchases.		(24,646,248)
Rent abatement charges reduce deferred rent in government-wide statements, but do not use current resources so are not reported in governmental funds.		(188,687)
Inventory changes impact net position in government-wide statements, but are recorded as expenditures when purchase in governmental fund statements.		(323,910)
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.		(1,091,000)
Pension expense is reported as expenditure in governmental funds when they are due. In the government-wide statements, the effects of net pensions liability, deferred outflows and inflows relating to new pension accounting standards is expensed.		<u>76,742,244</u>
Change in net position of governmental activities	\$	<u>146,150,257</u>

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Public Schools
Budgetary Comparison Schedule - General Fund (Budget Basis)
For the fiscal year ended June 30, 2016

EXHIBIT I-2

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 630,345,837	637,554,628	631,227,373	(6,327,255)
Charges for services	8,615,227	8,615,227	8,902,065	286,838
Revenue from the use of money and property	2,981,144	2,981,174	3,874,747	893,573
Recovered costs	42,881,222	44,005,676	44,005,675	(1)
Other	7,797,160	7,797,360	8,664,492	867,132
Total revenues	692,620,590	700,954,065	696,674,352	(4,279,713)
EXPENDITURES				
Education	2,522,679,728	2,597,234,177	2,492,894,761	104,339,416
Total expenditures	2,522,679,728	2,597,234,177	2,492,894,761	104,339,416
Excess (deficiency) of revenues over (under) expenditures	(1,830,059,138)	(1,896,280,112)	(1,796,220,409)	100,059,703
OTHER FINANCING SOURCES (USES)				
Transfers in	1,825,753,345	1,825,753,345	1,825,753,345	-
Transfers out	(28,936,335)	(34,155,845)	(34,155,845)	-
Total other financing sources, net	1,796,817,010	1,791,597,500	1,791,597,500	-
Net change in fund balance	\$ (33,242,128)	(104,682,612)	(4,622,909)	100,059,703

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, 2016

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 36,900,699	35,699,799	35,870,445	170,646
Charges for services	42,445,758	39,083,935	39,603,825	519,890
Revenue from the use of money and property	16,746	16,746	31,469	14,723
Other	-	-	15,000	15,000
Total revenues	79,363,203	74,800,480	75,520,739	720,259
EXPENDITURES				
Education	88,437,427	87,262,515	74,199,901	13,062,614
Total expenditures	88,437,427	87,262,515	74,199,901	13,062,614
Excess (deficiency) of revenues over (under) expenditures	(9,074,224)	(12,462,035)	1,320,838	13,782,873
Net change in fund balance	\$ (9,074,224)	(12,462,035)	1,320,838	13,782,873

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, 2016

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental	\$ 45,810,236	58,877,539	45,751,594	(13,125,945)
Charges for services	2,639,441	2,639,441	2,225,580	(413,861)
Revenue from the use of money and property	-	-	10,063	10,063
Other	380,107	1,098,352	1,052,235	(46,118)
Total revenues	48,829,784	62,615,332	49,039,472	(13,575,861)
EXPENDITURES				
Education	72,448,944	96,410,871	70,913,004	25,497,867
Total expenditures	72,448,944	96,410,871	70,913,004	25,497,867
Excess (deficiency) of revenues over (under) expenditures	(23,619,160)	(33,795,539)	(21,873,532)	11,922,006
OTHER FINANCING SOURCES				
Transfers in from other governmental funds	17,785,974	17,785,974	17,785,974	-
Transfers in from Primary Government	3,282,217	3,282,217	3,282,217	-
Total other financing sources	21,068,191	21,068,191	21,068,191	-
Net change in fund balance	\$ (2,550,969)	(12,727,348)	(805,341)	11,922,006

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT I-3C

Fairfax County Public Schools

Budgetary Comparison Schedule - Adult and Community Education Fund (Budget Basis)

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,591,466	2,703,370	1,499,737	(1,203,633)
Charges for services	6,367,913	6,367,913	5,559,726	(808,187)
Revenue from the use of money and property	4,286	4,286	32,131	27,845
Other	412,983	412,983	479,582	66,599
Total revenues	9,376,648	9,488,552	7,571,176	(1,917,376)
EXPENDITURES				
Education	8,679,614	9,120,808	8,175,364	945,444
Total expenditures	8,679,614	9,120,808	8,175,364	945,444
Excess (deficiency) of revenues over (under) expenditures	697,034	367,744	(604,188)	(971,932)
OTHER FINANCING SOURCES				
Transfers in	235,000	235,000	235,000	-
Total other financing sources	235,000	235,000	235,000	-
Net change in fund balance	\$ 932,034	602,744	(369,188)	(971,932)

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Public Schools
Combining Statement of Net Position - Internal Service Funds
June 30, 2016

EXHIBIT I-4

	Health Benefits Trust	Insurance	Total Internal Service Funds
ASSETS			
Current assets:			
Equity in pooled cash and temporary investments	\$ 58,704,054	52,252,202	110,956,256
Accounts receivable	18,063,655	-	18,063,655
Accrued interest receivable	29,546	-	29,546
Total current assets	76,797,255	52,252,202	129,049,457
Long-term assets - Capital assets:			
Equipment	-	40,029	40,029
Accumulated depreciation	-	(40,029)	(40,029)
Total long-term assets	-	-	-
Total assets	76,797,255	52,252,202	129,049,457
DEFERRED OUTFLOW OF RESOURCES			
Total deferred outflows of resources	-	-	-
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	4,967,120	113,381	5,080,501
Compensated absences payable	103,585	44,548	148,133
Insurance and benefit claims payable	21,293,300	7,898,195	29,191,495
Unearned revenue	10,664,103	-	10,664,103
Total current liabilities	37,028,108	8,056,124	45,084,232
Long-term liabilities:			
Compensated absences payable	44,394	19,092	63,486
Insurance and benefit claims payable	1,120,700	31,592,780	32,713,480
Total long-term liabilities	1,165,094	31,611,872	32,776,966
Total liabilities	38,193,202	39,667,996	77,861,198
DEFERRED INFLOWS OF RESOURCES			
Total deferred inflows of resources	-	-	-
NET POSITION			
Unrestricted	38,604,053	12,584,206	51,188,259
Net position	\$ 38,604,053	12,584,206	51,188,259

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT I-5

Fairfax County Public Schools

Combining Statement of Revenues, Expenses, and Changes in Net Position - Internal Service Funds

For the fiscal year ended June 30, 2016

	Health Benefits Trust	Insurance	Total Internal Service Funds
OPERATING REVENUES:			
Charges for services	\$ 369,209,834	13,521,142	382,730,976
Total operating revenues	369,209,834	13,521,142	382,730,976
OPERATING EXPENSES:			
Personnel services	2,652,285	908,768	3,561,053
Claims and benefit payments	356,104,178	12,050,007	368,154,185
Professional consultant and contractual services	11,195,388	1,355,406	12,550,794
Other	51,237	304,768	356,005
Total operating expenses	370,003,088	14,618,949	384,622,037
Operating loss	(793,254)	(1,097,807)	(1,891,061)
NONOPERATING REVENUES:			
Interest revenue	156,326	-	156,326
Total nonoperating revenues	156,326	-	156,326
Loss before transfers	(636,928)	(1,097,807)	(1,734,735)
Change in net position	(636,928)	(1,097,807)	(1,734,735)
Net position, July 1, 2015	39,240,981	13,682,013	52,922,994
Net position, June 30, 2016	\$ 38,604,053	12,584,206	51,188,259

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Public Schools
Combining Statement of Cash Flows - Internal Service Funds
For the fiscal year ended June 30, 2016

EXHIBIT I-6

	Health Benefits Trust	Insurance	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 359,618,145	13,652,478	373,270,623
Payments to suppliers	-	-	-
Payments to employees	(2,652,285)	(908,768)	(3,561,053)
Claims and benefits paid	(356,410,702)	(10,086,433)	(366,497,135)
Payments for professional services	(14,655,199)	(1,532,794)	(16,187,993)
Payments for other operating expenses	(51,237)	(304,768)	(356,005)
Net cash provided by (used in) operating activities	(14,151,278)	819,715	(13,331,563)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	148,286	-	148,286
Net cash provided by investing activities	148,286	-	148,286
Net increase (decrease) in cash and cash equivalents	(14,002,992)	819,715	(13,183,277)
Cash and cash equivalents, July 1, 2015	72,707,046	51,432,487	124,139,533
Cash and cash equivalents, June 30, 2016	58,704,054	52,252,202	110,956,256
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating loss	(793,254)	(1,097,807)	(1,891,061)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Change in assets and liabilities:			
(Increase) Decrease in accounts receivable	(10,021,869)	131,337	(9,890,532)
Decrease in other assets	-	2,188	2,188
Decrease in accounts payable and accrued liabilities	(3,459,810)	(179,577)	(3,639,387)
Increase (Decrease) in actuarial claims payable	(294,000)	1,960,115	1,666,115
Increase in unearned revenues	430,180	-	430,180
Increase (Decrease) in compensated absences	(12,525)	3,459	(9,066)
Total adjustments to operating loss	(13,358,024)	1,917,522	(11,440,502)
Net cash provided by (used in) operating activities	\$ (14,151,278)	819,715	(13,331,563)

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Public Schools
Statement of Fiduciary Net Position
June 30, 2016

EXHIBIT I-7

	Pension Trust Fund - Educational Employees' Supplementary Retirement System	OPEB Trust Fund	Total Pension and OPEB Trust Funds
ASSETS			
Equity in pooled cash and temporary investments	\$ 1,325,863	500	1,326,363
Cash with fiscal agents	883,462	-	883,462
Cash collateral for securities lending	142,266,388	-	142,266,388
Short-term investments	20,926,504	-	20,926,504
Accrued interest and dividends receivable	2,680,082	-	2,680,082
Receivable from sale of pension investments	13,630,225	23,378	13,653,603
Investments:			
U.S. government obligations	8,772,468	-	8,772,468
Mortgage-backed securities	125,681,958	-	125,681,958
Common and preferred stock	563,530,318	45,041,989	608,572,307
Real estate	182,108,025	-	182,108,025
Global asset allocation	207,360,520	-	207,360,520
Better beta derivatives	114,838,276	-	114,838,276
Hedge funds	165,183,995	10,087,962	175,271,957
Private Equity Mutual Partnership	61,386,165	-	61,386,165
Mutual funds	654,694,483	45,375,980	700,070,463
Equipment, net of depreciation	34,914	-	34,914
Total assets	2,265,303,646	100,529,809	2,365,833,455
DEFERRED OUTFLOWS OF RESOURCES			
Total deferred outflows of resources	-	-	-
LIABILITIES			
Accounts payable and accrued liabilities	1,802,640	37,700	1,840,340
Payable for purchase of pension investments	13,646,920	-	13,646,920
Liabilities for collateral received under securities lending agreements	142,266,388	-	142,266,388
Total liabilities	157,715,948	37,700	157,753,648
DEFERRED INFLOWS OF RESOURCES			
Total deferred inflows of resources	-	-	-
NET POSITION			
Held in trust for pension/OPEB benefits	\$ 2,107,587,698	100,492,109	2,208,079,807

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Public Schools
Statement of Changes in Plan Net Position - Trust Funds
For the fiscal year ended June 30, 2016

EXHIBIT I-8

	Pension Trust Fund - Educational Employees' Supplementary Retirement System	OPEB Trust Fund	Total Pension and OPEB Trust Funds
ADDITIONS			
Contributions:			
Employer	\$ 76,599,695	21,689,000	98,288,695
Plan members	41,383,642	-	41,383,642
Total contributions	117,983,337	21,689,000	139,672,337
Investment income:			
From investment activities:			
Net depreciation in fair value of investments	(39,636,603)	(321,244)	(39,957,847)
Interest and dividends	32,506,243	246	32,506,489
Real estate income	4,074,306	-	4,074,306
Other	1,862	-	1,862
Total loss from investment activities	(3,054,192)	(320,998)	(3,375,190)
Less investment activities expenses:			
Management fees	12,561,313	86,156	12,647,469
Other	853,266	500	853,766
Total investment activities expenses	13,414,579	86,656	13,501,235
Net loss from investment activities	(16,468,771)	(407,654)	(16,876,425)
From securities lending activities:			
Securities lending income	916,181	-	916,181
Less securities lending expenses:			
Borrower rebates	85,548	-	85,548
Management fees	(299,925)	-	(299,925)
Total securities lending activities expenses	(214,377)	-	(214,377)
Net income from securities lending activities	701,804	-	701,804
Net investment loss	(15,766,967)	(407,654)	(16,174,621)
Total additions	102,216,370	21,281,346	123,497,716
DEDUCTIONS			
Benefits	165,721,790	16,689,000	182,410,790
Refunds of contributions	4,626,057	-	4,626,057
Administrative expenses	4,004,882	-	4,004,882
Total deductions	174,352,729	16,689,000	191,041,729
Net increase (decrease)	(72,136,359)	4,592,346	(67,544,013)
Net position, July 1, 2015	2,179,724,057	95,899,763	2,275,623,820
Net position, June 30, 2016	\$ 2,107,587,698	100,492,109	2,208,079,807

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Public Schools
Statement of Changes in Assets and Liabilities - Agency Fund
For the fiscal year ended June 30, 2016

EXHIBIT I-9

	Balances June 30, 2015	Additions	Deductions	Balances June 30, 2016
Student Activity Fund:				
Assets:				
Cash with fiscal agents	\$ 20,262,454	58,568,656	57,981,088	20,850,022
Accounts receivable	531,507	348,632	421,729	458,410
Inventories of supplies	429,036	-	429,036	-
Total assets	21,222,997	58,917,288	58,831,853	21,308,432
Liabilities:				
Accounts payable and accrued liabilities	556,464	272,029	329,495	498,998
Due to student groups	20,666,533	8,812,992	8,670,091	20,809,434
Total liabilities	\$ 21,222,997	9,085,021	8,999,586	21,308,432

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, 2016

EXHIBIT J

	Housing Authority	Component Units	Total Entity
ASSETS			
Current assets:			
Equity in pooled cash and temporary investments	\$ 32,049,674	-	32,049,674
Cash in banks	17,279,289	3,523,286	20,802,575
Investments	4,410,000	-	4,410,000
Receivables (net of allowances):			
Accounts	1,136,781	30,106	1,166,887
Accrued interest	461,550	-	461,550
Notes	999,882	8,871	1,008,753
Due from Primary Government			-
Property held for sale	904,070	-	904,070
Prepaid and other assets	726,149	148,992	875,141
Restricted assets:			
Performance and other deposits	2,902,347	272,528	3,174,875
Investments	2,599,134	-	2,599,134
Total current assets	63,468,876	3,983,783	67,452,659
Long-term assets:			
Restricted assets:			
Cash reserves	9,976,790	3,802,957	13,779,747
Total restricted assets	9,976,790	3,802,957	13,779,747
Capital assets:			
Non-depreciable/non-amortizable:			
Land	35,748,775	6,718,119	42,466,894
Construction in progress	378,559	-	378,559
Depreciable/amortizable:			
Equipment	1,090,951	1,151,029	2,241,980
Buildings and improvements	177,689,508	51,004,230	228,693,738
Accumulated depreciation/amortization	(120,692,447)	(17,246,120)	(137,938,567)
Total capital assets, net	94,215,346	41,627,258	135,842,604
Other long-term assets:			
Notes receivable	22,882,492	-	22,882,492
Prepaid and other assets	503,958	18,217	522,175
Unearned financing fees (net of amortization)	78,894	830,590	909,484
Total other long-term assets	23,465,344	848,807	24,314,151
Total long-term assets	127,657,480	46,279,022	173,936,502
Total assets	191,126,356	50,262,805	241,389,161
DEFERRED OUTFLOWS OF RESOURCES			
Total deferred outflows of resources	3,574,890	-	3,574,890
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	2,291,383	1,643,373	3,934,756
Accrued salaries and benefits	808,300	-	808,300
Unearned revenues	1,848,587	42,518	1,891,105
Performance and other deposits	2,091,678	233,251	2,324,929
Mortgage notes payable	1,358,368	453,392	1,811,760
Compensated absences payable	614,954	-	614,954
Total current liabilities	9,013,270	2,372,534	11,385,804
Long-term liabilities:			
Mortgage notes payable	37,882,839	40,748,204	78,631,043
Compensated absences payable	508,320	-	508,320
Net pension liability	20,857,233	-	20,857,233
Other accrued long-term interest	5,367,098	4,369,104	9,736,202
Total long-term liabilities	64,615,490	45,117,308	109,732,798
Total liabilities	73,628,760	47,489,842	121,118,602
DEFERRED INFLOWS OF RESOURCES			
Total deferred inflows of resources	1,232,956	-	1,232,956
NET POSITION			
Net investment in capital assets	72,296,859	-	72,296,859
Restricted	13,400,830	2,772,963	16,173,793
Unrestricted	34,141,841	-	34,141,841
Net Position	\$ 119,839,530	2,772,963	122,612,493

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT J-1

Fairfax County Redevelopment and Housing Authority
Statement of Revenues, Expenses, and Changes in Net Position
For the fiscal year ended June 30, 2016

	Housing Authority	Component Units	Total Entity
OPERATING REVENUES:			
Dwelling rentals	\$ 33,746,805	5,910,407	39,657,212
Other	3,145,590	485,425	3,631,015
Total operating revenues	36,892,395	6,395,832	43,288,227
OPERATING EXPENSES:			
Personnel services	17,030,099	1,186,582	18,216,681
Materials and supplies	4,231,423	1,141,957	5,373,380
Repairs and maintenance	12,186,063	973,695	13,159,758
Housing assistance payments	54,797,730	-	54,797,730
Depreciation and amortization	4,521,783	1,645,596	6,167,379
Contractual services	301,935	80,499	382,434
Utilities	4,923,542	496,167	5,419,709
Total operating expenses	97,992,575	5,524,496	103,517,071
Operating income (loss)	(61,100,180)	871,336	(60,228,844)
NONOPERATING REVENUES (EXPENSES):			
Intergovernmental revenue	63,582,838	-	63,582,838
Interest revenue	323,205	2,419	325,624
Interest expense	(898,565)	(2,152,759)	(3,051,324)
Total nonoperating revenues (expenses), net	63,007,478	(2,150,340)	60,857,138
Income (loss) before contributions	1,907,298	(1,279,004)	628,294
CONTRIBUTIONS:			
HUD capital contributions	1,799,443	-	1,799,443
Total capital contributions	1,799,443	-	1,799,443
Change in net position	3,706,741	(1,279,004)	2,427,737
Net Position, July 1, 2015	116,132,789	4,051,967	120,184,756
Net Position, June 30, 2016	\$ 119,839,530	2,772,963	122,612,493

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Redevelopment and Housing Authority
Statement of Cash Flows
For the fiscal year ended June 30, 2016

EXHIBIT J-2

	Housing Authority	Component Units	Total Entity
CASH FLOWS FROM OPERATING ACTIVITIES			
Rental receipts	\$ 33,988,168	6,004,832	39,993,000
Other operating cash receipts	3,352,771	485,425	3,838,196
Payments to employees for services	(17,760,109)	(1,186,582)	(18,946,691)
Payments made for housing assistance	(54,797,730)	-	(54,797,730)
Payments to suppliers for goods and services	(22,691,336)	(2,870,582)	(25,561,918)
Purchase of property held for sale	(1,503,781)	-	(1,503,781)
Receipts from sale of property held for sale	1,915,583	-	1,915,583
Net cash provided (used) by operating activities	(57,496,434)	2,433,093	(55,063,341)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental revenue received	63,582,838	-	63,582,838
Net cash provided by noncapital financing activities	63,582,838	-	63,582,838
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(2,307,013)	(43,200)	(2,350,213)
Interest payments	(903,065)	(1,489,278)	(2,392,343)
Debt principal payments	(2,370,433)	(226,789)	(2,597,222)
HUD debt service and capital contributions	1,799,443	-	1,799,443
Net cash used in capital and related financing activities	(3,781,068)	(1,759,267)	(5,540,335)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of loan and advance repayments	411,346	-	411,346
Disbursement of loans and advances receivable	(1,621)	-	(1,621)
Maturity of investments	690,000	-	690,000
Acquisition of investments	40,046	-	40,046
Interest received	323,340	2,419	325,759
Net cash provided by investing activities	1,463,111	2,419	1,465,530
Net increase in cash and cash equivalents	3,768,447	676,245	4,444,692
Cash and cash equivalents, July 1, 2015	58,439,653	6,922,526	65,362,179
Cash and cash equivalents, June 30, 2016	\$ 62,208,100	7,598,771	69,806,871
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (61,100,180)	871,336	(60,228,844)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	4,521,783	1,645,596	6,167,379
Provision for doubtful accounts	147,419	-	147,419
Loss on write-off of construction in progress	54,464	-	54,464
Change in assets and liabilities:			
Decrease in accounts receivable	60,235	154,218	214,453
(Increase) decrease in prepaid and other assets	1,283	(82,093)	(80,810)
Increase (decrease) in accounts payable and accrued liabilities	(1,353,663)	(97,892)	(1,451,555)
Increase in performance and other deposits	138,516	1,721	140,237
Decrease in unearned revenues	33,709	(59,793)	(26,084)
Total adjustments to operating income	3,603,746	1,561,757	5,165,503
Net cash provided by (used in) operating activities	\$ (57,496,434)	2,433,093	(55,063,341)

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, 2016

	General Fund (Financed from County General Fund)	Special Revenue Fund - Park Revenue	Major Governmental Capital Financed from County Construction Fund
ASSETS			
Equity in pooled cash and temporary investments	\$ -	11,944,239	-
Cash with fiscal agents	-	531,693	-
Receivables:			
Accounts	-	15,282	-
Accrued interest	-	-	-
Due from Primary Government	1,584,565	-	776,821
Prepaid and other asset	996	-	-
Restricted assets:			
Equity in pooled cash and temporary investments	-	-	-
Total assets	1,585,561	12,491,214	776,821
DEFERRED OUTFLOWS OF RESOURCES			
Total deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	\$ 1,585,561	12,491,214	776,821
LIABILITIES			
Accounts payable and accrued liabilities	\$ 206,337	964,197	769,882
Accrued salaries and benefits	1,379,224	1,811,792	-
Contract retainages	-	-	6,939
Unearned revenues	-	5,612,496	-
Performance and other deposits	-	60,268	-
Total liabilities	1,585,561	8,448,753	776,821
DEFERRED INFLOWS OF RESOURCES			
Total deferred inflows of resources	-	-	-
Total liabilities and deferred inflows of resources	1,585,561	8,448,753	776,821
FUND BALANCES			
Restricted for:			
Capital projects	-	-	-
Debt service	-	531,693	-
E.C.Lawrence Trust	-	-	-
Repair and replacement	-	-	-
Committed to:			
Revenue and operating fund stabilization	-	2,160,768	-
Donation/deferred revenue	-	1,350,000	-
Other capital projects	-	-	-
Total fund balances	-	4,042,461	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,585,561	12,491,214	776,821
Reconciliation of the Balance Sheet to the Statement of Net Position			
Fund balances - Total governmental funds		\$	27,732,908
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 \$829,307,985 and the accumulated depreciation is \$217,012,391.			612,295,594
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:			
Revenue bonds payable, net	\$ (3,552,433)		
Compensated absences payable	(4,608,275)		
Loan from Primary Government	(11,977,500)		
Accrued interest payable	(39,307)		(20,177,515)
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 \$7,853,120, and the net pension liability is \$44,910,210. The deferred inflow related to pension liability is \$2,517,001.			(39,574,091)
Net position of governmental activities		\$	580,276,896

EXHIBIT K

Funds			
Projects Funds			
Construction Bond	Park Capital Improvement	Total Governmental Funds	
ASSETS			
-	19,858,670	31,802,909	Equity in pooled cash and temporary investments
-	-	531,693	Cash with fiscal agents
-	-	15,282	Receivables:
-	29,274	29,274	Accounts
-	-	2,361,386	Accrued interest
-	-	996	Due from Primary Government
-	-	-	Prepaid and other asset
-	-	-	Restricted assets:
3,844,858	2,207,926	6,052,784	Equity in pooled cash and temporary investments
3,844,858	22,095,870	40,794,324	Total assets
DEFERRED OUTFLOWS OF RESOURCES			
-	-	-	Total deferred outflows of resources
3,844,858	22,095,870	40,794,324	Total assets and deferred outflows of resources
LIABILITIES			
500,201	394,035	2,834,652	Accounts payable and accrued liabilities
-	-	3,191,016	Accrued salaries and benefits
133,053	-	139,992	Contract retainages
-	269,383	5,881,879	Unearned revenues
-	953,609	1,013,877	Performance and other deposits
633,254	1,617,027	13,061,416	Total liabilities
DEFERRED INFLOWS OF RESOURCES			
-	-	-	Total deferred inflows of resources
633,254	1,617,027	13,061,416	Total liabilities and deferred inflows of resources
FUND BALANCES			
3,211,604	9,463,317	12,674,921	Restricted for:
-	-	531,693	Capital projects
-	1,507,926	1,507,926	Debt service
-	700,000	700,000	E.C.Lawrence Trust
-	-	-	Repair and replacement
-	-	2,160,768	Committed to:
-	-	1,350,000	Revenue and operating fund stabilization
-	8,807,600	8,807,600	Donation/deferred revenue
3,211,604	20,478,843	27,732,908	Other capital projects
3,844,858	22,095,870	40,794,324	Total fund balances
3,844,858	22,095,870	40,794,324	Total liabilities, deferred inflows of resources, and fund balances

COUNTY OF FAIRFAX, VIRGINIA

Fairfax County Park Authority

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the fiscal year ended June 30, 2016

	General Fund (Financed from County General Fund)	Special Revenue Fund - Park Revenue	Major Governmental Capital Financed from County Construction Fund
REVENUES			
Intergovernmental	\$ 31,502,197	-	9,965,049
Charges for services	814,879	43,084,477	-
Developers' contributions	-	-	-
Revenue from the use of money and property	-	2,413,927	-
Gifts, donations, and contributions	-	608,017	-
Other	-	209,614	-
Total revenues	32,317,076	46,316,035	9,965,049
EXPENDITURES			
Current:			
Parks, recreation, and cultural	32,118,306	43,143,762	6,316,802
Intergovernmental	-	820,000	1,500,000
Capital outlay	198,770	149,637	2,148,247
Debt service:			
Principal retirement	-	957,900	-
Interest and other charges	-	647,182	-
Total expenditures	32,317,076	45,718,481	9,965,049
Excess (deficiency) of revenues over (under) expenditures	-	597,554	-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	(1,170,349)	-
Total other financing sources (uses), net	-	(1,170,349)	-
Net change in fund balances	-	(572,795)	-
Fund balances, July 1, 2015	-	4,615,256	-
Fund balances, June 30, 2016	\$ -	4,042,461	-

EXHIBIT K-1

Funds			
Projects Funds			
Park Construction Bond	Park Capital Improvement	Total Governmental Funds	
REVENUES			
17,000,000	3,500	58,470,746	Intergovernmental
-	2,394	43,901,750	Charges for services
-	1,102,807	1,102,807	Developers' contributions
-	1,078,768	3,492,695	Revenue from the use of money and property
-	170,271	778,288	Gifts, donations and contributions
-	-	209,614	Other
17,000,000	2,357,740	107,955,900	Total revenues
EXPENDITURES			
Current:			
560,880	1,657,194	83,796,944	Parks, recreation, and cultural
-	-	2,320,000	Intergovernmental
10,426,757	1,643,297	14,566,708	Capital outlay
Debt service:			
-	-	957,900	Principal retirement
-	-	647,182	Interest and other charges
10,987,637	3,300,491	102,288,734	Total expenditures
Excess (deficiency) of revenues over			
6,012,363	(942,751)	5,667,166	(under) expenditures
OTHER FINANCING SOURCES (USES)			
-	1,170,349	1,170,349	Transfers in
-	-	(1,170,349)	Transfers out
-	1,170,349	-	Total other financing sources (uses), net
6,012,363	227,598	5,667,166	Net change in fund balances
(2,800,759)	20,251,245	22,065,742	Fund balances, July 1, 2015
3,211,604	20,478,843	27,732,908	Fund balances, June 30, 2016

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, 2016

EXHIBIT K-1

concluded

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

Net change in fund balances - Total governmental funds	\$	5,667,166
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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	\$	14,566,708	
Depreciation expense		<u>(13,037,286)</u>	1,529,422

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.

430,156

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.

(199,797)

Certain costs reported in prior year construction in progress balances were determined not to be capital

(45,186)

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		957,900
---------------------------------------	--	---------

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	\$	6,462	
Amortized premium and deferred loss		<u>45,680</u>	52,142

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		(153,301)
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Pension liability does not require the use of current financial resources and, therefore, is not reported in governmental funds:

Pension expense		1,214,927
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Change in net position of governmental activities	<u>\$</u>	<u>9,453,429</u>
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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, 2016

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 22,125,404	22,944,000	22,630,744	(313,256)
Charges for services	1,314,874	900,953	814,879	(86,074)
Total revenues	23,440,278	23,844,953	23,445,623	(399,330)
EXPENDITURES				
Current:				
Parks, recreation, and cultural	23,440,278	23,844,953	23,445,623	399,330
Total expenditures	23,440,278	23,844,953	23,445,623	399,330
Net change in fund balance	\$ -	-	-	-

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Park Authority
Budgetary Comparison Schedule - Park Revenue Fund (Budget Basis)
For the fiscal year ended June 30, 2016

EXHIBIT K-2B

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 43,447,675	43,447,675	43,084,477	(363,198)
Revenue from the use of money and property	2,509,008	2,509,008	2,348,670	(160,338)
Gifts, donations, and contributions	899,728	899,728	817,630	(82,098)
Other	78,596	78,596	65,258	(13,338)
Total revenues	46,935,007	46,935,007	46,316,035	(618,972)
EXPENDITURES				
Parks, recreation, and cultural	46,590,440	46,684,634	45,718,481	966,153
Total expenditures	46,590,440	46,684,634	45,718,481	966,153
Excess of revenues over expenditures	344,567	250,373	597,554	347,181
OTHER FINANCING USES				
Transfers out	-	(1,170,349)	(1,170,349)	-
Total other financing uses	-	(1,170,349)	(1,170,349)	-
Net change in fund balance	\$ 344,567	(919,976)	(572,795)	347,181

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, 2016

EXHIBIT L

	Governmental Fund (Financed from County General Fund)
ASSETS	
Due from Primary Government	\$ 482,452
Prepays	313
Total assets	<u>482,765</u>
DEFERRED OUTFLOWS OF RESOURCES	
Total deferred outflows of resources	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 482,765</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 264,862
Accrued salaries and benefits	217,903
Total liabilities	<u>482,765</u>
DEFERRED INFLOWS OF RESOURCES	
Total deferred inflows of resources	<u>-</u>
Total liabilities and deferred inflows of resources	<u>482,765</u>
FUND BALANCE	
Unreserved	<u>-</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 482,765</u>
Reconciliation of the Balance Sheet to the Statement of Net Position	
Fund balance - General Fund	\$ -
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$802,883 and the accumulated depreciation and amortization is \$550,003.	252,880
Long-term liabilities, including compensated absences payable, \$348,757, and unearned rent, \$625,835, are not due and payable in the current period and, therefore, are not reported in the fund.	(974,592)
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 \$1,282,581 and the net pension liability is \$5,890,540. The deferred inflow related to pension liability is \$86,111.	(4,694,070)
Net position of governmental activities	<u>\$ (5,415,782)</u>

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT L-1

Fairfax County Economic Development Authority

Statement of Revenues, Expenditures, and Changes in Fund Balance

For the fiscal year ended June 30, 2016

	Governmental Fund (Financed from County General Fund)
REVENUES	
Intergovernmental	\$ 8,849,446
Total revenues	8,849,446
EXPENDITURES	
Current:	
Community development	8,849,446
Total expenditures	8,849,446
Excess of revenues over expenditures	-
Fund balance, July 1, 2015	-
Fund balance, June 30, 2016	\$ -

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities

Net change in fund balance - General Fund \$ -

Amounts reported for governmental activities in the Statement of Activities are different because:

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Capitalized equipment purchased	\$ 5,945	
Depreciation and amortization expense	(75,112)	
Increase in liability for compensated absences	(40,433)	
Unearned rent	141,119	
Pension Expense	36,653	68,172
Change in net position of governmental activities		\$ 68,172

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, 2016

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget
				Positive
				(Negative)
REVENUES				
Intergovernmental	\$ 7,463,150	7,463,150	7,459,648	(3,502)
Total revenues	7,463,150	7,463,150	7,459,648	(3,502)
EXPENDITURES				
Community development	7,463,150	7,463,150	7,459,648	3,502
Total expenditures	7,463,150	7,463,150	7,459,648	3,502
Net change in fund balance	\$ -	-	-	-

Statistical Section

The Statistical Section provides financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, including the accompanying notes, and required supplementary information to understand and assess the County's economic condition. Information is presented in the following five categories:

- 1.0 Financial trends information
- 2.0 Revenue capacity information
- 3.0 Debt capacity information
- 4.0 Demographic and economic information
- 5.0 Operating information



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				
	2016	2015	2014 ⁽³⁾	2013	2012 ⁽²⁾
<i>Governmental activities:</i>					
Net investment in capital assets	\$ 1,913,173,352	1,875,208,103	1,861,776,623	1,736,906,426	1,695,143,766
Restricted	355,513,953	318,966,582	286,196,280	214,950,085	226,409,285
Unrestricted ⁽¹⁾	(2,732,479,263)	(2,802,308,892)	(2,960,996,275)	(1,657,422,986)	(1,581,687,019)
Net position, governmental activities	\$ (463,791,958)	(608,134,207)	(813,023,372)	294,433,525	339,866,032
<i>Business-type activities:</i>					
Net investment in capital assets	\$ 940,641,576	892,414,328	843,276,715	778,825,722	769,135,097
Restricted	73,853,503	66,038,662	43,116,468	44,113,954	51,055,374
Unrestricted	38,417,623	66,651,531	100,358,086	147,119,567	116,578,189
Net position, business-type activities	\$ 1,052,912,702	1,025,104,521	986,751,269	970,059,243	936,768,660
<i>Total Primary government:</i>					
Net investment in capital assets	\$ 2,853,814,928	2,767,622,431	2,705,053,338	2,515,732,148	2,464,278,863
Restricted	429,367,456	385,005,244	329,312,748	259,064,039	277,464,659
Unrestricted	(2,694,061,640)	(2,735,657,361)	(2,860,638,189)	(1,510,303,419)	(1,465,108,830)
Net position, Primary Government	\$ 589,120,744	416,970,314	173,727,897	1,264,492,768	1,276,634,692

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				
2016	2015	2014	2013	2012
\$ 1,674,949,073	1,616,079,489	1,625,585,624	1,596,333,283	1,453,383,980

- (2) Fiscal Year 2012 net position restated in Fiscal Year 2013 due to the implementation of GASB statement 65.

- (3) Fiscal Year 2014 net position restated in Fiscal Year 2015 due to the implementation of GASB statement 68.

Fiscal Year					
2011	2010	2009	2008	2007	
					<i>Governmental activities:</i>
1,540,962,447	1,458,369,495	1,399,874,484	1,313,609,617	1,176,653,933	Net investment in capital assets
308,394,968	210,842,044	188,432,037	55,360,397	45,835,642	Restricted
(1,370,285,300)	(1,112,442,403)	(1,093,476,245)	(919,381,116)	(762,741,854)	Unrestricted ⁽¹⁾
479,072,115	556,769,136	494,830,276	449,588,898	459,747,721	Net position, governmental activities
					<i>Business-type activities:</i>
722,703,848	748,697,093	645,044,053	757,799,128	789,479,735	Net investment in capital assets
93,427,366	44,371,666	148,760,524	28,251,270	46,489,817	Restricted
81,180,178	76,855,173	84,277,881	109,530,192	61,756,541	Unrestricted
897,311,392	869,923,932	878,082,458	895,580,590	897,726,093	Net position, business-type activities
					<i>Total Primary government:</i>
2,263,666,295	2,207,066,588	2,044,918,537	2,071,408,745	1,966,133,668	Net investment in capital assets
401,822,334	255,213,710	337,192,561	83,611,667	92,325,459	Restricted
(1,289,105,122)	(1,035,587,230)	(1,009,198,364)	(809,850,924)	(700,985,313)	Unrestricted
1,376,383,507	1,426,693,068	1,372,912,734	1,345,169,488	1,357,473,814	Net position, Primary Government

Fiscal Year				
2011	2010	2009	2008	2007
1,431,198,421	1,371,914,260	1,342,939,932	1,297,409,248	1,215,573,395

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

	Fiscal Year				
	2016	2015	2014	2013	2012
Expenses					
<i>Governmental activities:</i>					
General government administration	\$ 188,767,791	183,647,484	201,180,941	201,445,282	201,444,643 ⁽⁵⁾
Judicial administration	58,125,849	55,830,358	54,913,419	46,336,343	54,731,149
Public safety	702,043,058	670,432,665	695,690,761	658,186,021	621,850,677
Public works	204,873,695	204,114,861	195,014,404	185,250,816	176,714,926
Health and welfare	589,307,995	557,312,024	551,586,755	542,052,102	562,237,332
Community development	373,621,317	352,960,858	352,759,047	387,551,012	393,528,633
Parks, recreation, and cultural	112,957,367	112,338,852	107,762,594	112,057,718	114,767,984
Education - for Public Schools	1,998,723,980	1,936,673,334	1,883,055,936	1,843,611,090	1,769,700,781
Interest on long-term debt	94,644,722	101,276,354	109,563,020	117,251,705	112,604,312
Total expenses, governmental activities	4,323,065,774	4,174,586,790	4,151,526,877	4,093,742,089	4,007,580,437
<i>Business-type activities:</i>					
Public works - Sewer	\$ 183,076,813	174,932,128	174,845,675	169,212,487	163,955,907 ⁽⁵⁾
Total expenses, business-type activities	183,076,813	174,932,128	174,845,675	169,212,487	163,955,907
Total expenses, Primary Government	4,506,142,587	4,349,518,918	4,326,372,552	4,262,954,576	4,171,536,344
Program Revenues					
<i>Governmental activities:</i>					
Charges for services:					
Public safety	\$ 70,934,542	71,729,966	58,202,390	58,883,550	62,860,108
Public works	139,528,323	141,711,640	131,355,271	117,037,898	110,804,240
Health and welfare	69,250,901	70,951,265	69,351,107	64,938,672	68,152,942
Other activities	301,673,838	309,689,155	334,124,545	287,013,174	191,091,722
Operating grants and contributions	250,208,494	243,282,980	222,115,446	239,536,892	256,182,164
Capital grants and contributions	29,020,526	34,407,375	22,578,476	22,312,264	29,696,488
Total program revenues, governmental activities	860,616,624	871,772,381	837,727,235	789,722,450	718,787,664
<i>Business-type activities:</i>					
Charges for services:					
Public works - Sewer	\$ 205,115,248	209,227,867	212,175,672	194,030,949	188,917,214
Capital grants and contributions	4,598,439	3,277,159	4,074,576	7,062,744	13,974,206
Total program revenues, business-type activities	209,713,687	212,505,026	216,250,248	201,093,693	202,891,420
Total program revenues, Primary Government	1,070,330,311	1,084,277,407	1,053,977,483	990,816,143	921,679,084
Net (Expense) Revenue					
Governmental activities	(3,462,449,150)	(3,302,814,409)	(3,313,799,642)	(3,304,019,639)	(3,288,792,773)
Business-type activities	26,636,874	37,572,898	41,404,573	31,881,206	38,935,513
Total Primary Government	\$ (3,435,812,276)	(3,265,241,511)	(3,272,395,069)	(3,272,138,433)	(3,249,857,260)

Fiscal Year					
2011	2010	2009	2008	2007	
					Expenses
					<i>Governmental activities:</i>
138,976,659	148,730,289	160,696,700	155,387,589	140,972,403	General government administration
52,295,620	40,825,671	44,885,189	45,402,679	41,566,535	Judicial administration
618,789,976	604,822,717	624,257,988	614,837,542	580,551,244	Public safety
192,081,461	198,458,714	195,125,647	191,477,505	173,175,664	Public works
546,852,765	495,727,107	494,493,208	491,520,452	464,160,365	Health and welfare
378,565,455	232,156,056	273,649,566	206,158,826	224,697,345	Community development
105,293,977	123,549,652	140,802,569	182,268,495	126,638,121	Parks, recreation, and cultural
1,744,248,387	1,784,128,380	1,784,670,681	1,733,929,914	1,665,173,825	Education - for Public Schools
98,596,584	97,587,106	95,151,292	94,307,127	88,475,535	Interest on long-term debt
3,875,700,884	3,725,985,692	3,813,732,840	3,715,290,129	3,505,411,037	Total expenses, governmental activities
					<i>Business-type activities:</i>
156,989,198	155,490,570	148,934,682	142,521,912	136,914,753	Public works - Sewer
156,989,198	155,490,570	148,934,682	142,521,912	136,914,753	Total expenses, business-type activities
4,032,690,082	3,881,476,262	3,962,667,522	3,857,812,041	3,642,325,790	Total expenses, Primary Government
					Program Revenues
					<i>Governmental activities:</i>
					Charges for services:
74,126,570	67,562,279	62,631,798	62,297,005	55,092,085	Public safety
113,296,977	95,740,931	88,943,909	88,692,491	89,181,174	Public works
70,834,601	63,641,537	60,789,511	56,173,288	53,722,470	Health and welfare
137,393,757	136,293,136	181,759,896	63,191,212	82,465,140	Other activities
292,921,660	440,962,393	247,996,754	260,367,949	238,382,990	Operating grants and contributions
17,033,448	45,298,191	30,537,124	32,540,001	20,942,679	Capital grants and contributions
705,607,013	849,498,467	672,658,992	563,261,946	539,786,538	Total program revenues, governmental activities
					<i>Business-type activities:</i>
					Charges for services:
154,118,716	137,350,273	120,184,626	114,206,818	115,457,196	Public works - Sewer
12,385,470	8,677,874	8,950,919	10,087,940	8,137,150	Capital grants and contributions
166,504,186	146,028,147	129,135,545	124,294,758	123,594,346	Total program revenues, business-type activities
872,111,199	995,526,614	801,794,537	687,556,704	663,380,884	Total program revenues, Primary Government
					Net (Expense) Revenue
(3,170,093,871)	(2,876,487,225)	(3,141,073,848)	(3,152,028,183)	(2,965,624,499)	Governmental activities
9,514,988	(9,462,423)	(19,799,137)	(18,227,154)	(13,320,407)	Business-type activities
(3,160,578,883)	(2,885,949,648)	(3,160,872,985)	(3,170,255,337)	(2,978,944,906)	Total Primary Government

(Continued)

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

	Fiscal Year				
	2016	2015	2014	2013	2012
General Revenues and Other Changes in Net Position					
<i>Governmental activities:</i>					
Taxes:					
Real property	\$ 2,437,535,377	2,356,421,557	2,215,898,422	2,123,759,406	2,057,935,398
Personal property	380,123,202	368,390,092	362,772,805	353,275,799	316,966,006
Business licenses	158,380,380	154,681,661	158,619,113	158,768,484	155,480,677
Local sales and use	249,278,074	247,734,220	261,193,846	265,029,666	257,770,918
Consumers utility	102,181,691	100,484,941	74,633,997	73,450,331	65,254,197
Motor vehicle decals	-	-	-	-	-
Recordation	23,808,125	23,898,873	19,968,520	28,281,179	26,223,747
Occupancy, tobacco, and other	34,115,345	33,775,982	31,296,981	32,694,178	33,360,801
Unrestricted grants and contributions	211,423,471	211,423,648	230,920,811	209,291,717	218,287,716
Revenue from the use of money	9,945,734	10,892,600	8,577,857	9,836,372	14,807,663
Special item	-	-	-	4,200,000 ⁽³⁾	3,499,567 ⁽³⁾
Total general revenues and other changes in net position, governmental activities	3,606,791,399	3,507,703,574	3,363,882,352	3,258,587,132	3,149,586,690
<i>Business-type activities:</i>					
Revenue from the use of money	\$ 1,171,307	780,354	484,332	1,409,377	521,755
Special item	-	-	-	-	-
Total general revenues and other changes in net position, business-type activities	1,171,307	780,354	484,332	1,409,377	521,755
Total general revenues and other changes in net position, Primary Government	3,607,962,706	3,508,483,928	3,364,366,684	3,259,996,509	3,150,108,445
Change in Net Position					
Governmental activities	144,342,249	204,889,165	50,082,710	(45,432,507)	(139,206,083)
Business-type activities	27,808,181	38,353,252	41,888,905	33,290,583	39,457,268
Total Primary Government	\$ 172,150,430	243,242,417	91,971,615	(12,141,924)	(99,748,815)

Source: Fairfax County Department of Finance

Notes:

- (1) In FY2007, Public Schools transferred 12 properties totaling 188.9 acres to the County valued at \$10,874,069. As part of this transfer, Public Schools is able to make an annual request of \$25 million in capital bond funding through fiscal year 2012.
- (2) In January 2008, the Sewer System sold purchased capacity to Prince William County Service Authority (2 MPG) and the City of Manassas (1 MPG) for \$50.6 million. As a result, a special item - Gain from sale of Purchased Capacity of \$10,954,572 was recognized.
- (3) In September 2010, Inova Health Systems transferred approximately 15 acres of land to the County. In exchange for this land, Inova will provide the County with an approximate 5 acre parcel, a \$15 million cash payment, and a 10 year lease of 40,000 square feet within the new Mid County Center building. The special items in the governmental activities, represent the installments on the \$15 million cash payment.
- (4) In April 2011, the Sewer System completed a sale of 2.0 MGD purchase capacity of its 17.68 MGD share of UOSA expansion (from 27 to 54 MGD) to Prince William Service Authority for \$39,807,586. As a result, a special item - Gain from sale of purchase capacity - of \$16,787,885 was recognized.
- (5) Fiscal Year 2012 expenses restated due to the implementation of GASB statement 65.

Fiscal Year					
2011	2010	2009	2008	2007	
					General Revenues and Other Changes in Net Position
					<i>Governmental activities:</i>
					Taxes:
2,028,435,622	2,126,498,175	2,093,518,885	2,020,779,749	1,938,762,106	Real property
301,272,265	296,610,992	316,717,991	307,572,072	310,274,454	Personal property
150,669,671	138,684,942	142,922,838	139,073,624	136,616,482	Business licenses
158,772,098	151,354,001	154,902,699	164,873,726	160,580,634	Local sales and use
113,731,677	117,882,816	113,556,023	122,378,380	116,673,940	Consumers utility
27,408,623	-	-	-	-	Motor vehicle decals
26,407,596	24,891,357	25,063,223	29,958,163	41,687,302	Recordation
47,946,003	47,772,667	40,122,826	40,827,006	46,450,935	Occupancy, tobacco, and other
211,818,969	366,331	211,981,020	212,546,890	216,873,082	Unrestricted grants and contributions
18,634,630	34,364,804	87,529,721	103,859,750	111,428,568	Revenue from the use of money
7,299,696 ⁽³⁾	-	-	-	10,874,069 ⁽¹⁾	Special item
3,092,396,850	2,938,426,085	3,186,315,226	3,141,869,360	3,090,221,572	Total general revenues and other changes in net position, governmental activities
					<i>Business-type activities:</i>
1,084,587	1,303,897	2,301,005	5,127,079	5,825,962	Revenue from the use of money
16,787,885 ⁽⁴⁾	-	-	10,954,572 ⁽²⁾	-	Special item
17,872,472	1,303,897	2,301,005	16,081,651	5,825,962	Total general revenues and other changes in net position, business-type activities
3,110,269,322	2,939,729,982	3,188,616,231	3,157,951,011	3,096,047,534	Total general revenues and other changes in net position, Primary Government
					Change in Net Position
(77,697,021)	61,938,860	45,241,378	(10,158,823)	124,597,073	Governmental activities
27,387,460	(8,158,526)	(17,498,132)	(2,145,503)	(7,494,445)	Business-type activities
(50,309,561)	53,780,334	27,743,246	(12,304,326)	117,102,628	Total Primary Government

COUNTY OF FAIRFAX, VA
TABLE 1.3 - Fund Balances, Governmental Funds
Last Ten Fiscal Years

	Fiscal Year				
	2016	2015	2014	2013	2012
<i>General Fund:</i>					
Reserved	\$ -	-	-	-	-
Unreserved	-	-	-	-	-
Nonspendable	514,559	880,201	614,966	727,441	1,129,586
Committed	271,363,898	237,696,440	220,628,054	216,879,261	213,718,785
Assigned	31,420,067	33,264,339	29,406,539	34,841,916	29,080,155
Unassigned	38,093,937	54,080,837	52,154,540	76,819,631	109,742,640
Total general fund	<u>\$ 341,392,461</u>	<u>325,921,817</u>	<u>302,804,099</u>	<u>329,268,249</u>	<u>353,671,166</u>
<i>All Other Governmental Funds:</i>					
Reserved	\$ -	-	-	-	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Nonspendable	369,676	385,364	457,598	748,799	48,513,721
Restricted	822,378,966	806,622,981	779,237,002	565,814,956	569,803,909
Committed	179,787,832	161,136,329	151,287,756	162,348,750	155,083,147
Unassigned	(20,854)	-	-	(13,108,305)	(2,604,408)
Total all other governmental funds	<u>\$ 1,002,515,620</u>	<u>968,144,674</u>	<u>930,982,356</u>	<u>715,804,200</u>	<u>770,796,369</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					
2011 ⁽¹⁾	2010 ⁽²⁾	2009	2008	2007	
					<i>General Fund:</i>
-	42,842,683	41,356,567	44,027,425	41,763,658	Reserved
-	343,838,486	237,826,810	227,421,300	249,823,537	Unreserved
308,818	-	-	-	-	Nonspendable
206,627,013	-	-	-	-	Committed
34,411,546	-	-	-	-	Assigned
135,051,587	-	-	-	-	Unassigned
376,398,964	386,681,169	279,183,377	271,448,725	291,587,195	Total general fund
					<i>All Other Governmental Funds:</i>
-	204,151,525	219,337,769	238,978,072	249,675,360	Reserved
					Unreserved, reported in:
-	327,654,603	342,552,944	219,078,434	191,493,718	Special revenue funds
-	12,918,625	10,487,202	8,890,466	12,121,986	Debt service funds
-	74,003,428	(64,900,755)	(3,629,250)	121,892,612	Capital projects funds
51,702,443	-	-	-	-	Nonspendable
566,941,106	-	-	-	-	Restricted
158,420,964	-	-	-	-	Committed
-	-	-	-	-	Unassigned
777,064,513	618,728,181	507,477,160	463,317,722	575,183,676	Total all other governmental funds

COUNTY OF FAIRFAX, VA
TABLE 1.4 - Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

	Fiscal Year				
	2016	2015	2014	2013	2012
Revenues					
Taxes	\$ 3,384,696,039	3,289,084,031	3,119,946,744	3,036,288,822	2,907,905,803
Permits, privilege fees, and regulatory licenses	74,165,960	71,026,501	63,886,989	62,411,104	59,935,796
Intergovernmental	565,562,122	559,309,630	609,843,183	554,886,927	500,063,928
Charges for services	367,293,019	387,763,613	351,597,808	337,660,061	323,151,828
Fines and forfeitures	14,675,893	16,437,938	16,817,313	16,842,952	17,230,369
Revenue from the use of money and property	39,360,901	31,080,667	31,544,136	34,239,413	38,113,332
Recovered costs	15,369,266	20,109,855	16,141,935	14,076,599	20,294,568
Contributions and other	8,571,664	12,221,739	3,408,767	2,337,036	4,353,629
Total revenues	4,469,694,864	4,387,033,974	4,213,186,875	4,058,742,914	3,871,049,253
Expenditures					
Current:					
General government administration	165,144,963	163,023,642	164,384,546	172,947,861	142,882,772
Judicial administration	55,337,889	53,183,629	50,760,212	45,751,873	50,071,223
Public safety	711,044,003	699,203,895	690,063,408	639,655,183	594,264,731
Public works	188,198,288	199,205,144	202,904,525	198,203,970	194,764,262
Health and welfare	598,715,227	568,675,553	553,250,576	542,814,370	557,655,637
Community development	226,958,426	230,287,575	193,976,264	192,000,269	185,214,980
Parks, recreation, and cultural	52,721,664	50,642,925	51,709,656	54,270,433	51,248,180
Intergovernmental: ⁽¹⁾					
Community development	134,236,475	111,031,149	146,812,410	178,024,166	195,414,873
Parks, recreation, and cultural	56,967,246	57,848,921	52,381,153	52,494,525	56,373,285
Education	1,998,723,980	1,936,673,334	1,878,460,936	1,843,611,090	1,769,700,781
Capital outlay	179,067,050	160,667,922	224,900,077	173,558,840	215,858,520
Debt service:					
Principal retirement	386,099,648	280,109,469	204,975,519	234,615,416	199,199,649
Interest and other charges	156,503,054	137,140,834	132,973,357	127,353,770	122,995,432
Total expenditures	4,909,717,913	4,647,693,992	4,547,552,639	4,455,301,766	4,335,644,325
Deficiency of revenues under expenditures	(440,023,049)	(260,660,018)	(334,365,764)	(396,558,852)	(464,595,072)
Other Financing Sources (Uses)					
Transfers in	587,755,580	555,297,170	581,375,596	525,335,599	547,558,731
Transfers out	(594,655,237)	(581,266,174)	(587,133,301)	(536,354,136)	(551,771,067)
Bonds issued	450,743,979	257,188,745	480,886,115	298,776,517	434,761,982
Refunding bonds issued	297,981,112	311,478,707	108,080,978	171,151,301	297,015,139
Payments to escrow agent	(338,948,636)	(270,710,041)	(107,703,910)	(145,945,515)	(295,465,222)
Capital leases, installment purchases, and other	86,987,841	48,951,647	47,574,292	-	-
Total other financing sources, net	489,864,639	320,940,054	523,079,770	312,963,766	432,099,563
Special item	-	-	-	4,200,000	3,499,567
Net change in fund balances	\$ 49,841,590	60,280,036	188,714,006	(79,395,086)	(28,995,942)
Debt service as a percentage of noncapital expenditures	11.5%	9.3%	7.8%	8.5%	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					
2011	2010	2009	2008	2007	
					Revenues
2,857,920,425	2,899,801,062	2,888,968,005	2,822,785,575	2,747,313,169	Taxes
55,402,463	47,681,442	41,148,793	42,102,636	44,581,986	Permits, privilege fees, and regulatory licenses
516,260,179	482,379,557	476,787,036	486,912,629	482,930,649	Intergovernmental
314,079,106	305,372,921	372,034,854	212,446,433	219,607,480	Charges for services
16,645,115	15,065,700	16,507,756	14,912,589	14,867,509	Fines and forfeitures
35,214,790	34,949,962	56,222,006	108,289,490	122,013,330	Revenue from the use of money and property
21,034,191	16,701,652	18,153,938	18,244,071	13,393,966	Recovered costs
2,727,276	4,482,245	6,639,296	4,975,659	6,771,263	Contributions and other
3,819,283,545	3,806,434,541	3,876,461,684	3,710,669,082	3,651,479,352	Total revenues
					Expenditures
					Current:
131,833,676	133,726,104	149,274,890	149,122,282	133,968,481	General government administration
50,502,397	39,347,205	43,230,230	43,509,367	41,062,317	Judicial administration
573,559,767	565,403,962	583,525,248	569,302,568	562,006,584	Public safety
203,941,440	218,774,283	215,701,070	218,923,642	210,888,400	Public works
539,471,030	489,662,065	488,328,771	488,090,226	463,193,567	Health and welfare
166,588,005	150,881,980	148,394,752	145,834,184	163,601,525	Community development
45,300,724	65,451,624	71,536,790	73,762,142	68,455,248	Parks, recreation, and cultural
					Intergovernmental: ⁽¹⁾
196,331,575	64,962,498	111,546,162	53,272,255	52,461,994	Community development
51,963,744	50,660,393	57,753,807	97,512,863	51,998,820	Parks, recreation, and cultural
1,744,248,387	1,784,128,380	1,784,670,681	1,733,929,914	1,665,173,825	Education
126,573,819	108,546,444	103,631,142	269,431,452	151,872,354	Capital outlay
					Debt service:
192,553,364	180,329,456	181,248,484	172,491,889	163,468,305	Principal retirement
111,835,136	113,476,133	107,665,231	103,891,079	97,148,791	Interest and other charges
4,134,703,064	3,965,350,527	4,046,507,258	4,119,073,863	3,825,300,211	Total expenditures
(315,419,519)	(158,915,986)	(170,045,574)	(408,404,781)	(173,820,859)	Deficiency of revenues under expenditures
					Other Financing Sources (Uses)
485,495,544	515,765,999	519,572,088	493,747,382	500,822,272	Transfers in
(485,707,880)	(508,672,574)	(514,736,191)	(506,661,485)	(513,738,563)	Transfers out
449,668,535	370,806,378	211,699,021	250,487,439	248,483,479	Bonds issued
50,968,368	199,228,007	61,224,951	-	-	Refunding bonds issued
(50,785,617)	(198,007,662)	(61,085,125)	-	-	Payments to escrow agent
6,535,000	-	5,197,257	38,771,498	-	Capital leases, installment purchases, and other
456,173,950	379,120,148	221,872,001	276,344,834	235,567,188	Total other financing sources, net
3,499,567	-	-	-	-	Special Item
144,253,998	220,204,162	51,826,427	(132,059,947)	61,746,329	Net change in fund balances
7.6%	7.6%	7.3%	7.2%	7.1%	Debt service as a percentage of noncapital expenditures

2.0 - Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the County's ability to generate its own-source revenues. There are four tables presented in this section.

COUNTY OF FAIRFAX, VA

**TABLE 2.1 - Assessed Value and Actual Value of Taxable Real Property ⁽¹⁾
Last Ten Fiscal Years**

Fiscal Year	Residential (000s)	Commercial (000s)	Public Service Corporations (000s)	Total Taxable Assessed Value (000s)	Tax-Exempt (000s)	Total Direct Tax Rate ⁽²⁾
2016	\$ 171,409,697	55,199,289	892,919	227,501,905	16,791,394	1.090
2015	164,977,246	54,044,028	863,583	219,884,857	16,421,055	1.090
2014	154,104,662	52,968,482	876,142	207,949,286	15,866,827	1.085
2013	148,296,431	51,966,913	875,704	201,139,048	15,564,645	1.075
2012	146,877,992	47,040,882	839,163	194,758,037	14,689,068	1.07
2011	142,995,627	44,784,450	859,782	188,639,859	13,707,594	1.09
2010	151,207,936	55,600,077	1,187,930	207,995,943	14,960,334	1.04
2009	171,891,606	57,778,239	1,142,302	230,812,147	14,935,364	0.92
2008	176,497,713	52,001,524	1,025,674	229,524,911	12,972,693	0.89
2007	175,316,906	44,088,497	950,707	220,356,110	12,261,651	0.89

Source: Fairfax County Department of Tax Administration

Notes:

(1) Assessed value is the estimated actual value of taxable property and is shown for each period for which taxes are levied. Residential and Commercial properties are assessed as of January 1 and the properties of Public Service Corporations are assessed in October each year at the estimated fair market value of all land and improvements, with the resulting taxes being payable in the subsequent fiscal year.

(2) Rates are per \$100 of assessed value, which is determined as of January 1 of the prior calendar year.

COUNTY OF FAIRFAX, VA

**TABLE 2.2 - Direct and Overlapping Real Property Tax Rates ⁽¹⁾
Last Ten Fiscal Years**

Fiscal Year	County Direct Rate ⁽²⁾	Overlapping Rates ⁽³⁾	
		Town of Herndon	Town of Vienna
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	0.242
2011	1.09	0.28	0.245
2010	1.04	0.26	0.228
2009	0.92	0.24	0.209
2008	0.89	0.24	0.197
2007	0.89	0.24	0.186

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 2016			
Rank	Taxpayer	Taxable Assessed Value ⁽¹⁾	Pct. of Total Taxable Assessed Value ⁽²⁾
1	Tysons Corner Property Holdings LLC	\$ 1,551,258,220	0.68 %
2	Fairfax Company of Virginia LLC	460,532,490	0.20
3	Franconia Two LP	405,449,680	0.18
4	Camden Summit Partnership LP	334,793,120	0.15
5	Cesc Skyline LLC	323,405,480	0.14
6	Federal Home Loan Mortgage Corp	310,210,100	0.14
7	Washington Gas Light Co	300,886,547	0.13
8	Capital One Bank	264,279,340	0.12
9	Homeart Newco One Inc	256,537,790	0.11
10	SRI Seven Fair Lakes LLC	255,580,530	0.11
Totals		\$ 4,462,933,297	1.96 %

Source: Fairfax County Department of Tax Administration

Notes:

(1) Assessed values are as of January 1 of the prior calendar year.

(2) Total taxable assessed value for fiscal year 2016 is \$226,608,986,400. Assessment excludes Public Service Corporations.
Total taxable assessed value for fiscal year 2007 is \$228,499,236,560. Assessment excludes Public Service Corporations.

COUNTY OF FAIRFAX, VA

TABLE 2.4 - Real Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year Original Levy ⁽¹⁾	Collected within the Fiscal Year of the Levy		Adjustments to Original Levy in Subsequent Years ⁽²⁾	Total Adjusted Levy
		Amount	Pct. of Original Levy		
2016	\$ 2,450,462,549	2,443,167,137	99.70 %	-	2,450,462,549
2015	2,367,484,875	2,360,588,850	99.71	(1,195,537)	2,366,289,338
2014	2,226,943,153	2,220,155,139	99.70	(1,338,933)	2,225,604,220
2013	2,132,072,324	2,124,865,909	99.66	(1,697,556)	2,130,374,768
2012	2,055,354,905	2,048,202,774	99.65	(1,366,670)	2,053,988,235
2011	2,024,903,008	2,017,592,586	99.64	(1,148,659)	2,023,754,349
2010	2,122,256,675	2,113,800,763	99.60	(2,460,010)	2,119,796,665
2009	2,088,602,937	2,078,433,868	99.51	(1,377,485)	2,087,225,452
2008	2,014,871,776	2,005,101,989	99.52	(1,462,049)	2,013,409,727
2007	1,935,626,339	1,926,279,952	99.52	(344,301)	1,935,282,038

Source: Fairfax County Department of Tax Administration

Notes:

(1) Taxes are levied on assessed property values as of January 1 of prior calendar year, i.e. FY2016, taxes are levied for calendar year 2015.

(2) Adjustments to the original levy include exonerations, tax relief, and supplemental assessments.

Fiscal Year 2007				
Rank	Taxpayer	Taxable Assessed Value ⁽¹⁾	Pct. of Total Taxable Assessed Value ⁽²⁾	
1	Tyson's Corner Property Holdings LLC	\$ 774,874,740	0.34 %	
2	West Park Portfolio LLC	240,275,080	0.11	
3	Gannett Co. Inc.	240,175,190	0.11	
4	West Mac Associates	236,637,090	0.10	
5	Campus Point Realty Corp.	228,713,450	0.10	
6	Mitre Corporation	218,552,630	0.10	
7	Capital One Bank	204,676,450	0.09	
8	West Group Properties LLC	199,230,100	0.09	
9	Westpark Corporate	171,916,540	0.08	
10	Istar NG LP	168,380,740	0.07	
Totals		\$ 2,683,432,010	1.19 %	

Collections in Subsequent Years	Total Collections to Date	
	Amount	Pct. of Adjusted Levy ⁽³⁾
-	2,443,167,137	99.70 %
3,771,855	2,364,360,705	99.92
4,525,978	2,224,681,117	99.96
4,976,276	2,129,842,185	99.98
5,416,565	2,053,619,339	99.98
5,876,458	2,023,469,044	99.99
5,763,655	2,119,564,418	99.99
8,657,376	2,087,091,244	99.99
8,191,917	2,013,293,906	99.99
8,907,304	1,935,187,256	100.00

(3) This table includes real estate taxes only and does not include penalty and interest. There is a difference in the collection rate reported here and the rate reported in the County's Budget Overview document resulting from a difference in accounting basis. Taxes receivable reflects only the actual levy and collections and does not include the accrual of taxes.

3.0 - Debt capacity information is intended to assist users in understanding and assessing the County's debt burden and its ability to issue additional debt. There are five tables presented in this section.

COUNTY OF FAIRFAX, VA
TABLE 3.1 - Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities ⁽¹⁾					
	General Obligation Bonds (000s)	Revenue Bonds		Certificates of Participation ⁽³⁾ (000s)	Notes (000s)	Capital Leases (000s)
		Revenue- Backed Bonds ⁽⁶⁾ (000s)	Lease Revenue Bonds ^{(2) (6)} (000s)			
2016	\$ 2,404,587	391,517	470,579	-	145,996	25,938
2015	2,367,801	406,207	495,338	-	75,736	23,218
2014	2,311,626	413,632	520,906	-	53,883	24,323
2013	2,226,884	420,949	348,712	-	32,713	3,478
2012	2,017,435	-	716,700	-	35,433	11,234
2011	1,996,210	-	557,841	-	38,258	15,025
2010	1,997,045	-	321,654	-	42,813	8,064
2009	1,895,765	-	209,653	25,855	45,958	8,339
2008	1,860,900	-	222,623	26,385	48,903	7,809
2007	1,784,240	-	234,290	26,885	11,933	11,736

Source: Fairfax County Department of Finance

Notes:

- (1) Prior to fiscal year 2013, amounts for bonds are reported net, excluding premiums and/or discounts and deferred amounts on refundings. See Note J in Notes to the Financial Statements for additional information regarding the County's outstanding debt.
- (2) Lease revenue bonds have been issued by County component units, using receipt of lease payments as the revenue source. All outstanding lease revenue bonds have been identified as conduit debt of the county and the associated lease payments are made using general government resources.
- (3) The Certificates of Participation relate to the County's acquisition of the South County Government Center, which is reported as a capital lease in the financial statements. The lease was signed on November 1, 2000, and the first payment was due on October 15, 2002. The Certificates of Participation bonds were refunded on March 10, 2010 by EDA Series 2010 Revenue Bonds.
- (4) See Table 4.1 for personal income data. The percentage is calculated using personal income data for the prior calendar year.
- (5) See Table 4.1 for population data. The ratio is calculated using population data for the prior calendar year.
- (6) In fiscal years 2011 and 2012, the revenue-backed and lease revenue bonds were consolidated in lease revenue bonds. The outstanding debt for revenue-backed bonds in fiscal years 2011 and 2012 are \$252,685 and \$364,595, respectively. The two types of bonds are reported separately starting in fiscal year 2013.

HUD Section 108 Loan (000s)	State Literary Fund Loans (000s)	Business-type Activities ⁽¹⁾	Total Primary Government (000s)	Pct. of Personal Income ⁽⁴⁾	Debt Per Capita ⁽⁵⁾
		Revenue Bonds (000s)			
9,471	-	600,266	4,048,354	4.960 %	3,559
10,152	-	619,150	3,997,602	4.936	3,535
10,826	-	644,967	3,980,163	4.915	3,519
11,493	-	666,477	3,710,706	5.168	3,558
12,155	-	552,254	3,345,211	4.627	3,104
12,466	-	565,100	3,184,900	4.388	2,944
6,236	-	546,783	2,922,595	3.929	2,721
6,535	-	559,070	2,751,175	3.699	2,619
1,610	-	418,593	2,586,823	3.669	2,484
1,725	8	376,008	2,446,825	3.646	2,359

COUNTY OF FAIRFAX, VA
TABLE 3.2 - Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding ⁽¹⁾					Pct. of Actual Taxable Value of Real Property ⁽³⁾	Debt Per Capita ⁽⁴⁾
	General Obligation Bonds (000s)	Lease Revenue Bonds ⁽²⁾⁽⁵⁾ (000s)	Certificates of Participation (000s)	State Literary Fund Loans (000s)	Total (000s)		
2016	\$ 2,404,587	470,579	-	-	2,875,166	1.26 %	2,517
2015	2,367,801	495,338	-	-	2,863,139	1.30	2,517
2014	2,311,626	520,906	-	-	2,832,532	1.36	2,505
2013	2,226,884	348,712	-	-	2,575,596	1.28	2,303
2012	2,017,435	716,700	-	-	2,734,135	1.40	2,484
2011	1,996,210	557,841	-	-	2,554,051	1.35	2,361
2010	1,997,045	321,654	-	-	2,318,699	1.11	2,158
2009	1,895,765	209,653	25,855	-	2,131,273	0.92	2,029
2008	1,860,900	222,623	26,385	-	2,109,908	0.92	2,026
2007	1,784,240	234,290	26,885	8	2,045,423	0.93	1,972

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, 2016

	Debt Outstanding (000s)	Percentage Applicable ⁽²⁾	Share of Overlapping Debt (000s) ⁽¹⁾
<i>Overlapping debt :</i>			
Town of Herndon			
General obligation bonds	\$ 11,353	100.0 %	\$ 11,353
Public Improvement notes	83	100.0	83
Total overlapping debt, Town of Herndon			11,436
Town of Vienna			
General obligation bonds	23,546	100.0	23,546
Capital leases	2,641	100.0	2,641
Total overlapping debt, Town of Vienna			26,187
Total overlapping debt			37,623
<i>County direct debt: ⁽³⁾</i>			
General obligation bonds			2,404,587
Revenue-Backed bonds			391,517
Lease Revenue bonds			470,579
Notes			145,996
Capital leases			25,938
HUD Section 108 loans			9,471
Total direct debt			3,448,088
Total direct and overlapping debt			\$ 3,485,711

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)				
	2016	2015	2014	2013	2012
(a) Debt limit ⁽²⁾	\$ 7,331,913	7,092,110	6,731,089	6,513,757	6,320,578
Total debt applicable to limit ⁽³⁾	2,875,166	2,863,139	2,832,532	2,575,596	2,734,135
Self-imposed debt margin	\$ 4,456,747	4,228,971	3,898,557	3,938,161	3,586,443
Total debt applicable to limit as a percentage of debt limit	39.21%	40.37%	42.08%	39.54%	43.26%
Total debt applicable to limit as a percentage of assessed value	1.18%	1.21%	1.26%	1.19%	1.30%
<i>Debt Margin Calculation for Fiscal Year 2016:</i>					
Assessed value ⁽²⁾	\$ 244,397,085				
Debt limit (3% of assessed value)	7,331,913				
Debt applicable to limit: ⁽³⁾					
General obligation bonds ⁽¹⁾	2,404,587				
Lease Revenue bonds ⁽¹⁾	470,579				
Total debt applicable to limit	2,875,166				
Self-imposed debt margin	\$ 4,456,747				
	Fiscal Year (000s)				
	2016	2015	2014	2013	2012
(b) Debt service limit	\$ 386,066	372,962	363,784	353,329	341,854
Total debt service requirements applicable to limit ⁽⁴⁾	323,859	313,969	295,451	289,714	288,302
Self-imposed debt service margin	\$ 62,207	58,993	68,333	63,615	53,552
Total debt service requirements applicable to limit as a percentage of the debt service limit	83.89%	84.18%	81.22%	82.00%	84.33%
Total debt service requirements applicable to limit as a percentage of annual General Fund expenditures and transfers out	8.39%	8.42%	8.12%	8.20%	8.43%

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)					
2011	2010	2009	2008	2007	
6,108,656	6,680,146	7,354,368	7,334,790	7,057,254	Debt limit ⁽²⁾
2,554,051	2,318,699	2,131,273	2,109,908	2,045,423	Total debt applicable to limit ⁽³⁾
3,554,605	4,361,447	5,223,095	5,224,882	5,011,831	Self-imposed debt margin
41.81%	34.71%	28.98%	28.77%	28.98%	Total debt applicable to limit as a percentage of debt limit
1.25%	1.04%	0.87%	0.86%	0.87%	Total debt applicable to limit as a percentage of assessed value

Fiscal Year (000s)					
2011	2010	2009	2008	2007	
334,490	330,895	335,364	332,217	322,551	Debt service limit
285,551	277,370	276,105	267,624	253,433	Total debt service requirements applicable to limit ⁽⁴⁾
48,939	53,525	59,259	64,593	69,118	Self-imposed debt service margin
85.37%	83.82%	82.33%	80.56%	78.57%	Total debt service requirements applicable to limit as a percentage of the debt service limit
8.54%	8.38%	8.23%	8.06%	7.86%	Total debt service requirements applicable to limit as a percentage of annual General Fund expenditures and transfers out

COUNTY OF FAIRFAX, VA

**TABLE 3.5 - Pledged Revenue Coverage for the Integrated Sewer System
Last Ten Fiscal Years**

Fiscal Year	Gross ⁽¹⁾		Operating ⁽²⁾	Net Available	Debt Service ⁽³⁾			Coverage
	Revenues	Expenses			Principal	Interest	Total	
	(000s)	(000s)		(000s)	(000s)	(000s)	(000s)	
2016	\$ 206,287	92,453		113,834	23,070	24,046	47,116	2.42 %
2015	210,057	92,312		117,745	22,429	24,335	46,764	2.52
2014	212,782	91,111		121,671	20,872	27,125	47,997	2.53
2013	195,628	86,441		109,187	17,217	27,091	44,308	2.46
2012	189,447	85,455		103,992	16,445	25,418	41,863	2.48
2011	155,218	84,757		70,461	15,797	25,436	41,233	1.71
2010	138,702	83,112		55,590	12,287	22,892	35,179	1.58
2009	122,532	85,307		37,225	11,778	17,888	29,666	1.25
2008	119,395	79,870		39,525	11,341	17,042	28,383	1.39
2007	121,193	73,663		47,530	10,859	17,489	28,348	1.68

Source: Fairfax County Department of Finance

Notes:

- (1) Gross revenues include all revenues, except the amortization of deferred gain on bond refundings.
- (2) Operating expenses do not include depreciation and amortization.
- (3) See Note J in the Notes to the Financial Statements for detailed information regarding the sewer revenue bonds issued by the Integrated Sewer System and Note K for the System's share of the revenue bonds issued by the Upper Occoquan Sewage Authority.

4.0 - Demographic and economic information is intended to assist users in understanding the socioeconomic environment within which a government operates and to provide information that facilitates comparisons of financial statement information over time and among governments. There are two tables presented in this section.

COUNTY OF FAIRFAX, VA

**TABLE 4.1 - Demographic and Economic Statistics
Last Ten Calendar Years**

Calendar Year	Population ⁽¹⁾	Personal Income ⁽²⁾ (000s)	Per Capita Personal Income ⁽²⁾	Median Age (yrs) ⁽³⁾	Pct. of People ≥ 25 Years Old with a Bachelor's Degree ⁽³⁾	Public School Enrollment ⁽⁴⁾	Unemployment Rate ⁽⁵⁾
2015	1,142,234	\$ 85,675,546	\$ 75,007	37.7	59.2 %	185,914	3.1 %
2014	1,137,538	81,620,627	71,752	37.6	58.6	183,895	3.5
2013	1,130,924	80,982,075	71,607	37.3	58.2	181,259	3.7
2012	1,118,602	77,012,392	68,847	37.6	59.3	177,918	4.4
2011	1,100,692	71,145,429	64,637	37.6	58.0	174,933	4.7
2010	1,081,726	72,577,324	67,094	37.5	56.1	172,391	5.1
2009	1,074,227	74,380,758	69,241	37.3	58.1	169,538	4.9
2008	1,050,315	74,385,409	70,822	39.4	58.5	166,307	2.8
2007	1,041,507	70,500,650	67,691	39.1	59.0	164,486	2.2
2006	1,037,311	67,111,947	64,698	38.4	58.7	164,284	2.2

Notes:

- (1) Population data includes the Cities of Fairfax and Falls Church and is obtained from U.S. Census Bureau's American Fact Finder.
- (2) Personal income data is obtained from the Bureau of Economic Analysis, U.S. Department of Commerce and includes the Cities of Fairfax and Falls Church. Data for only Fairfax County is not available; however, it is believed that the inclusion of these Cities does not significantly affect the County's data. Fairfax County data for 2015 is estimated using percent change in per capita personal income from 2014.
- (3) Median age and educational attainment information are obtained from the U.S. Census Bureau's American Fact Finder and Virginia Economic Development Partnership.
- (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 2016 ⁽¹⁾			Fiscal Year 2007 ⁽¹⁾		
	Number of ⁽²⁾ Employees	Rank	Pct. of Total ⁽³⁾ County Employment	Number of ⁽²⁾ Employees	Rank	Pct. of Total ⁽³⁾ County Employment
Fairfax County Public Schools	24,581	1	3.93 %	22,707	1	3.91 %
Federal Government	23,664	2	3.79	13,359	2	2.30
Fairfax County Government	12,335	3	1.97	11,324	3	1.95
Inova Health System	7,000-10,000	4	1.36	7,000-10,000	4	1.46
George Mason University	5,000-10,000	5	1.20	-	-	-
Booz-Allen Hamilton	4,000-6,999	6	0.88	7,000-10,000	5	1.46
Federal Home Loan Mortgage	4,000-6,999	7	0.88	4,000-6,999	8	0.95
General Dynamics	4,000-6,999	8	0.88	-	-	-
Science Applications International Corporation ⁽⁴⁾	1,000-3,999	9	0.40	4,000-6,999	7	0.95
Northrop Grumman	1,000-3,999	10	0.40	7,000-10,000	6	1.46
Lockheed Martin	-	-	0.00	4,000-6,999	9	0.95
Sprint	-	-	0.00	4,000-6,999	10	0.95
Totals			15.69 %			16.34 %

Source: Fairfax County Economic Development Authority (using Virginia Employment Commission data); Fairfax County Public Schools; Fairfax County Department of Management and Budget

Notes:

- (1) Employment information for fiscal year 2016, excluding data for Fairfax County Government and Fairfax County Public Schools, is from the 1st quarter of calendar year 2016 VEC. Employment information for fiscal year 2007 is as was presented 2007 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 2016 is estimated at 625,030, based on Business Vital Statistics of the Fairfax Economic Development Authority. Average total County employment for fiscal year 2007 was estimated at 581,053.
- (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				
	2016	2015	2014	2013	2012
<u>Primary Government:</u>					
General government administration	2,259.0	2,258.0	2,251.0	2,254.0	2,257.0
Judicial administration	398.0	394.0	391.0	392.0	390.0
Public safety	4,398.0	4,390.0	4,318.0	4,330.0	4,335.0
Public works	551.0	538.0	520.0	511.0	481.0
Health and welfare	3,464.0	3,475.0	3,490.0	3,571.0	3,571.0
Community development	529.0	516.0	513.0	481.0	491.0
Parks, recreation, and cultural	736.0	755.0	757.0	763.0	753.0
Total	12,335.0	12,326.0	12,240.0	12,302.0	12,278.0
<u>Component Units:</u>					
<i>Public Schools:</i>					
Education	24,581.0	24,181.0	24,590.0	24,232.0	23,534.0
<i>Redevelopment and Housing Authority:</i>					
Community development	226.0	233.0	233.0	230.0	230.0
<i>Park Authority:</i>					
Parks, recreation, and cultural	582.0	595.0	600.0	598.0	605.0

Sources: Fairfax County Department of Management and Budget; Fairfax County Public Schools; Fairfax County Redevelopment and Housing Authority; Fairfax County Park Authority

Full-Time Equivalent Employees as of June 30					Function/Program
2011	2010	2009	2008	2007	
					<u>Primary Government:</u>
1,362.0	1,375.0	1,466.5	1,446.5	1,437.5	General government administration
386.0	386.0	391.0	384.0	381.0	Judicial administration
4,256.0	4,304.0	4,331.0	4,321.0	4,297.8	Public safety
972.0	970.5	1,118.5	1,129.5	1,128.5	Public works
2,976.0	2,865.8	2,913.3	2,922.3	2,986.3	Health and welfare
666.0	678.0	531.0	495.0	487.0	Community development
422.0	604.5	641.5	636.2	605.5	Parks, recreation, and cultural
11,040.0	11,183.8	11,392.8	11,334.5	11,323.6	Total
					<u>Component Units:</u>
					<i>Public Schools:</i>
22,938.8	22,851.6	23,014.3	22,994.2	22,706.8	Education
					<i>Redevelopment and Housing Authority:</i>
228.0	228.0	238.0	238.0	236.0	Community development
					<i>Park Authority:</i>
603.0	600.0	620.0	618.0	615.5	Parks, recreation, and cultural

COUNTY OF FAIRFAX, VA
TABLE 5.2 - Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2016	2015	2014	2013	2012
Primary Government:					
<i>General government administration:</i>					
Real property parcels assessed	360,495	359,265	359,099	358,555	358,489
Personal property vehicles assessed	980,114	979,836	979,424	970,361	963,595
Businesses licensed	49,309	49,063	48,202	47,454	46,919
Best qualified job applicants forwarded to departments	17,177	17,374	15,577	21,828	22,466
<i>Judicial administration:</i>					
Cases filed in General District Court	310,879	316,727	313,055	310,883	313,369
Booking transactions	37,537	40,248	43,543	43,857	42,290
General District Court probation program new adult enrollment	1,127	1,168	1,252	1,286	755
<i>Public safety:</i>					
Police:					
Recruits graduating					
Criminal Justice Academy ⁽³⁾	104	72	49	31	28
Total cases assigned ⁽⁴⁾	6,725	9,166	11,559	12,686	12,549
Total cases cleared ⁽⁴⁾	2,141	3,590	4,742	5,722	5,234
Parking tickets issued	45,775	48,645	59,097	52,182	58,550
Sheriff:					
Court cases heard annually	451,837	420,081	510,857	490,492	478,726
Average daily Adult Detention Center inmate population	1,038	1,062	1,228	1,220	1,257
Fire and rescue:					
Fire investigations conducted	350	386	283	329	260
Fire inspection activities conducted	20,520	20,943	21,920	18,024	17,917
EMS incidents	72,037	69,486	66,550	67,243	67,073
Animals impounded	4,354	4,553	4,090	3,228	4,323
<i>Public works:</i>					
Gross square feet of facilities maintained	10,799,658	10,652,102	8,590,360	8,688,860	8,613,111
Tons of County waste disposed	727,734	709,936	700,170	724,606	796,472
Total tons recycled	520,628	484,783	518,575	647,456	571,116
Total average daily wastewater flow treated (million gallons)	96.2	102.9	104.2	98.0	102.7
<i>Health and welfare:</i>					
Persons served through Community Services Board programs: ⁽¹⁾					
Mental Health Services	6,884	7,082	6,619	6,874	6,736
Substance Abuse Services	1,658	2,406	2,602	2,944	3,281
Developmental Services	1,969	1,901	1,910	1,645	2,087
Infant Toddler Connection	3,559	3,372	3,164	2,975	2,803
Emergency and Ancillary Services	15,154	14,245	13,442	13,248	11,549
Home and Congregate Meals for Older Adults	468,022	433,170	443,865	451,945	479,555
Food Stamp applications (SNAP)	18,469	18,466	17,416	18,725	17,604
Medicaid/FAMIS Applications	39,361	31,609	17,472	22,161	20,544
Primary care clinic visits	37,365	48,100	50,174	50,287	54,336
Child immunization vaccines given at clinics	31,559	34,417	30,590	27,849	29,365

Fiscal Year					Function/Program
2011	2010	2009	2008	2007	
Primary Government:					
General government administration:					
357,943	357,872	358,179	357,180	354,830	Real property parcels assessed
956,528	948,285	947,698	940,437	941,788	Personal property vehicles assessed
46,597	46,872	47,750	47,768	47,556	Businesses licensed
20,563	11,672	11,028	19,343	20,336	Best qualified job applicants forwarded to departments
Judicial administration:					
328,580	334,971	345,240	336,776	308,118	Cases filed in General District Court
48,569	49,784	55,806	54,134	53,389	Booking transactions
1,353	1,300	1,819	1,455	1,369	General District Court probation program new adult enrollment
Public safety:					
Police:					
Recruits graduating					
42	37	41	108	89	Criminal Justice Academy ⁽³⁾
12,661	9,103	11,078	11,200	11,224	Total cases assigned ⁽⁴⁾
4,339	3,039	6,158	7,850	6,937	Total cases cleared ⁽⁴⁾
61,252	64,079	66,003	66,962	66,993	Parking tickets issued
Sheriff:					
451,744	435,853	459,836	459,543	458,358	Court cases heard annually
1,226	1,279	1,309	1,155	1,095	Average daily Adult Detention Center inmate population
Fire and rescue:					
306	312	276	331	380	Fire investigations conducted
19,251	15,468	24,641	26,830	18,942	Fire inspection activities conducted
64,066	65,898	65,662	64,433	64,088	EMS incidents
4,365	4,087	5,176	5,899	5,202	Animals impounded
Public works:					
8,532,386	8,494,171	8,079,711	8,569,129	7,720,206	Gross square feet of facilities maintained
789,721	789,198	845,541	917,463	1,008,263	Tons of County waste disposed
472,646	445,625	491,113	488,240	498,139	Total tons recycled
100	107.7	101	99	107	Total average daily wastewater flow treated (million gallons)
Health and welfare:					
Persons served through Community Services Board programs: ⁽¹⁾					
12,390	11,447	11,318	12,006	11,191	Intellectual Disability Services (IDS)
5,153	5,115	5,136	5,397	5,456	Alcohol and drug services
2,319	2,297	2,685	2,808	2,297	Intellectual disability
2,801	2,448	2,374	2,044	1,314	Infant Toddler Connection
-	-	-	-	-	Emergency and Ancillary Services
504,093	584,942	624,745	624,745	570,614	Senior home-delivered meals
17,593	17,739	15,412	11,057	9,363	Food Stamp applications (SNAP)
19,711	17,760	18,700	17,298	15,621	Medicaid/FAMIS applications
56,018	51,447	50,012	50,054	47,022	Primary care clinic visits
31,152	65,725	36,062	39,587	44,775	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				
	2016	2015	2014	2013	2012
<i>Community development:</i>					
Building inspections	150,627	156,331	148,587	150,877	136,532
Building permits issued	57,972	59,471	59,956	59,714	54,138
Zoning permits processed	21,513	19,223	19,163	17,982	15,000
Fairfax Connector bus passengers	8,984,180	9,764,166	10,655,021	10,650,401	10,895,833
<i>Parks, recreation, and cultural:</i>					
Senior Center attendance	302,637	296,883	277,342	284,392	260,943
Teen Center attendance	81,975	94,142	92,895	84,180	97,913
Community Center attendance	330,782	308,143	269,279	264,144	224,163
Library visits	4,727,927	4,814,043	4,990,860	5,221,226	5,246,854
Circulation of all library materials	12,042,565	12,095,926	12,881,013	13,091,690	13,034,816
<u>Component Units:</u>					
<i>Public Schools:</i>					
Combined SAT scores	1,672	1,669	1,668	1,663	1,659
Number of lunches served daily	82,168	81,526	83,355	85,006	86,703
Number of breakfasts served daily	20,102	19,193	19,090	17,171	15,400
Student enrollment	185,979	185,914	183,895	181,259	177,918
Special education enrollment	25,740	25,490	25,358	25,114	24,807
ESOL enrollment	31,120	31,104	31,204	28,090	27,944
<i>Redevelopment and Housing Authority:</i>					
Residents housed through subsidized rental programs:					
Federal Public Housing	2,762	2,637	2,701	2,789	2,818
Federal Housing Choice Vouchers	9,917	9,327	9,530	9,636	9,317
County Rental Program-multifamily and seniors	6,034	6,223	6,202	6,224	6,166
Homes sold in First-Time Homebuyer Program	18	15	27	42	32
<i>Park Authority:</i>					
REC Center attendance	1,851,595	1,817,882	1,796,905	1,919,684	2,006,294
Golf course rounds	268,801	259,313	268,151	276,759	294,828
Visits to natural, cultural, historic and interpretive sites ⁽²⁾	1,813,942	1,601,690	1,324,432	791,038	881,510
Class, camp, and program participation	175,701	179,575	178,861	180,336	176,240

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.

Fiscal Year					Function/Program
2011	2010	2009	2008	2007	
Community development:					
131,236	119,132	130,492	144,388	180,471	Building inspections
52,450	59,662	49,783	59,662	73,719	Building permits issued
15,768	14,791	14,379	18,435	24,611	Zoning permits processed
10,283,313	9,629,993	10,901,053	9,810,228	9,717,392	Fairfax Connector bus passengers
Parks, recreation, and cultural:					
258,359	254,830	278,054	276,326	246,946	Senior Center attendance
95,993	99,267	90,600	103,357	99,445	Teen Center attendance
219,768	211,637	211,781	190,397	175,908	Community Center attendance
5,439,426	5,685,827	6,128,289	5,794,036	5,334,827	Library visits
13,241,259	13,879,073	13,931,027	13,065,309	11,942,788	Circulation of all library materials
Component Units:					
Public Schools:					
1,654	1,664	1,664	1,654	1,639	Combined SAT scores
85,154	83,514	83,385	81,432	82,273	Number of lunches served daily
12,825	11,911	10,456	10,555	10,889	Number of breakfasts served daily
174,933	172,391	169,538	166,307	164,486	Student enrollment
24,489	14,157	14,071	13,499	13,265	Special education enrollment
22,650	19,222	22,001	21,783	21,369	ESOL enrollment
Redevelopment and Housing Authority:					
Residents housed through subsidized rental programs:					
2,839	2,866	2,863	2,878	2,924	Federal Public Housing
9,103	8,138	8,454	8,264	8,108	Federal Housing Choice Vouchers
6,006	6,113	6,398	4,941	3,876	County Rental Program-multifamily and seniors
51	63	120	152	142	Homes sold in First-Time Homebuyer Program
Park Authority:					
1,988,830	1,868,390	1,847,391	1,778,914	1,773,319	REC Center attendance
281,930	289,384	298,631	322,175	318,117	Golf course rounds
723,351	616,441	606,411	566,815	526,975	Visits to natural, cultural, historic and interpretive sites ⁽²⁾
166,430	152,002	157,590	161,213	158,449	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				
	2016	2015	2014	2013	2012
Primary Government:					
<i>General government administration:</i>					
Government office buildings (square feet)	2,706,311	3,191,961	3,763,174	3,621,104	3,605,182
Vehicle maintenance facilities	3	3	3	3	4
<i>Judicial administration:</i>					
Correctional facilities (inmate capacity)	1,371	1,260	1,157	1,220	1,257
Courtrooms	44	44	44	44	44
<i>Public safety:</i>					
Police:					
Stations	8	8	8	8	8
Vehicles	1,441	1,498	1,491	1,486	1,263
Helicopters	2	2	2	2	2
Criminal justice academy (trainee capacity)	240	240	240	240	240
Fire and rescue:					
County-operated fire and rescue stations	30	30	29	29	28
Volunteer fire and rescue stations	8	8	9	9	9
Combination stations	4	4	4	4	4
Vehicles	502	502	502	502	495
Boats	2	2	2	2	4
Training facilities (trainee capacity)	186	186	186	186	186
Animal shelters (animal capacity)	153	153	153	137	158
<i>Public works:</i>					
Miles of sanitary sewer lines	3,430	3,425	3,420	3,412	3,398
Sewer pumping stations	59	59	59	59	65
Refuse collection, recycling, and disposal vehicles	229	239	244	263	264
Miles of stormwater drainage lines	1,653	1,641	1,633	1,621	1,607
Stormwater retention ponds	1,440	1,425	1,414	1,396	1,373
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	10	10	10
<i>Community development:</i>					
Community centers	8	7	7	7	7
Bus shelters	563	557	410	375	350
Transit centers and park & ride lots	43	47	36	36	38
Fairfax Connector buses	302	284	278	278	254
<i>Parks, recreation, and cultural:</i>					
Libraries	23	23	23	23	23
Multi-Cultural centers	1	1	1	1	2
Trails and walkways (miles)	689	677	664	656	649

Fiscal Year					Function/Program
2011	2010	2009	2008	2007	
Primary Government:					
General government administration:					
3,792,927	3,630,519	3,836,771	3,393,794	3,080,056	Government office buildings (square feet)
4	4	4	4	4	Vehicle maintenance facilities
Judicial administration:					
1,260	1,260	1,260	1,260	1,260	Correctional facilities (inmate capacity)
40	39	35	34	35	Courtrooms
Public safety:					
Police:					
8	8	8	8	8	Stations
1,255	1,289	1,290	1,280	1,280	Vehicles
2	2	2	2	2	Helicopters
240	240	240	240	230	Criminal justice academy (trainee capacity)
Fire and rescue:					
28	27	26	24	22	County-operated fire and rescue stations
9	10	11	13	13	Volunteer fire and rescue stations
4	4	4	4	4	Combination stations
496	502	495	496	462	Vehicles
2	2	2	2	2	Boats
186	186	186	186	177	Training facilities (trainee capacity)
134	146	158	158	158	Animal shelters (animal capacity)
Public works:					
3,390	3,380	3,378	3,353	3,328	Miles of sanitary sewer lines
65	65	65	65	65	Sewer pumping stations
264	263	254	289	229	Refuse collection, recycling, and disposal vehicles
1,593	1,586	1,575	1,554	1,758	Miles of stormwater drainage lines
1,349	1,334	1,303	1,267	1,222	Stormwater retention ponds
3	3	3	3	3	Landfills and transfer stations
Health and welfare:					
5	5	5	5	5	Health-related clinics
6	6	6	4	3	Shelters
10	10	10	9	9	Community Services Board centers
Community development:					
7	7	7	5	5	Community centers
194	184	184	181	74	Bus shelters
45	51	51	48	19	Transit centers and park & ride lots
271	255	220	212	202	Fairfax Connector buses
Parks, recreation, and cultural:					
23	23	22	21	21	Libraries
2	2	2	3	3	Community centers
645	641	634	696	605	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				
	2016	2015	2014	2013	2012
<u>Component Units:</u>					
<i>Public Schools:</i>					
Elementary schools	139	139	139	139	138
Middle schools	23	23	23	23	22
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	1,467	1,458	1,456	1,420	1,420
Senior Housing Program	476	494	494	494	494
Partnership Program	690	779	779	779	779
<i>Park Authority:</i>					
Acres of park land	23,372	23,346	23,310	23,265	23,196
Athletic fields	268	268	272	272	274
Trail miles	324	324	324	320	320
Play areas and tot lots	212	210	209	205	205
Tennis courts	254	254	252	252	227
Multi-use courts	124	124	124	124	132
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
2011	2010	2009	2008	2007	
<u>Component Units:</u>					
<i>Public Schools:</i>					
139	139	137	137	137	Elementary schools
22	22	22	22	22	Middle schools
25	25	25	25	25	High/secondary schools
8	8	9	10	11	Special education centers
2	3	3	3	3	Alternative high schools
<i>Redevelopment and Housing Authority:</i>					
Housing units owned under programs:					
1,065	1,065	1,065	1,065	1,065	Federal Public Housing
1,420	1,429	1,442	1,437	736	County Rental Program
494	494	494	494	494	Senior Housing Program
779	779	689	689	689	Partnership Program
<i>Park Authority:</i>					
22,894	22,524	24,277	24,149	23,976	Acres of park land
273	284	289	289	288	Athletic fields
317	314	312	299	297	Trail miles
204	201	201	201	194	Play areas and tot lots
229	229	229	229	229	Tennis courts
132	132	132	132	132	Multi-use courts
9	9	9	9	9	Recreational centers
9	9	9	9	9	Golf courses
68	67	67	64	64	Historic sites
7	7	7	7	7	Nature/visitor centers
3	3	3	3	3	Marinas





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