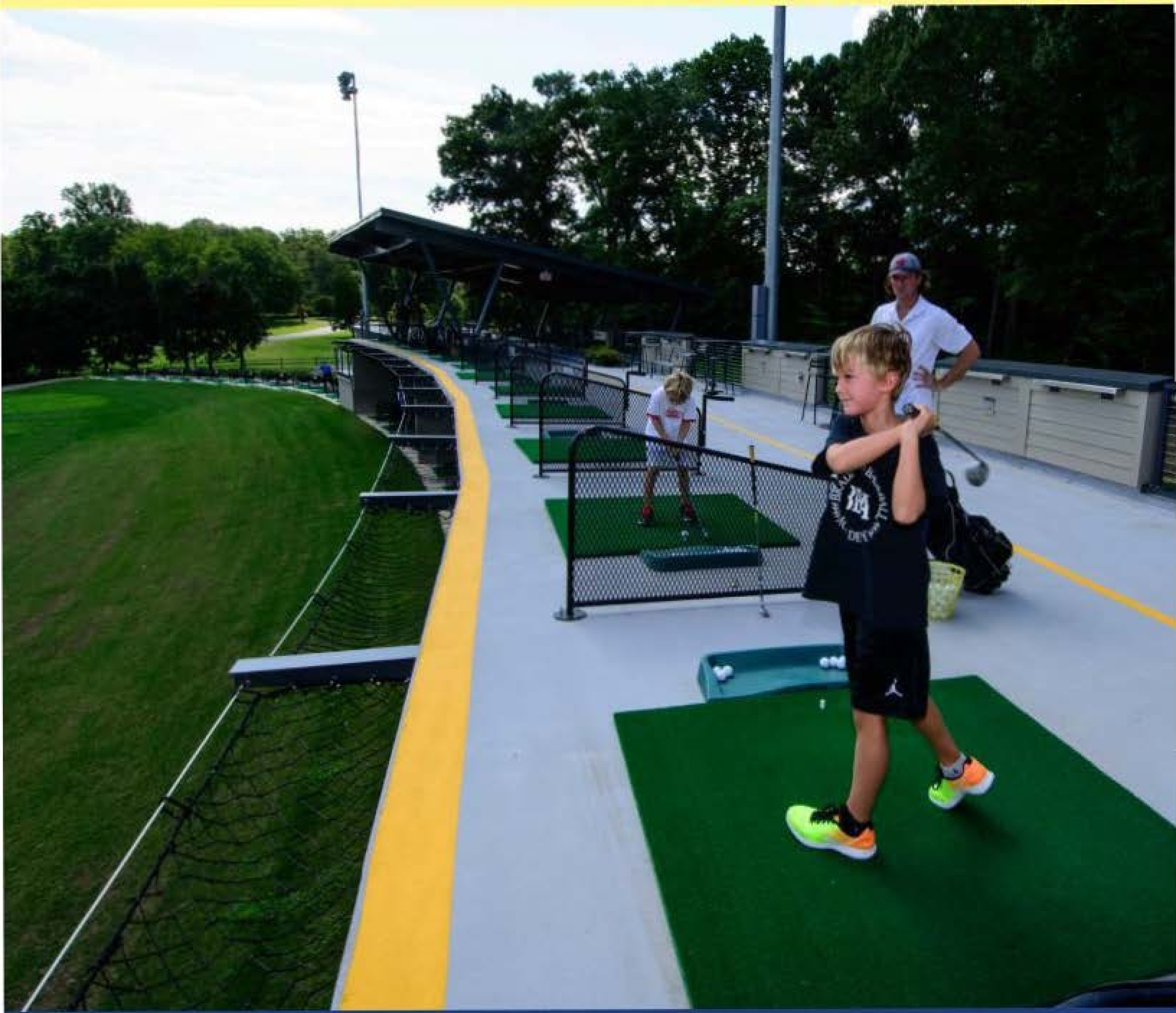
Fairfax County Park Authority

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2017



A Component Unit of the County of Fairfax, Virginia

PARK AUTHORITY MISSION

To set aside public spaces for, and assist citizens in, the protection and enhancement of environmental values, diversity of natural habitats and cultural heritage to guarantee that these resources will be available to both present and future generations; to create and sustain quality facilities and services that offer citizens opportunities for recreation, improvement of their physical and mental well-being, and enhancement of their quality of life.

PARK AUTHORITY VALUES

ENHANCING STEWARDSHIP	We are stewards for a wonderfully rich community trust of natural and cultural resources. We will provide leadership to expand awareness among park staff, volunteers and the community at large in order to instill appreciation for and protection of these treasures for all generations to come.
FOSTERING DIVERSITY	We embrace the diversity of our community and seek to provide all residents with a wide variety of park experiences and recreational opportunities regardless of gender, nationality, religion or other differences.
DEVELOPING PARTNERSHIPS	We believe seeking and maintaining active partnerships with neighborhood and community organizations and individuals is essential to becoming a vital and treasured component of the communities we serve.
PROVIDING QUALITY AND VALUE	We are committed to providing high quality facilities, programs, and services to all in Fairfax County regardless of socio-economic status.
COMMUNICATING EFFECTIVELY	We strive for open, transparent communication and community engagement with residents and our staff to allow all to participate fully in creating and sustaining quality parks and services.
VALUING OUR WORKFORCE	We believe our workforce is the key to our success. We commit to creating a participative, team-oriented organization including career development opportunities and meaningful recognition.
DEMONSTRATING FISCAL RESPONSIBILITY	We are committed to building and preserving a park system that meets the community's needs in a cost effective, fiscally responsible manner.
ACCOUNTABILITY	We accept responsibility for our actions and hold ourselves accountable for results.
FISCAL RESPONSIBILITY	We are committed to pursuing best practices and adopting technological advances to improve programs and facilities for our customers, improve working conditions for staff, to use green methods wherever possible and strive for operational excellence.

FAIRFAX COUNTY PARK AUTHORITY
A Component Unit of the County of Fairfax, Virginia

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2017

Financial Management Branch
12055 Government Center Parkway, Suite 927
Fairfax, Virginia 22035
(703) 324-8700, TTY (703) 803-3354
www.fairfaxcounty.gov/parks

Fairfax County Park Authority
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017

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Introductory Section

The Introductory Section contains the letter of transmittal, which provides an overview of the Authority's finances, economic prospects, and achievements. It also provides general information on the Authority's structure and personnel.

FAIRFAX COUNTY PARK AUTHORITY

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November 17, 2017

Honorable Chairman, Members of the Board of the Fairfax County Park Authority (the Authority), and Residents of the County of Fairfax, Virginia:

We are pleased to submit to you the Authority's Comprehensive Annual Financial Report (the CAFR) for the fiscal year ended June 30, 2017 in accordance with the Code of Virginia. The financial statements included in this report conform to the generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). The accuracy, completeness, and presentation of the financial statements, along with the entire contents of this report, are the sole responsibility of management. To the best of our knowledge, management has been diligent in adhering to internal control guidelines to ensure the highest degree of accuracy in the data presented.

An independent audit firm, Cherry Bekaert LLP, performed the audit of the financial statements included in this report to determine whether or not the financial statements are fairly presented in all material respects. They have concluded that the financial statements present fairly, in all material respects, the financial position of the governmental activities and the major funds of the Authority as of and for the fiscal year ended June 30, 2017.

The reader is referred to the Management's Discussion and Analysis (the MD&A) section for additional information regarding the activities and financial position of the Authority. All necessary disclosures have been included to enable the reader to gain the maximum understanding of the Authority's financial position.

Profile of the Authority

The Authority is a political subdivision of the Commonwealth of Virginia (the Commonwealth) created pursuant to the Park Authorities Act by ordinance adopted by the Board of Supervisors of the County of Fairfax, Virginia (the County) on December 6, 1950, as amended on October 28, 1991. The Authority has been in operation since its creation in 1950. The Authority operates under the policy oversight of a 12-member Park Authority Board, in accordance with a Memorandum of Understanding with the County Board of Supervisors (the Board). The Authority manages acquisition, preservation, development, maintenance and operation of its assets and activities through five funds to include County General Fund, Park Revenue and Operating Fund, County General Construction and Contributions Fund, Park Bond Construction Fund, and Park Improvement Fund. The Authority's Board has direct fiduciary responsibility for the Park Revenue and Operating Fund and the Park Improvement Fund, while the county has fiduciary responsibility for the other three funds. The Authority also aggressively seeks management initiatives and alternate funding sources to sustain the delivery of quality services and facilities. The Park Foundation, established in 2001, serves to coordinate and seek generous gifts from individuals, foundations, and corporations who wish to contribute to delighting current and future generations of park visitors. Grants, donations, the Adopt-A- Field and Adopt-A-Park programs, as well as many "friends groups" and other partnerships have provided cash and in-kind contributions to the Authority.

Due to its location in the northeastern section of the Commonwealth of Virginia, within the Washington D.C. metropolitan area, the Authority serves residents of neighboring jurisdictions as well as those of Fairfax County. With 23,418 acres of land, over 9% of the county's land mass, challenges continue as the population has grown to over one million residents seeking increased parks and recreational activities. Leisure and recreational opportunities are provided through a wide variety of facilities and services that provide valued enhancements to the quality of life for county residents. Optimizing the quality of life in the county is the ultimate goal and mission of the Authority through preservation of open space and natural areas, and by providing nature centers, recreation centers, historic sites, programs, golf courses, athletic fields, public gardens, and neighborhood, community, district and county-wide parks.

Full-time merit staff for all funds in fiscal year 2017 totaled 582, which includes a support staff of engineers, park specialists, accountants, architects, landscape architects, planners and market research specialists and archaeologists. In addition to contracted program and service providers, 2,709 limited term and seasonal staff, and numerous volunteers provide a myriad of direct and support services.

ECONOMIC CONDITIONS AND OUTLOOK

Local Economy

As the most populous jurisdiction in both Virginia and the Washington, D.C. metropolitan area, the county's population exceeds one million residents. This represents 13.4% of the Commonwealth of Virginia's population and 21.5% of the Metropolitan Statistical Area (MSA) population according to the 2010 census. No. VA’s economy is solid but challenges remain. Fairfax County has, in recent years, struggled to keep up with the needs of a changing, diverse population of engaged residents that includes more immigrant families and seniors living on fixed incomes or below the federal poverty level. In response to changing demographics, the county adopted the One Fairfax resolution which directs the development of a racial and social equity policy to ensure all individuals in Fairfax County have an opportunity to reach their highest level of personal achievement.

Being one of the best places in the nation to live, the county has the greatest places to work, play and live and raise a family. It is home to a thriving business community, vibrant entertainment and shopping locations and one of the best public school systems nationwide with a graduation rate of nearly 93 percent, a world class university and a nationally recognized park system.

The Consumer Confidence Index increased in June after declining in May for the second consecutive month. As stated by Lynn Franco, Director of Economic Indicators, “Consumers’ assessment of current conditions improved to a nearly 16-year high.” Overall, consumers anticipate the economy will continue expanding in the months ahead. Total Fiscal Year 2017 Sales Tax receipts decreased, compared to FY 2016, to $176.5 million, a 1.2% decrease. However, this decrease was primarily due to refunds as a result of state audits.

Housing

The county is home to some of the most desirable residential communities anywhere and has one of the highest qualities of life in the US. In June 2017, the number of homes sold in the county was up by 6.1% compared to June 2016 (1,963 vs. 1,851).

According to data from the Real Estate Business Intelligence, the average sales price of all county homes sold in June was $583,620, a 7.2% increase compared to last year's annual average home sales price of $544,416. However, that figure is also a decrease of 0.6% from last June's average sales price of $587,099. On average, homes that sold in the county in June were on the market for 32 days. This is 7 days fewer than the 39 day average in June 2016. The active inventory of homes for sale in June 2017 decreased by 15.2% to 3,332 compared to 3,930 in June 2016.

Economic Development

When compared to other similar areas, the county stands out because of its highly trained workforce, network of technology firms and services, affordable housing, and excellent schools, colleges and universities. It has a strong, diversified, technology-based economy which provides job opportunities in a wide range of sectors such as internet services, information technology and network communications. The county also has a strong base of defense, environmental engineering, energy, satellite and biotechnology clusters. Because of these factors, the county has one of the strongest local economies of any jurisdiction in the Washington D.C. Metro area. Sales tax receipts distributed by the Commonwealth of Virginia to the county in July for retail purchases made in May were $15.1 million, an increase of 2.4% over July 2016. Total fiscal year 2017 sales tax receipts were $176.5 million, a decrease of 1.2% compared to fiscal year 2016 primarily due to refunds as a result of state audits.

The county is well-positioned to lead the nation as economic growth returns through its thriving and diversified business base. Business growth helps the county fund the nation's top-rated school system and other public services that contribute to the quality of life of its residents.

The Authority, a healthy, functional park system, is also a critical component of the county's economic vitality and attracts businesses and visitors to the county.

Employment

The unemployment rate in the county for May was 3.1%, an increase of 0.2% from April. The number of unemployed residents increased from 18,233 to 20,064 partly due to students and graduates entering the labor force. The county's unemployment rate was 0.1% higher than May 2016.

The Virginia's Fantastic 50 award salutes the winners for their entrepreneurial success and contribution to Virginia's economic vitality. This is the only program that highlights 50 of Virginia's fastest growing companies on a statewide basis and is open to all types of businesses. Sixteen Fairfax County companies are included on the 2017 list – GuidePoint Security LLC (second), Concept Plus LLC (ninth), E3 Federal Solutions (tenth), Creative Systems and Consulting (12th.), Ingenicomm Inc. (13th), American Cyber (16th), Veris Group LLC (23rd.), DIGITALSPEC (26th.), MindPoint Group LLC (30th.), Sevatec Inc. 34th.), Pretek Corp. (38th.), NuAxis Innovations (41st.), AEM Corp. (44th.), Technatomy Corp. (45th.), Dominion Consulting (48th.) and Zantech IT Services 50th.). These firms are helping Virginia and Fairfax County remain a leader in the areas of technology, innovation and startups.

Nine Fairfax County-based companies, in industries ranging from defense and technology consulting to financial services and hospitality, hold spots in Fortune magazine's 2016 list of the 500 largest publicly traded companies in the United States.

The current Fortune 500 companies headquarter in Fairfax County are:

- Booz Allen Hamilton Holding
- Capital One Financial
- Computer Sciences Corporation (CSC)*
- Freddie Mac
- General Dynamics
- Hilton Worldwide Holdings
- Leidos
- NVR, Inc.
- Northrop Grumman

**Merged with Hewlett Packard Enterprise to form DXC Technology in April 2017*

Excellent location advantages, a highly skilled workforce, extraordinary educational systems at all levels, and an excellent quality of life gives the county all the important components of a dynamic business environment and collectively support the attraction, growth, and success of corporate headquarters. Fairfax County Economic Development Authority (FCEDA) promotes the county as one of the premier centers of commerce and technology in the United States with one of the world's largest clusters of technology firms, services and workers, a state-of-the-art technology infrastructure, one of the largest commercial office markets in the U.S., direct links to global markets through Washington Dulles International Airport, proximity to the U.S. federal government, and proximity to international financial institutions as well as the diplomatic community and embassies. In addition to the U.S.-based International Marketing Division, the FCEDA has offices in Bangalore, Berlin, London, Seoul and Tel Aviv to offer full assistance to companies from abroad that are interested in setting up businesses or expanding in Fairfax County.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

Strengthen Financial Sustainability

- **Financial Sustainability** - The Golf Enterprises Division completed a long-desired capital improvement project, bringing to fruition renovations and expansion of the driving range at Burke Lake Golf Center driving range. The project was envisioned as a part of the Authority's financial sustainability plan to address aging infrastructure while better positioning the golf operations in the Northern VA market.

- **RECenter System Study** - The Authority's 2016 Needs Assessment revealed a general recognition that the RECenter network is aging and requires reinvestment to meet the public's future demands while remaining fiscally sustainable. To address this issue, the Authority hired the multi-faceted consultant team of Brailsford & Dunlavey, Inc. (B&D), CENTERS, and Hughes Group Architects (HGA) to develop a system-wide sustainability plan for the RECenters. Based on a comprehensive assessment that included community engagement, and a detailed market and financial analysis, the project team has developed a preliminary set of recommended site improvements and a capital investment phasing plan designed to meet future public needs in a financially sustainable manner. Study findings and recommendations are set for release later this year.

- **Lakefront Parks Thrive** - A full complement of outdoor recreation programming, as well as implementing a variety of special events and programming, was added for youth, adults and families. As a result the lakefront parks cost recovery improved in FY17 to 111.67%. The net revenue is used to reinvest in the aging infrastructure.

- **Lee District Park Carousel** - With its Chesapeake Bay theme animals and traditional horses, this is no ordinary carousel. This carousel allows children of all abilities to go 'round and 'round, side by side. Children who use wheelchairs can transfer to a bench and move vertically, rather than riding in a fixed position. In an effort to save on costs, the Authority acted as the general contractor. The total cost of the project was $1,065,000.

Manage and Protect Property

- **Colvin Run Stream Restoration** - This restoration in Lake Fairfax Park was completed in partnership with Fairfax County Stormwater Planning. It protects surface waters, county infrastructure, restores native vegetation and stream habitats, and stops sediment loss that is going downstream. The restored stream channel stabilizes and protects park infrastructure. The project also provides better access to the stream for recreation and environmental education, while protecting banks from excessive foot traffic that kills vegetation and causes erosion.

- **Protecting Natural Resources** - The Authority's Natural Resource Management Plan identifies collecting natural resource data as an essential component of park planning, decision-making and education. Two natural resource datasets have been completed (deer browse and non-native invasive plants) and added to the county Geographic Information System (GIS). This information can be used in park acquisitions, planning, and management activities to protect the Authority's resources.

- **Resident Curator Program** - The Resident Curator Program (RCP) allows ordinary people to become preservation heroes. RCP is designed to preserve historic properties by offering long-term leases to qualified tenants who agree to rehabilitate and maintain these historic resources. A curator can be a private citizen, a non-profit entity or a for-profit entity. Turner Farmhouse, Ellmore, and Stempson House were the three pilot properties. It is projected that ten properties will be under curatorship by FY19.

- **Trailside Park Partnership** - Many capital projects depend on collaborations and partnerships to get the job done. The upgrades to the baseball complex at Trailside Park in Springfield is one such example. The $370,860 improvement project included demolishing existing dugouts and bleacher pads and the construction of new accessible dugouts and accessible bleacher pads at the diamond fields. Fencing and backstops also were replaced to meet ADA requirements. In addition, the project included repaving of the asphalt drive lanes and parking areas to ensure accessibility to the park facilities and correction of the drainage problems.

Expand Alternative Resources

- **Go Ape: A Public Private Partnership** - Go Ape Ltd., an outdoor adventure company, opened a course at South Run Park in Springfield this past May. This unique partnership provides a new revenue stream for the Authority with no public contribution towards construction, maintenance or operations, which are all covered by Go Ape.

FINANCIAL INFORMATION

Financial Management

All financial activities of the Authority are included within this report. As a component unit of the county, the Authority adheres to the same financial practices as the County and is reported as a discretely presented component unit within the County's CAFR.

The Authority is committed to building and preserving a park system that meets the community's needs in a cost effective, fiscally responsible manner. The Authority's Board sets policies and establishes priorities to ensure fiscal integrity and sound financial management.

For additional information regarding the basic financial statements and the Authority's financial position, please refer to the Management's Discussion and Analysis section of this report.

Independent Audit

As a component unit of the county, the Authority is audited each year by its independent auditing firm. The Authority's financial statements of the governmental activities and each major fund have been audited as required by the *Code of Virginia* and received unmodified opinions by the accounting firm of Cherry Bekaert LLP. The report of the independent auditors on the basic financial statements can be found in the financial section of this annual report.

Budgetary and Accounting Controls

The *Code of Virginia* requires that the county adopt a balanced budget. As a component unit of the county, the Authority adheres to the same budget policies as the county. 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 at the fund, cost center and/or project level. Approval by the Board must be granted to alter the total expenditure appropriation of any agency or fund. The Authority's Board has fiduciary responsibility over the Park Revenue and Operating Fund and Park Improvement Fund and has final approval on all budgets of the Authority.

Management is responsible for establishing and maintaining an internal control system which is designed to ensure that the assets of the Authority are protected from loss, theft, or misuse, and that GAAP is followed. This system of controls is designed to provide reasonable, but not absolute, assurance that its objectives are met. The concept of reasonable assurance connotes that the cost of controls should not exceed the benefits likely derived. The evaluation of costs and benefits requires estimates and judgments by management. Management has been diligent in adhering to its internal control guidelines to ensure the highest degree of accuracy in its representations. Additionally, as a recipient of federal, state and local financial assistance, the Authority is responsible for maintaining an internal control structure ensuring compliance with all laws and regulations associated with those programs. The internal control structure is subject to periodic evaluation by management, the internal audit staff of the county and independent auditors.

The county's budget is adopted by May 1 for the upcoming fiscal year which begins on July 1. Two budget reviews, Carryover Review and Third Quarter Review, serve as the primary mechanisms for revising budget appropriations. State law requires that a public hearing be held prior to the adoption of amendments to the current year budget when adjustments exceed $500,000. Any such amendments of $500,000 or more requires that the Board advertise a synopsis of the proposed changes.

Debt Administration

The county borrows money by issuing tax-exempt 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 and has a Triple A ratings from all three national rating agencies: AAA from Moody's Investors Service, Inc., AAA from Standard and Poor's Corporation, and AAA from Fitch Investor Service.

For additional information on the budgetary, accounting and debt policies, please refer to the Letter of Transmittal in the county's CAFR.

AWARDS

Certificate of Achievement for Excellence in Financial Reporting (the certificate)

- The Authority's CAFR was once again recognized by the Government Finance Officers Association (the GFOA) with the award of its certificate for the fiscal year ending June 30, 2016. This is the GFOA's highest form of recognition in the area of governmental accounting and financial reporting.

  In order to be awarded a certificate, an entity must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both GAAP and applicable legal requirements. Attainment of this award represents a significant accomplishment.

Northern Virginia Association for Volunteer Administration (NVAVA)

- **Sandra Lee Fitch Volunteer Administrator of the Year Award** - Shawna Levins, volunteer manager at the Spring Hill RECenter. She took volunteer management to new heights and led the RECenter to becoming the first FCPA site to be awarded the status of Certified Organization for the President's Volunteer Service Award.

The National Association of County Park and Recreation Officials (NACPRO)

- **Planning Initiative Award** - Great Parks, Great Communities Long Range Park Plan and Needs Assessment.

- **Outstanding Volunteer Award** - Norma Hoffman, a long-time volunteer and park advocate at Huntley Meadows Park.

- **Professional-Lifetime Award** - Sandy Stallman, who retired this year as a Planner III in the Planning & Development Division.

- **Environmental/Conservation Award** - Invasive Management Program, which strives to control non-native invasive plant species in county parkland.

Governor's Environmental Excellence Award

- Huntley Meadows Park is honored with the Gold Medal for its successful wetlands restoration project.

National Association of Government Communicators (NAGC)

- **Promotional Campaigns (less than $100,000) Category** - This second place award was received for the popular Discovery Trail Map, Presidential Edition that showcased presidential history in the county.

- **Special Purpose Product Category** – This award of Excellence was also received for the Discovery Trail Map.

- **Electronic Publication Category** - A second place award was received for the photography e-newsletter, Snapshots. Snapshots reaches out to the hundreds of amateur and professional photographers who use the park system to further their photographic aspirations. This publication comes out quarterly and features how-to guidance, location information and photos from throughout the park system.

Middle Atlantic Archaeological Conference

- **Lifetime Achievement Award** – Dr. Elizabeth Crowell, of the Authority's Archaeology and Collections Branch was honored with this award. National Association of Industrial and Office Properties (NAIOP)

Virginia Recreation & Park Society

- **Volunteer Service Award** - Cathy Ledec, president of the Friends of Huntley Meadows Park, received the Distinguished Volunteer Service Award which recognize dedication and contributions to the parks and/or recreation field.

- **Communications Award** - 2015 Strategic Plan document won kudos as the Best Promotional Effort-Traditional in areas with a population greater than 100,000. The report is filled with colorful images and adopted a conversational tone to turn somewhat "dry" statistical information into an interesting read for officials, stakeholders and all those with an interest in parks.

- **Best Promotional Effort-Specialty** (areas with a population greater than 100,000) - A 15-second video promotion for the Park Authority's Annual RECenter Membership Sale was honored. The video ran before the feature presentation at three local Fairfax County movie theaters. Pass sales increased, dozens of potential new customers presented their movie ticket stubs in exchange for a trial membership.

- **Best New Program** - Pinecrest Golf Course's FootGolf program was honored in the category of areas with a population greater than 100,000. It is the only FootGolf facility in Fairfax County. The par 60 course is 1,965 yards with 18 holes and has been certified by the American FootGolf League.

- **Parks, Playgrounds, Blueways, Greenways or Trails** – The Water Mine project took honors for its expansion, which included new water slides, was designed to not only increase capacity but also to make the water park more appealing to a wider range of ages. This increased its popularity as a family destination.

- **Bricks and Mortar Renovations** - Spring Hill RECenter was honored for the project that added a two-story fitness center, new multi-purpose fitness rooms, and a gymnasium with an elevated running track. In addition, the renovations qualified the facility for LEED Silver Certification in recognition of its innovative means to conserve energy use.

ACKNOWLEDGEMENTS

We express our sincere appreciation to all staff who contributed to this report, especially the members of the CAFR Project Team who prepared and compiled this report. We commend them for their professionalism, hard work, and continued efforts to improve this report. Further, we acknowledge and thank our colleagues for their dedication and assistance in adhering to the financial objectives of the Authority.

This CAFR reflects our commitment to provide transparency of information and conformance with the highest standards of financial reporting to the residents of the county, the Authority's Board, and all interested readers of this report.

Respectfully submitted,

Sara Baldwin
Acting Executive Director

Cindy Walsh
Acting Deputy Director/COO

Aimee Vosper
Deputy Director/CBD

Janet Burns
Senior Fiscal Administrator

FAIRFAX COUNTY PARK AUTHORITY
A Component Unit of the County of Fairfax, Virginia
As of June 30, 2017

Board Members

William G. Bouie, Chairman	Hunter Mill District
Mary D. Cortina, Vice Chairman	Member-at-Large
Michael W. Thompson, Jr. , Secretary	Springfield District
Linwood Gorham, Treasurer	Mount Vernon District
Walter Alcorn	Member-at-Large
Cynthia Jacobs Carter	Lee District
Maggie Godbold	Sully District
Timothy B. Hackman	Dranesville District
Faisal Khan	Member-at-Large
Ken Quincy	Providence District
Ronald Kendall	Mason District
Anthony J. Vellucci	Braddock District

Acting Executive Director
Sara Baldwin

Acting Deputy Director/COO
Cindy Walsh

Deputy Director/CBD
Aimee Vosper

Park Operations Division
Todd Brown, Director

Financial Management Branch
Janet Burns, Senior Fiscal Administrator

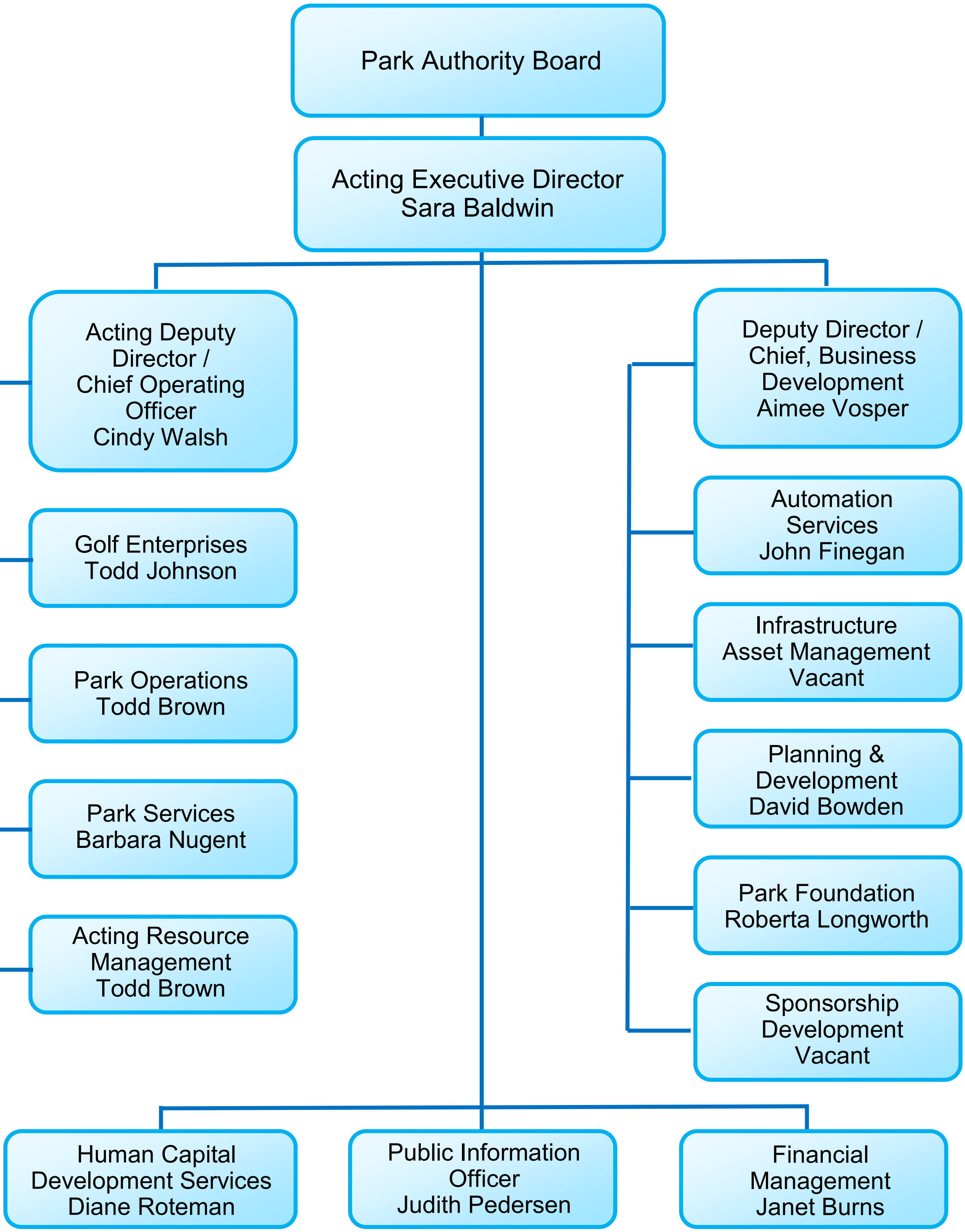
Park Services Division
Barbara Nugent, Director

Golf Enterprises
Todd Johnson, Manager

Resource Management Division
Todd Brown, Acting Director

Planning and Development Division
David Bowden, Director

ORGANIZATION OF
FAIRFAX COUNTY PARK AUTHORITY



This report was prepared by:

FAIRFAX COUNTY PARK AUTHORITY

FINANCIAL MANAGEMENT BRANCH

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Janet Burns, Senior Fiscal Administrator

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Dolores Claytor, Audits, Policies & Procedures
Michael Baird, Budget & Capital Projects
Melinda Samimi, Accounts Payable
Nicole Varnes, Revenue, Accounts Receivable & Grants
Yen Chi Lin, System Support

Special thanks to Alexander Nguyen, Graphic Artist, for cover design.

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Fairfax County Park Authority
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

Financial Section

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

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

To the Board of Supervisors
County of Fairfax, Virginia

To the Fairfax Park Authority Board

We have audited the accompanying financial statements of the governmental activities and each major fund of the Fairfax County Park Authority (the "Authority"), a component unit of the County of Fairfax, Virginia, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority'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. Those standards 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 and each major fund of the Authority, as of June 30, 2017, and the respective changes in financial position 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 and the required supplementary information and notes, as listed in the table of contents, 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 Authority's basic financial statements. The Introductory and Statistical sections, 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 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.

Cherry Bekaert LLP

Tysons Corner, Virginia
November 17, 2017

Management's Discussion and Analysis

The Management's Discussion and Analysis subsection provides a narrative introduction and overview of the basic financial statements. It also provides an analytical overview of the Authority's overall financial performance and results of operations.

Fairfax County Park Authority
A Component Unit of the County of Fairfax, Virginia
Management's Discussion and Analysis *(Unaudited)*
For the Fiscal Year Ended June 30, 2017

I. INTRODUCTION

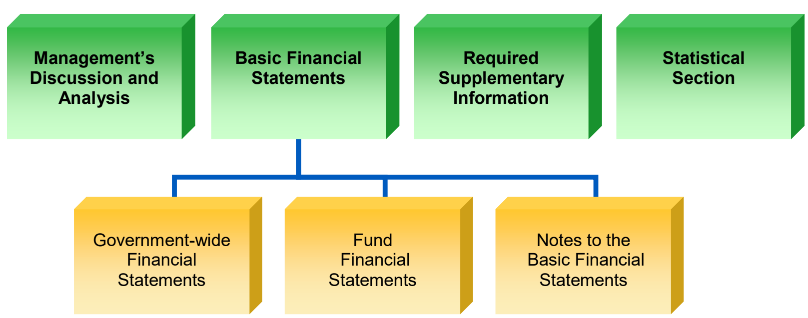
This section of the Fairfax County Park Authority's (the Authority) Comprehensive Annual Financial Report (the CAFR) presents a discussion and analysis of the Authority's financial performance during the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to give perspective on the Authority's fiscal year 2017 financial performance as a whole.

The Management's Discussion and Analysis (the MD&A) presents information that will help the reader ascertain and understand the reasons for changes in expenses, revenues, and net position for the fiscal year ended June 30, 2017 and includes a comparative analysis to the fiscal year ended June 30, 2016.

II. OVERVIEW OF THE FINANCIAL STATEMENTS

The CAFR consists of four parts: Management's Discussion and Analysis, Basic Financial Statements, Required Supplementary Information, and a Statistical Section. The Basic Financial Statements are organized to provide an understanding of the fiscal performance of the Authority as a whole, followed by an increasingly detailed look at the Authority's specific financial activities and notes to provide more detailed data and explain information in the financial statements.

Components of the Financial Report



Government-wide Financial Statements

The government-wide financial statements, found on pages 19-20 of this report, are designed to provide readers with a broad overview of the Authority in a manner similar to a private sector business. The Statement of Net Position and the Statement of Activities are financial statements that provide information about the activities of the Authority as a whole, and present a long-term view of the Authority's finances. These financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

The ***Statement of Net Position*** presents information on all of the Authority's assets and deferred outflows of resources less liabilities, and deferred inflows 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 position of the Authority is improving or deteriorating. The Statement of Net Position can be found on page 19 of this report.

The ***Statement of Activities*** presents information showing how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the Statement of Activities for some items that will only result in cash flows in future fiscal periods. The Statement of Activities can be found on page 20 of this report.

The government-wide financial statements of the Authority have only one category of operations titled Governmental Activities. The Authority's services and programs are included here, such as golf courses, lake parks, recreation centers, cultural activities, park maintenance and general administration. The county provides an annual subsidy to the Authority through its General Fund to supplement fees charged for the services provided at the Authority's facilities and for maintenance and support through the County General Construction and Contributions Fund.

Fund Financial Statements

The fund financial statements can be found on pages 21-24 of this report.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority uses governmental funds only.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental funds, Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances, provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The fund financial statements utilize the current financial resources measurement focus and the modified accrual basis of accounting. Under modified accrual accounting, the fund recognizes revenues when they become available and measurable and expenditures when the liability is incurred (if measurable), except for long-term debt and obligations, which are recognized as they become due. Modified accrual accounting measures cash and all other financial assets that can be readily converted to cash and, as such, provides a more detailed short-term view of general operations.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements, found on pages 25-48 of this report, provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

III. FINANCIAL HIGHLIGHTS

Highlights for Government-wide Financial Statements

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

- Assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources by $595.19 million. Of this amount, ($32.68) million is unrestricted, $15.39 million is restricted for capital projects, $1.51 million is restricted for E.C. Lawrence trust and $0.70 million is restricted for repair and replacement
- Revenues of the Authority's functions/programs amounted to $66.37 million while intergovernmental and other amounted to $53.39 million. Expenses amounted to $104.84 million.

Highlights for Fund Financial Statements

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

- Governmental funds of the Authority reported combined ending fund balances of $29.65 million, an increase of $1.91 million in comparison to the prior year.
- Revenues of the Authority's governmental funds amounted to $115.34 million and expenses amounted to $113.73 million.

General Financial Highlights

- As of June 30, 2017, the Authority's cash of $31.71 million was held in the county's treasury and investment pool.
- The Authority's expenditures in certain funds were supported by the county. As of June 30, 2017, the amount due from the County was $2.66 million.
- Total capital assets, net, as of June 30, 2017, amounted to $624.74 million compared to $612.30 million in the prior year.

IV. FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net position may serve as a useful indicator of an entity's financial position. The following table represents a summary of the net position of the Authority at June 30, 2017 and 2016:

Summary of Net Position
As of June 30

	2017	2016	$ Change	% Change
Assets				
Current and other assets	$ 43,636,729	40,794,324	2,842,405	7.0
Capital assets, net	624,744,526	612,295,594	12,448,932	2.0
Total assets	668,381,255	653,089,918	15,291,337	2.3
Deferred outflows of resources				
Total deferred outflows of resources	17,981,235	8,165,056	9,816,179	120.2
Total assets and deferred outflows of resources	686,362,490	661,254,974	25,107,516	3.8
Liabilities				
Current liabilities	14,024,675	13,100,723	923,952	7.1
Long-term	71,484,168	65,360,354	6,123,814	9.4
Total liabilities	85,508,843	78,461,077	7,047,766	9.0
Deferred inflows of resources				
Total deferred inflows of resources	5,658,977	2,517,001	3,141,976	124.8
Total liabilities and deferred inflows of resources	91,167,820	80,978,078	10,189,742	12.6
Net Position				
Net investment in capital assets	610,270,380	596,765,661	13,504,719	2.3
Restricted for:				
Certain capital projects	15,393,771	13,308,175	2,085,596	15.7
E.C. Lawrence trust:				
Expendable	-	232,926	(232,926)	(100.0)
Nonexpendable	1,507,926	1,275,000	232,926	18.3
Repair and replacement	700,000	700,000	-	-
Unrestricted (deficit)	(32,677,407)	(32,004,866)	(672,541)	2.1
Net position	$ 595,194,670	580,276,896	14,917,774	2.6

Analysis of Net Position

The largest portion of the Authority's net position is its investment of $610.27 million in capital assets (i.e., land, buildings and equipment, net of depreciation) less any related outstanding debt used to acquire those assets. The Authority uses these capital assets to provide services to residents; consequently, these assets are not available for future spending. Although the Authority's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

For fiscal year 2017, the Authority reported deferred outflow of resources of $17.98 million related loss on refunding bonds and pension. The majority of the deferred outflows of resources reported are comprised of current year contributions to the retirement system. However, there may be some deferred outflow of resources attributable to the various components that impact pension expenses, changes due to actuarial assumptions, difference between expected or actual experience.

For fiscal year 2017, the Authority reported deferred inflow of resources of $5.66 million, which represents a net amount attributable to the various components that impact pension expenses, changes due to difference between experience and earning results.

The Authority's overall total net position has increased by $14.92 million, or 2.6%, during fiscal year 2017 primarily due to the increase in net investment in capital assets and restricted net position.

- Current assets have increased by $2.84 million, or 7%, primarily upon completion or substantial completion of new capital projects and renovation of existing facilities.

- Capital assets, net have increased by $12.45 million, or 2.0%, mainly due to a $2.71 million increase in land acquisition, $9.21 million increase in building and improvements, an increase of $0.07 million in construction in progress balance as more capital projects were completed in fiscal year 2017.

- Long-term liabilities increased by $6.12 million, or 9.4%, primarily due to an increase of $7.17 million in net pension liability which was offset by a decrease of $1.10 million in bonds payable and loans payable and an increase of $0.05 million in compensated absences.

- Net investment in capital assets, net of related debt, increased by $13.50 million, or 2.3%, reflecting an increase mainly in land, and building and improvements.

- Net position restricted for certain capital projects increased by $2.09 million, or 15.7%, due to an increase in unused bond funds for capital projects.

The results of this fiscal year's operations as a whole are reported in the Statement of Activities. The table below summarizes the changes in net position for the fiscal years ended June 30, 2017 and 2016:

Summary of Changes in Net Position
For the Fiscal Years Ended June 30

	2017	2016	$ Change	% Change
Revenues:				
Program revenues:				
Charges for services	$ 47,140,231	46,367,981	772,250	1.7
Capital grants and contributions	19,228,339	18,281,842	946,497	5.2
General revenues:				
Intergovernmental	46,077,722	41,467,246	4,610,476	11.1
Investment earnings	97,228	79,134	18,094	22.9
Operating grants not restricted to specific programs	627,106	608,017	19,089	3.1
Capital contributions not restricted to specific programs	6,585,334	1,581,836	5,003,498	316.3
Total revenues	119,755,960	108,386,056	11,369,904	10.5
Expenses:				
Administration	25,361,554	17,414,500	7,947,054	45.6
Maintenance/renovation	18,784,000	21,038,576	(2,254,576)	(10.7)
Golf courses	10,066,692	9,666,636	400,056	4.1
Recreation centers	27,132,051	27,010,588	121,463	0.4
Lake parks	4,140,460	3,958,340	182,120	4.6
Other leisure services	11,448,431	12,274,226	(825,795)	(6.7)
Cultural enrichment	7,332,175	6,974,721	357,454	5.1
Interest on long-term debt	572,823	595,040	(22,217)	(3.7)
Total expenses	104,838,186	98,932,627	5,905,559	6.0
Increase in net position	14,917,774	9,453,429	5,464,345	57.8
Beginning net position	580,276,896	570,823,467	9,453,429	1.7
Ending net position	$ 595,194,670	580,276,896	14,917,774	2.6

Analysis of Changes in Net Position

The Statement of Activities presents the Authority's revenues and expenses in a programmatic format. For each program, it presents gross expenses, offsetting program revenues and the resulting net cost of each program or activity. A large portion of the Authority's revenues are general, that is, not associated with any specific program or activity.

Revenues

In fiscal year 2017, revenues from governmental activities totaled $119.76 million, an increase of $11.37 million, or 10.5%, from fiscal year 2016. This increase was primarily due to increase in capital grants and contributions, intergovernmental, donated land and also unrestricted capital contributions.

Explanations of these changes include the following:

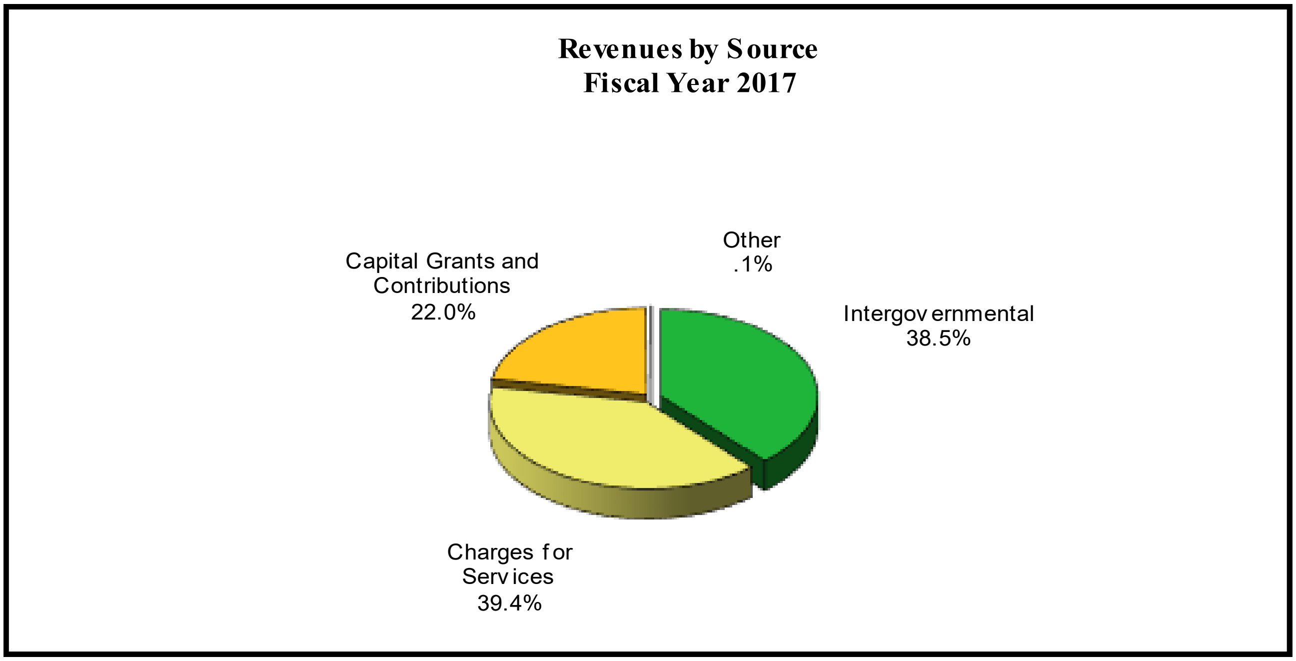
- Charges for services slightly increased $0.77 million, or 1.7%, due to increases in fees and revenues from programs.
- Capital grants and contributions from program revenues increased by $0.95 million, or 5.2%, primarily due to an increase in donated funds received from Great Falls Nike Field and an increase of $0.37 million in developer's contribution.
- Intergovernmental revenue increased by $4.61 million, or 11.1%, mainly due to an increase in county contribution in County Construction and Contributions Fund for $2.90 million and $0.83 million in federal grants.
- Unrestricted Operating grants increased by $0.19 million, or 3.1%, primarily due to increase in donations received in Park Revenue and Operating Fund and Park Capital Improvement Fund.
- Unrestricted capital contributions increased by $5.00 million, or 316.3%, primarily due to transferred land and donated assets more than prior fiscal year.

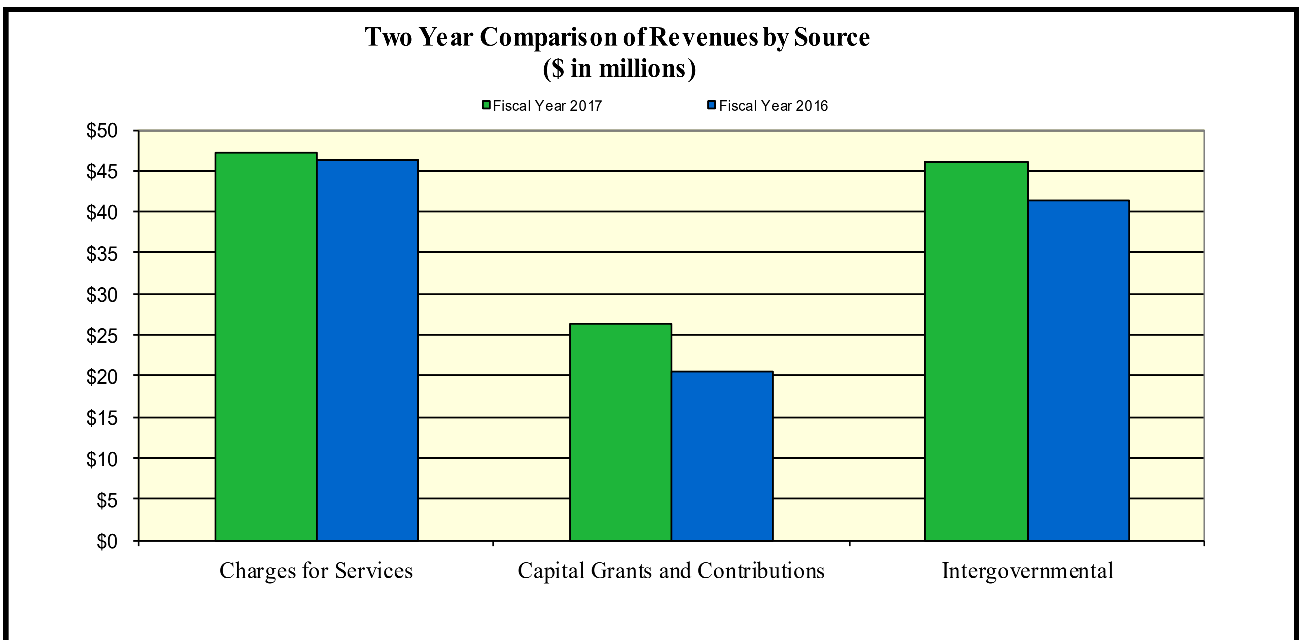
Expenses

The total expenses of Authority for fiscal year 2017 was $104.84 million representing an increase of $5.91million, or 6.0%, compared to fiscal year 2016. This increase is primarily due to completion of several capital projects and land acquisition. An increase of $7.95 million in administration is due to completion of various master plan studies and land acquisition offset by decrease in maintenance cost for $2.25 million, and a decrease in interest on long-term debt.

Revenues

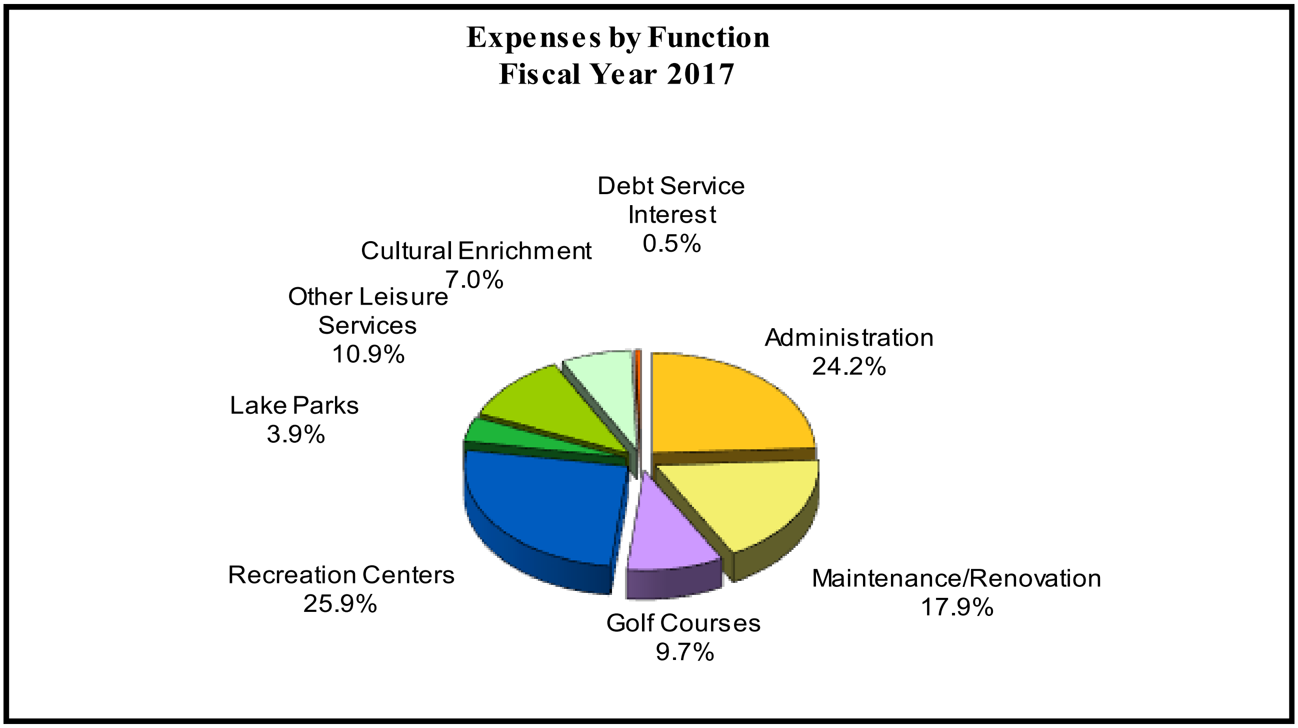
The Authority receives most of its funding from charges for services, capital grants and contributions, and intergovernmental revenues. The following graphics illustrate the Authority's major sources of revenues for the fiscal year ended June 30, 2017:

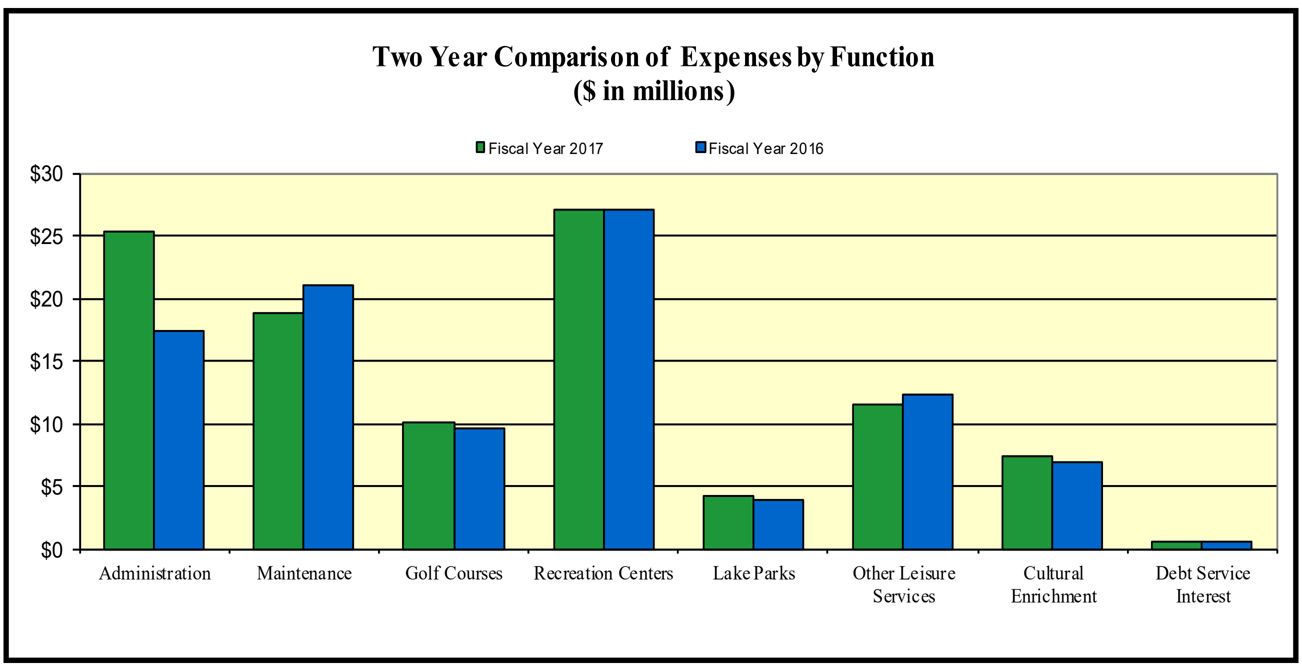




Expenses

For the fiscal year ended June 30, 2017, the Authority's expenses for governmental activities totaled \$104.84 million. The Authority's overall expenses have increased by \$5.91 million, or 6.0%, from fiscal year 2016. The following graphics show the Authority's major expenses by function:





V. MAJOR FUND HIGHLIGHTS

The Authority considers all of its funds to be major. Each fund uses the modified accrual basis of accounting and the current financial resources measurement focus. The fund amounts have been aggregated for fiscal years 2017 and 2016 for the purpose of this analysis.

		Financed from County General Fund	Park Revenue and Operating Fund	Financed from County Construction and Contributions Fund	Park Bond Construction Fund	Park Improvement Fund	Total Major Funds
Fund balances, 6/30/2016	$	-	4,615,256	-	(2,800,759)	20,251,245	22,065,742
Revenues		32,317,076	46,316,035	9,965,049	17,000,000	2,357,740	107,955,900
Expenditures		(32,317,076)	(45,718,481)	(9,965,049)	(10,987,637)	(3,300,491)	(102,288,734)
Transfers (In/Out)		-	(1,170,349)	-	-	1,170,349	-
Net change in fund balance		-	(572,795)	-	6,012,363	227,598	5,667,166
Fund balances, 6/30/2016		-	4,042,461	-	3,211,604	20,478,843	27,732,908
Revenues		33,835,730	47,285,314	13,065,302	17,833,179	3,317,381	115,336,906
Expenditures		(33,835,730)	(46,949,976)	(13,065,302)	(16,073,652)	(3,809,536)	(113,734,196)
Transfers (In/Out)		-	(580,000)	-	-	580,000	-
Net change in fund balance		-	(244,662)	-	1,759,527	87,845	1,602,710
Increase in revenue for inventory		-	310,169	-	-	-	310,169
Fund balances, 6/30/2017	$	-	4,107,968	-	4,971,131	20,566,688	29,645,787

For the fiscal year ended June 30, 2017, the Authority's governmental funds reported a combined fund balance of $29.65 million, an increase of $1.91 million compared to fiscal year 2016.

The fund balance of the Park Revenue and Operating Fund increased by $0.07 million in fiscal year 2017 due to an increase in revenues. Of the total fund balance of $4.11 million in the Park Revenue and Operating Fund, $0.54 million is committed for debt service, $2.21 million is committed for revenue and operating fund stabilization reserve, and $1.35 million is committed for donation and deferred revenue.

The fund balance of the Park Bond Construction Fund increased $1.76 million due to grant reimbursement of $0.83 million and a decrease in expenditures for the completion of the on-going and new capital projects. The total fund balance of $4.97 million is restricted for capital projects.

The fund balance of the Park Improvement Fund increased $0.01 million mainly due to a transfer in of $0.58 million from the Park Revenue and Operating Fund. Of the total fund balance of $20.57 million in the Park Improvement Fund, $1.51 million is nonspendable for E.C. Lawrence Trust, $0.70 million is restricted for repair and replacement, and $10.42 million is restricted for capital projects. The remaining fund balance of $7.94 million is committed for other capital projects.

The fund balances of the Financed from County General Fund and the Financed from County General Construction and Contributions Fund were zero as expenditures are fully offset by revenue received from county appropriations.

VI. CAPITAL ASSETS

The Authority's investment in capital assets includes land, easement, buildings, improvements, equipment, and construction in progress (CIP), which is detailed as follows (net of accumulated depreciation):

Park Authority Capital Assets

	June 30, 2017	June 30, 2016
Land	$ 360,484,406	357,769,692
Easement	17,016,009	17,016,009
Buildings and improvements	234,532,879	225,331,058
Equipment	4,503,344	4,038,358
Construction in progress	8,207,888	8,140,477
Total	$ 624,744,526	612,295,594

Major capital asset events during fiscal year 2017 included the following:

- Land increased to $360.48 million, an increase of $2.71 million, or 0.8%, primarily due to the acquisition of the Bren Marr property for an acre, a transfer of Holladay Field, 4.9 acres from County Board of Supervisors, a land exchange acquisition of 63.82 acres in Sully District adjacent to Halifax Point District Park and Polar Ford Park, and a land exchange disposal of 12.98 acres in Sully District.

- Buildings and improvements, net of depreciation, increased $9.20 million, or 3.92%, as various projects were completed. Some of the complete capital projects included the Historic Huntley tenant house totaling to $1.34 million, conversion of synthetic turf field at Pine Ridge, Mason District and Wakefield totaling to $1.72 million, a new Turner Farm Observatory for $1.07 million, Lake Fairfax pedestrian bridge replacement totaling to $0.43 million, a new carousel at Lee District and liberty bell trail at Lee District totaling to $1.30 million, McNaughton Park and field upgrades totaling to $4.28 million, and completion of Burke Lake Golf Course driving range, parking lot and upgrade of sanitary system totaling to $3.83 million.

- Equipment balance net of depreciation increased by $0.46 million, or 10.33%, due to an increase of RECenters exercise equipment and security cameras.

- An increase of $0.07 million, or 0.8%, in construction in progress was mainly due to ongoing construction maintenance and repairs at various park facilities.

Additional information on the Authority's capital assets can be found in Note E, page 39, of the Notes to the Basic Financial Statements.

VII. DEBT ADMINISTRATION

The following table summarizes the Authority's gross debt outstanding, as reported in the Statement of Net Position:

Park Authority Outstanding Debt			
		June 30, 2017	June 30, 2016
Revenue bonds payable		2,900,000	3,555,000
Loan payable		11,604,900	11,977,500
Total outstanding debt	$	14,504,900	15,532,500

Revenue Bonds

As of June 2017, Revenue Bonds Series 2013 Bonds had an outstanding principal balance of $2,900,000. The county's sale of General Obligation Bonds in January 2013 yielded one of the lowest interest rates in recent history. As a result, the Authority and the county took this opportunity to refinance the Series 2001 debt at a lower rate and provided debt service savings to the Authority.

On June 5, 2013, the Virginia Resources Authority successfully closed the Virginia Pooled Financing Program Spring Series 2013A bond issue and the Authority's local loan. Refunding of the remaining Series 2001 bonds presented a Net Present Value Savings of $784,460 at the rate of 1.2%. The Authority paid $146,884 in interest during fiscal year 2017.

Loan Payable to the County

On June 24, 2003, the Authority entered into a long-term agreement with the county to provide funding of $15,530,000 to finance the costs of the development and construction of a public golf course in the Laurel Hill area of southern Fairfax County. The Laurel Hill Golf Club began operating in fiscal year 2006 and opened its clubhouse in fiscal year 2007. The Laurel Hill revenue bonds Series 2003 were refunded in April 2012 with the outstanding loan payable amount of $13,042,200. The Laurel Hill Series 2012 has an outstanding loan payable amount of $11,604,900. Principal payments of $372,600 and interest payments of $456,699 were made in fiscal year 2017.

Conduit Debt

On December 27, 2005, the Authority entered into a long-term conservation easement agreement, the "Salona Agreement", in the amount of $12,900,000 with the Northern Virginia Conservation Trust and the DuVal family. This agreement permanently preserves 41 acres of open space as a public park in McLean, VA and will be enforced in perpetuity by the Northern Virginia Conservation Trust. The county made principal payments of $645,000 and interest payments of $246,600 in fiscal year 2017.

As the county is responsible, under the related documents and subject to appropriation, to pay the principal and interest on the related debt, the related transactions, including the liability for the notes, have been recorded in the county's financial statements and not in those of the Authority. As of June 30, 2017, $5,482,500 of these related debt are outstanding. The easement is recorded on the Authority's financial statements.

Bond Rating

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 Investors Service. The Authority maintains an "AA+" rating from Standard and Poor's for its revenue bond debt.

Additional information on the Authority's long-term obligations can be found in Note F, pages 40-41, of the Notes to the Financial Statements.

VIII. GENERAL BUDGET HIGHLIGHTS

The original and final budgeted amounts are shown in the Budgetary Comparison Schedules on pages 49 and 50. Revisions that alter the total appropriations of the budgets must be approved by the Board.

Financed from County General Fund

The Authority's revenue for the leisure services programs (charges for services) continues to be impacted by lower than expected actual revenue due to consolidation of the RecPAC centers, a shift of programs to Park Revenue and Operating Fund, and more scholarship requests. Intergovernmental revenues increased from the original Adopted Budget Plan to offset expenditure increases. Total expenditures appropriation decreased from the original fiscal year 2017 Adopted Budget Plan level by $0.06 million, from $28.59 million to $28.53 million. The total expenditure consists of $0.31 million carryover for operating and capital equipment.

Budgetary Trends

The county has experienced many consecutive years of slow revenue growth due to the sluggish economy. Based on a fairly slow economic recovery, complicated by increased needs in services and programs and the revenue shortfalls that the Commonwealth is experiencing, there is limited flexibility to provide required resources. At the current tax rates, The County's General Fund revenues are expected to grow only minimally over the next several years. The approved FY 2017 County General Fund totals $4,012.53 million, an increase of $101.40 million, or 2.59%, over the FY 2016 Adopted Budget Plan. The increase over the Adopted Budget Plan is primarily attributable to requirements of $88.36 million for Fairfax County Public Schools to support operating and debt expenses, and $13.04 million for county government operating and personnel expenses.

IX. ECONOMIC FACTORS AND TRENDS

Even though the regional economy has been sluggish, Fairfax County has continued to show signs of growth in its economy. Technology has been the driving force behind this economic expansion which has provided a wide range of job opportunities. The county is diversifying from its long time, traditional government market base to new economic sectors such as internet services, information technology and network communications. The county continues to have a strong base of defense, environmental engineering, energy, satellite and biotechnology clusters. All of these sectors are important components of the county's diversified economic base.

Fairfax County is credited with being one of the best places to live in the U.S. One of the attributing factors is that it is the safest jurisdiction of its size in the U.S. In addition, in 2016, Fairfax County ranked second in the top 10 of the Smart Asset analysis to identify the counties with the highest quality of life – the happiest places in America. Its analysis was based on family stability, physical health, personal financial health and economic security.

The county is well-positioned to lead the nation as economic growth continues within the country. For those who live and work here, the benefits of a thriving and diversified business base include: high paying, rewarding job opportunities and a strong tax base that allows the Board to fund high-quality services that support the quality of life enjoyed in the county. Fairfax County is one of the few U.S. counties with a median household income over $113,208. Another factor that influences the quality of life in Fairfax County is that 63% of the population exercises regularly. As a result of all these factors, the county has an average life longevity expectancy of 83.01 years. Fairfax County also boasts of a world class school system, thanks to high test scores, advanced academic programs, language emersion and more.

The county's unemployment rate for May was 3.1%, an increase of 0.2% from April. The number of unemployed residents increased slightly over the month from 18,233 to 20,064 due partly to students and graduates entering the labor force. The county's unemployment rate was 0.1% higher than last May.

The Consumer Confidence Index increased in June after declining in May. The present situation component and the expectations component both increased while the expectations component decreased slightly. Lynn Franco, Director of Economic Indicators said that, "Consumers' assessment of current conditions improved to a nearly 16-year high." She added that, "Expectations for the short-term have eased somewhat, but are still upbeat. Overall, consumers anticipate the economy will continue expanding in the months ahead, but they do not foresee the pace of growth accelerating."

Sales Tax receipts distributed to Fairfax County in July for retail purchases made in May were $15.1 million, an increase of 2.4% over July 2016. Total Fiscal Year 2017 Sales Tax receipts were $176.5 million, down 1.2% from Fiscal Year 2016.

The real estate market plays a vital role in the local economy as there is a direct correlation between home values and real estate taxes collected by the county. According to data from the U.S. Census Bureau, housing in June increased 8.3% compared to the previous month and increased 2.1% over a year earlier. In June, 1,963 homes were sold, an increase of 6.1% over the 1,851 homes sold in June 2016. The median home value was $583,620 a decease of 0.6% from the June 2016 average sales price of $587,099.

X. FAIRFAX COUNTY PARK AUTHORITY HIGHLIGHTS

The Authority has continued to be true to its dual mission: *To provide recreational opportunity and to preserve and protect natural and cultural resources in Fairfax County*. The Authority continues to be nationally recognized for its excellence in the field of park and recreation management and is considered amongst the best of the best.

Despite the continued challenges associated with the economy, the Authority continues has achieved its goals of meeting the county's growing recreational needs and has done so at a high level. The Authority's commitment to quality public service extends from active recreational opportunities to preserving cultural and natural resources.

Voters in Fairfax County supported the $107 million dollar Park Bond Referendum with 65% of voters favoring passage of this initiative. The 2016 bond was the thirteenth voter approved referenda to pass in the history of the agency.

The bond includes $94.7 million for Authority needs such as renovations and upgrades, stewardship of cultural and natural resources, land acquisition and new park development, plus $12.3 million in capital contribution to the Northern Virginia Regional Park Authority.

Residents and visitors to Fairfax County can now swing through the treetops and into adventure with Go Ape at the Park Authority's first woodland obstacle and zip line course. And best of all, the popular facility, the largest in Go Ape's portfolio, cost taxpayers nothing.

The Go Ape Ltd., an outdoor adventure company, opened a course at South Run Park in Springfield this past May. This course offers more than 99 suspended obstacles 20 to 40 feet up in the forest canopy. It features nine exhilarating zip lines and a specially designed course for kids.

This unique partnership provides a revenue stream for the Authority with no public contribution towards construction, maintenance or operations, which are all covered by Go Ape. "This is an exciting collaboration between government and the private sector to bring a unique recreational opportunity to Fairfax County residents." said Springfield District Supervisor Pat Herrity.

Delivering high-quality service in parks, consistent with public needs, remains a major focus for the Authority even with the influences of population growth pressures, changing land use patterns and life styles, and fiscal realities. As demands and usage continues to grow, the pace of urban development is rapidly closing the availability of land suitable for future parks, while escalating land costs further constrain opportunities for purchase of public parklands.

In 1951 the Authority received its first land donation which later became Eakin Park. Four years later it owned nine parks on 92 acres of land. The Authority continues to acquire land throughout Fairfax County via purchases, donations, and a host of other mechanisms and criteria. As of the end of Fiscal Year 2017, the Authority owns or cares for 23,418 acres, or approximately 46% of the open space in Fairfax County. Approximately 73% of Authority land holdings remain in their natural state.

In FY 2017, the cumulative level of parkland increased primarily due to the land exchange with Columbia Gas Transmission LLC. The Authority received 63.82 acres of vacant land in exchange for 12.98 acres of Halifax Point District Park that is adjacent to a large utility easement and substation. The new property connects Halifax Point District Park to Poplar Ford Park in the Sully District. Authority also received 4.95 acres of parkland from the Board of Supervisors in the Dranesville District. The site is known as Holladay Field and consists of a full-sized rectangular field and a practice field. Authority added another acres to its land holdings, filling a gap in Bren Mar Park in Alexandria and adding acreage to the existing 26.3-acre site in the Mason District. Parkland surrounds the newly acquired property. This new land acquisition will continue to support Bren Mar Park in providing active and passive recreation for the residents of Mason District. The park contains a playground, parking area, a small picnic shelter, several natural surface trails, and an unscheduled youth baseball diamond.

New facilities completed include the renovation and expansion of the driving range at Burke Lake Golf Course, new carousel at Lee District Park, Liberty Bell Trail, new baseball fields at McNaughton Park, completion of Historic Huntley tenant house, renovation of pedestrian bridge at Lake Fairfax park, conversion of synthetic turf field at Pine Ridge, Mason District and Wakefield and Turner Farm Observatory.

The Authority has launched a website specifically for residents age 50 or older. The 50+ Engage-Connect-Play portal provides one-stop shopping for information on Fitness & Wellness, Arts & Learning, Gardening & Adventure, Giving Back, and more that's geared toward Baby Boomers and active seniors. This initiative is part of the larger, countywide effort aimed at addressing the needs of a rapidly aging population in Fairfax County. U.S. Census figures show that there is a net in-migration to Fairfax County of persons age 85+. Among Fairfax County residents age 80 or older, 47.5 percent have one or more of the following: serious difficulty with walking and/or climbing stairs, difficulty dressing and/or bathing, or a cognitive disability

There is a new way to tour some of your local parks, and it likely will spur you to visit places you've never seen. The Authority has created a web-based Story Map guide to several of its featured history and nature sites. In the guide there are photos, videos, and short passages that explain and show the highlights in each of the parks and some of the features that make each one unique. The photos are paired with interactive maps that show park locations. The guide is an excellent starting point for exploring parks you've never visited.

Parks give all county residents and visitors, regardless of age, background or economic condition, the opportunity to seek active recreation as well as natural and cultural enrichment. Park patron use, which includes paid and unpaid visits to staffed and non-staffed parks increased in fiscal year 2017 to 17.74 million visitors compared to 18.10 million visitors in fiscal year 2016. This increase is indicative of the residents and visitors of Fairfax County taking advantage of all the leisure and recreational opportunities the county has to offer.

The Authority is continually challenged by the economic slowdown stressing the park system with continued limited County General Fund support in addition to rising fuel, utility, repair and maintenance costs, aging infrastructure, and needs for active natural and cultural resource management.

Residents demand for services continues to grow with the rising population and changing needs and diversity of the community. The continuing urbanization of the county requires different types of parks and recreational services and facilities. The existing suburban park system must be supplemented by parks that are more suitable for the unique urban context and provide appropriate functions, uses, amenities, visual form, ownership, and accessibility to various users of an urban environment. In addition, seniors comprise the most rapidly expanding population group needing park and other county services.

In order to meet the growing challenges in fiscal year 2017, the Authority's Board and staff, along with the County Board, will continue to work through the economic challenges and continue to implement the initiatives and strategies outlined in the 2014 - 2018 Strategic Plan.

XI. CONTACTING THE AUTHORITY'S MANAGEMENT

This CAFR is designed to provide a general overview of the financial condition of the Authority. If you have questions about this report or need additional financial information, please contact the Fairfax County Park Authority, Financial Management Branch, 12055 Government Center Parkway, Suite 927, Fairfax, Virginia 22035. This report can also be found on the Authority's website at www.fairfaxcounty.gov/parks.

Basic Financial Statements

The Basic Financial Statements subsection includes the government-wide financial statements, which incorporate all funds of the Authority. It also includes the Authority's fund financial statements and the accompanying note disclosures to the financial statements.

Fairfax County Park Authority **Exhibit A**
A Component Unit of the County of Fairfax, Virginia
Statement of Net Position
June 30, 2017

	Governmental Activities
ASSETS	
Equity in pooled cash and temporary investments	$ 31,714,925
Cash with fiscal agents	544,291
Receivables:	
Accounts	152,609
Accrued interest	52,397
Prepaid and other assets	374,462
Due from primary/other governments	2,660,618
Due from intergovernmental units	836,688
Restricted assets:	
Equity in pooled cash and temporary investments	7,300,739
Capital assets:	
Non-depreciable:	
Land	360,484,406
Easement	17,016,009
Construction in progress	8,207,888
Depreciable:	
Equipment	13,291,721
Building and improvements	455,150,214
Accumulated depreciation	(229,405,712)
Total Assets	668,381,255
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on refunding bonds	233,952
Deferred outflows related to pensions	17,747,283
Total deferred outflows of resources	17,981,235
Total assets and deferred outflows of resources	686,362,490
LIABILITIES	
Accounts payable and other accrued liabilities	3,242,962
Accrued salaries and benefits	3,614,001
Contract retainages	263,623
Unearned revenue:	
Unused passes	5,747,925
Other	269,317
Performance and other deposits	853,114
Accrued interest payable	33,733
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences payable	2,364,360
Loans payable	422,300
Bonds payable	680,000
Premium on bonds payable	86,214
Portion due or payable after one year:	
Compensated absences payable	2,330,314
Loans payable	11,182,600
Bonds payable	2,220,000
Premium on bonds payable	116,984
Net pension liability	52,081,396
Total liabilities	85,508,843
DEFERRED INFLOWS OF RESOURCES	
Difference between expected and actual experience and change in proportion	5,658,977
Total deferred inflows of resources	5,658,977
Total liabilities and deferred inflows of resources	91,167,820
NET POSITION	
Net Investment in capital assets	610,270,380
Restricted for:	
Certain capital projects	15,393,771
Restricted reserve for :	
E.C. Lawrence Trust - Nonexpendable reserve	1,507,926
Repair and replacement	700,000
Unrestricted (deficit)	(32,677,407)
Total Net Position	$ 595,194,670

See accompanying notes to the financial statements.

Fairfax County Park Authority
A Component Unit of the County of Fairfax, Virginia
Statement of Activities
For the Fiscal Year Ended June 30, 2017

Exhibit B

			Program Revenues		Net (Expense) Revenue and Changes in Net Position
Functions/Programs		**Expenses**	Charges for services	Capital grants and contributions	Governmental activities
Governmental activities:					
Administration	$	25,361,554	1,659,068	2,500,341	(21,202,145)
Maintenance/Renovation		18,784,000	-	323,810	(18,460,190)
Golf courses		10,066,692	9,765,942	1,996,786	1,696,036
Recreation centers		27,132,051	28,359,833	4,843,124	6,070,906
Lake parks		4,140,460	3,927,638	1,660,873	1,448,051
Other leisure services		11,448,431	705,800	5,689,168	(5,053,463)
Cultural enrichment		7,332,175	2,721,950	2,214,237	(2,395,988)
Interest on long-term debt		572,823	-	-	(572,823)
Total governmental activities	$	104,838,186	47,140,231	19,228,339	(38,469,616)

General revenues:		
Intergovernmental	$	46,077,722
Investment earnings		97,228
Operating grants not restricted to specific programs		627,106
Capital contributions not restricted to specific programs		6,585,334
Total general revenues		53,387,390
Change in net position		14,917,774
Net position, June 30, 2016		**580,276,896**
Net position, June 30, 2017	$	**595,194,670**

See accompanying notes to the financial statements.

Fairfax County Park Authority
A Component Unit of the County of Fairfax, Virginia
Balance Sheet-Governmental Funds
June 30, 2017

Exhibit C

	Financed from County General Fund	Park Revenue and Operating Fund	Financed from County Construction and Contribution Fund	Park Bond Construction Fund	Park Improvement Fund	Total Governmental Funds
ASSETS						
Equity in pooled cash and temporary investments	$ -	12,053,541	-	-	19,661,384	31,714,925
Cash with fiscal agents	-	544,291	-	-	-	544,291
Receivables:						
Accounts	-	35,096	117,513	-	-	152,609
Accrued interest	-	1,939	-	-	50,458	52,397
Prepaid and other assets	-	310,169	64,293	-	-	374,462
Due from Primary/other Government	1,880,653	-	779,965	-	-	2,660,618
Due from intergovernmental units	-	-	-	833,179	3,509	836,688
Restricted assets:						
Equity in pooled cash and temporary investments	-	-	-	5,092,813	2,207,926	7,300,739
Total assets	1,880,653	12,945,036	961,771	5,925,992	21,923,277	43,636,729
DEFERRED OUTFLOWS OF RESOURCES						
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	1,880,653	12,945,036	961,771	5,925,992	21,923,277	43,636,729
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	299,817	995,785	902,877	750,132	294,351	3,242,962
Accrued salaries and benefits	1,580,836	2,033,165	-	-	-	3,614,001
Contract retainages	-	-	58,894	204,729	-	263,623
Unearned revenue:						
Unused Park passes	-	5,747,925	-	-	-	5,747,925
Other	-	-	-	-	269,317	269,317
Performance and other deposits	-	60,193	-	-	792,921	853,114
Total liabilities	1,880,653	8,837,068	961,771	954,861	1,356,589	13,990,942
DEFERRED INFLOWS OF RESOURCES						
Total deferred inflows of resources	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	1,880,653	8,837,068	961,771	954,861	1,356,589	13,990,942
Fund balances:						
Nonspendable:						
Inventory	-	310,169	-	-	-	310,169
E.C. Lawrence Trust	-	-	-	-	1,507,926	1,507,926
Restricted for:						
Repair and replacement	-	-	-	-	700,000	700,000
Capital projects	-	-	-	4,971,131	10,422,641	15,393,772
Committed for:						
Debt service	-	544,291	-	-	-	544,291
Revenue and Operating Fund Stabilization Reserve	-	2,213,677	-	-	-	2,213,677
Donation	-	1,350,000	-	-	-	1,350,000
Other capital projects	-	-	-	-	7,936,121	7,936,121
Unassigned	-	(310,169)	-	-	-	(310,169)
Total fund balances	-	4,107,968	-	4,971,131	20,566,688	29,645,787
Total liabilities and fund balances	$ 1,880,653	12,945,036	961,771	5,925,992	21,923,277	43,636,729

See accompanying notes to the financial statements.

Fairfax County Park Authority **Exhibit C-1**
A Component Unit of the County of Fairfax, Virginia
Reconciliation of the Balance Sheet—Governmental Funds to the Statement of Net Position
June 30, 2017

Fund balance - total governmental funds			$ 29,645,787
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds:			
Capital assets:			
Non-depreciable:			
Land	$	360,484,406	
Easement		17,016,009	
Construction in progress		8,207,888	
Depreciable:			
Equipment		13,291,721	
Building and improvements		455,150,214	
Accumulated depreciation		(229,405,712)	624,744,526
For debt refundings resulting in defeasance of debt, the difference between the reacquisition price and carrying amount of the old debt should be reported as deferred outflow of resources:			
Deferred loss amount on refunding			233,952
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds:			
Accrued interest payable	$	(33,733)	
Compensated absences payable		(4,694,674)	
Loan payable		(11,604,900)	
Bonds payable due within one year		(680,000)	
Bond payable due in more than one year		(2,220,000)	
Bonds payable premium		(203,198)	(19,436,505)
Pension liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds			
Deferred outflows related to pensions			17,747,283
Net pension liability			(52,081,396)
Deferred inflows of net difference between expected and actual experience and change in proportion			(5,658,977)
Net position of governmental activities			$ 595,194,670

See accompanying notes to the financial statements.

Fairfax County Park Authority
A Component Unit of the County of Fairfax, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds
For the Fiscal Year Ended June 30, 2017

Exhibit D

	Financed from County General Fund	Park Revenue and Operating Fund	Financed from County Construction and Contributions	Park Bond Construction Fund	Park Improvement Fund	Total Governmental Funds
REVENUES						
Intergovernmental	$ 33,129,930	-	12,947,792	17,833,179	10,519	63,921,420
Charges for services	705,800	43,853,912	-	-	25	44,559,737
Revenue from the use of money and property	-	2,552,846	-	-	1,110,986	3,663,832
Gifts, donations, and contributions	-	627,106	117,510	-	1,152,653	1,897,269
Developers' contributions	-	-	-	-	1,043,198	1,043,198
Other	-	251,450	-	-	-	251,450
Total revenues	33,835,730	47,285,314	13,065,302	17,833,179	3,317,381	115,336,906
EXPENDITURES						
Current:						
Administration	9,849,274	1,212,365	75,423	814,629	536,211	12,487,902
Maintenance/Renovation	11,158,777	-	7,274,399	69,152	59,297	18,561,625
Golf Courses	-	10,051,197	-	-	25,021	10,076,218
Recreation Centers	-	26,146,020	-	10,964	196,674	26,353,658
Lake Parks	974,338	2,275,711	-	-	12,013	3,262,062
Other leisure services	3,952,867	2,674,298	472,517	62,494	329,661	7,491,837
Cultural enrichment	7,778,272	2,110,997	-	202,371	156,325	10,247,965
Intergovernmental expenditures	-	820,000	-	-	-	820,000
Capital outlay	122,202	25,205	5,242,963	14,914,042	2,494,334	22,798,746
Debt service:						
Principal retirement	-	1,027,600	-	-	-	1,027,600
Interest and other charges	-	606,583	-	-	-	606,583
Total expenditures	33,835,730	46,949,976	13,065,302	16,073,652	3,809,536	113,734,196
Excess (deficiency) of revenues over (under) expenditures	-	335,338	-	1,759,527	(492,155)	1,602,710
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	-	580,000	580,000
Transfers Out	-	(580,000)	-	-	-	(580,000)
Total other financing sources (uses)	-	(580,000)	-	-	580,000	-
Net change in fund balances	-	(244,662)	-	1,759,527	87,845	1,602,710
Fund balances, June 30, 2016	-	4,042,461	-	3,211,604	20,478,843	27,732,908
Increase/Decrease in reserve for Inventories	-	310,169	-	-	-	310,169
Fund balances, June 30, 2017	$ -	4,107,968	-	4,971,131	20,566,688	29,645,787

See accompanying notes to the financial statements.

Fairfax County Park Authority **Exhibit D-1**
A Component Unit of the County of Fairfax, Virginia
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances—Governmental Funds to the Statement of Activities
For the Fiscal Year June 30, 2017

Net change in fund balances - total governmental funds			$ 1,602,710
Increase/decrease in fund balance reserve			310,169
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 outlays exceeds depreciation expense in the current period.			
Capital Outlay	$	22,798,746	
Depreciation expense		(13,712,654)	9,086,092
Donations of capital assets increase net position in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources.			4,419,054
In the Statement of Activities, the gain or loss on the disposition of capital assets is reported. However, in the governmental funds only the proceeds from sales are reported, which increase fund balance. Thus, the difference is the depreciated cost of the capital assets dispositions			(1,056,213)
Certain costs reported in prior year construction in progress balances were determined not to be capital			-
Repayment of bond principal 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 Positions and do not result in an expense in the Statement of Activities.			
Principal payment to refunding bonds	$	655,000	
Principal payment of notes		372,600	1,027,600
Interest on long-term debt is reported as an expenditure in the governmental funds when it is due. In the Statement of Activities, however, interest expense is affected as this interest accrues and as bond-related items are amorthized. This difference in interest reported is as follows:			
Interest expense	$	5,574	
Amortized premium and deferred loss		28,186	33,760
Under the modified accrual basis of accounting used in the governmental funds, expenditures for the following are not recognized until they mature. In the Statement of Activities, however, they are reported as expenses and liabilities as they accrue. The timing differences are as follows:			
Compensated absences	$	(86,399)	
			(86,399)
Pension liability does not require the use of current financial resources and, therefore, is not reported in the governmental funds:			
Pension expense			(418,999)
Change in net position of governmental activities			$ 14,917,774

See accompanying notes to the financial statements.

Fairfax County Park Authority
A Component Unit of the County of Fairfax, Virginia
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

A. Summary of Significant Accounting Policies

The accounting policies of the Fairfax County Park Authority (the Authority) conform to the accounting principles generally accepted in the United States of America (the GAAP) as applicable to governmental units. The Authority's significant accounting policies are described below:

1. Reporting Entity

The Authority, through appropriations from the County of Fairfax, Virginia (the county) and operating revenues, maintains and operates the public parks and recreational facilities located in the county. The Authority was originally created by the County Board of Supervisors (the Board) on December 6, 1950, to continue in existence for 30 years unless the Board provided for an earlier termination. Its existence, however, may not be terminated while any obligation incurred by the Authority remains binding unless the Board agrees to assume such obligations. The Board approved three interim extensions of the life of the Authority between 1981 and 1991. On October 28, 1991, the Board extended the life of the Authority for a period of 30 years, until October 28, 2021.

The Board appoints the Authority's board members and a substantial portion of the Authority's operations are financed by the county. Therefore, the Authority is considered a component unit of the Fairfax County. The Authority's board appoints Park Authority's Director to act as the administrative head of the Authority who serves at the pleasure of the Authority's board, carries and out the policies established by the Board.

2. Basis of Presentation – Government-wide and Fund Financial Statements

The Basic Financial Statements include both government-wide (based on the Authority as a whole) and fund financial statements. The Authority categorizes its primary activities solely as governmental activities. In the government-wide Statement of Net Position, the governmental type activities are reported using the economic resources measurement focus and the accrual basis of accounting that incorporate long-term assets and obligations. The government-wide Statement of Activities reflects both the gross and net cost per functional category. The Statement of Activities reduces gross expenses, including depreciation, by related program and general revenues.

In the fund financial statements, financial transactions and accounts of the Authority are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, reconciliations are presented to explain the adjustments necessary to reconcile the fund financial statements to the government-wide statements.

3. Measurement Focus and Basis of Accounting

The basis of accounting determines when transactions are reported in the financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 where the Authority either gives or receives value without directly receiving or giving equal value in exchange include grants and donations. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Program revenues consist primarily of charges to customers who purchase, use or directly benefit from goods, services, or privileges provided by a given function such as recreational classes, tours, golf lessons and green fees, and camps.

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 Authority recognizes budget appropriation at the time of approval by the Board for the Financed from County General Fund and the Financed from County General Construction and Contributions Fund. Expenditures are recorded when the related liability is incurred and payment is due, except for principal and interest on long-term debt, which are recorded only when payment is due, and certain other general long-term obligations, such as compensated absences and net pension liability.

The Authority considers all funds to be major and reports the following funds:

<u>General Fund:</u>

Financed from County General Fund - This fund is used to account for all financial transactions and resources except those required to be accounted for in other funds. This is financed by county tax dollars to provide operating and maintenance dollars for non-revenue producing sites and programs, agency overhead, planning, mowing, ball field maintenance, trails, natural and cultural management and protection. This fund also accounts for the operations of the park facilities that are financed by the county that generally serve to benefit the community overall.

<u>Special Revenue Fund:</u>

Park Revenue and Operating Fund - This fund collects user fees and charges such as general admissions, pass and retail sales, equipment and facility rentals, classes and events at RECenters, Golf Courses, Lakefronts, Historic Sites and Nature Centers. Fees are generally applied in areas serving an individual user benefit. The Authority's Board has fiduciary control over this fund and it is guided by the Revenue and Operating Fund Financial Management Principles found in the Financial Management Plan, which is reviewed and approved annually. This fund operates on a cost recovery basis.

<u>Capital Projects Funds</u>:

Financed from County General Construction and Contributions Fund - This fund accounts for specific park construction and maintenance projects related to park facilities that are financed from the County General Construction and Contributions Fund. No annual operating budget is prepared for this fund as it is budgeted as part of the county's Capital Construction Program. Funding is appropriated to projects and unspent dollars are automatically carried over.

Park Bond Construction Fund - This fund accounts for construction projects and capital improvements of the Authority that are financed primarily by county general obligation bond proceeds. The county bond obligations are not included within the Authority's financial statements as they are county debt and, therefore, are included in the county's government-wide Statement of Net Position. The county is responsible for paying all debt service on these bonds. No annual operating budget is prepared for this fund.

Park Improvement Fund - This fund accounts for construction projects and capital improvements of the Authority that are financed primarily by property rentals, telecommunications, developers' contributions and transfers from the Park Revenue and Operating Fund. No annual operating budget is prepared for this fund. These funds are managed by the projects that the Authority's Board approves.

4. Equity in Pooled Cash and Temporary Investments

The Authority maintains its cash in the county treasury. As of June 30, 2017, $31,714,925, of the Authority's cash was held in the county's cash and investment pool. The county invests cash in temporary investments consisting 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. The county allocates the interest earned on a monthly basis to the individual funds based on each fund's average daily balance of equity in pooled cash, except for the capital projects fund financed by county general obligation bonds. Interest earned on the assets of that fund, the Park Bond Construction Fund, is allocated directly to the County General Fund because debt service is funded by the County General Fund.

5. Inventories and Prepaid items

Resale inventories in the pro shop are valued at cost. The consumption method of accounting for inventory is used in the government-wide statements. Reported inventories for governmental funds are offset equally by a non-spendable fund balance which indicates they do not constitute available expendable resources, even though they are a component of assets.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government wide and fund financial statements.

6. Restricted Assets

Restricted assets typically reflect the receipt of proceeds from revenue bonds, which have been restricted for future debt service payments, the revenue bond requirement for a reserve for repair and replacement of certain capital assets and the trust fund to be spent on the donor's dedicated park. In addition, unspent proceeds from general obligation bonds issued by the county and unspent loan proceeds received from the county are restricted for use in capital improvements.

7. Capital Assets

Capital assets, including land purchased, donated and transferred, easements, buildings, improvements, equipment and construction in progress, are reported in the Statement of Net Position. Purchased property and equipment are recorded at historical cost or at estimated historical cost based on appraisals or on other acceptable methods when historical cost is not available. Donated capital assets are stated at their acquisition value as of the date of donation. Transferred capital assets are stated at the transferor's carrying value at the date of transfer.

The Authority capitalizes all buildings, improvements, and equipment that individually cost $5,000 or more with useful lives of longer than one year. Accumulated depreciation is reported as a reduction of depreciable capital assets. Depreciation is computed using the straight-line method based on estimated useful lives of 20 to 50 years for buildings; 5 to 20 years for equipment; and 10 to 25 years for improvements.

8. Compensated Absences

Employees of the Authority are granted annual and sick leave based on their length of service, and may accrue compensatory leave for hours worked in excess of their scheduled hours. Unused annual and compensatory leave is payable to employees upon termination based on the employees' current rate of pay up to certain limits. Sick leave does not vest with the employee.

The compensated absences liability in the Statement of Net Position is separated into current (expected to be paid within one year) and long-term (expected to be paid after one year). The amount expected to be paid within one year is an estimate based on historical usage. This liability is satisfied by the Financed from County General Fund.

The Memorandum of Understanding between the Board and the Authority states that the Board has agreed to administer the employees of the Authority. All salaries of the Authority, including payments for compensated absences, lie within this understanding and have been paid from the Financed from County General Fund.

9. Unearned Revenue

The Authority receives proceeds for passes sold to park patrons in advance of usage, refundable deposits from developers for future services and advanced rental fees for monopoles. These amounts are unearned and reported as unearned revenue. The balance of unearned revenue at June 30, 2017 was $6.02 million.

10. Net Position

Net Position is comprised of three categories: net investment in capital assets, restricted, and unrestricted. The first category reflects the portion of net position associated with non-liquid capital assets, less related outstanding debt (net). The related debt (net) is the debt less the outstanding liquid assets and any associated unamortized costs. Restricted net position are restricted assets, net of related debt. As of June 30, 2017, the Authority had $17,601,697 in restricted net position. Net position which is neither restricted nor related to capital assets is reported as unrestricted.

Total capital assets of the Authority are the combined balances of land, easements, buildings, improvements, and equipment reduced by accumulated depreciation. This total is further reduced by the Laurel Hill debt and the revenue bonds payable net of the required debt service reserve and is reported as net investment in capital assets on the Statement of Net Position.

11. Long-Term Obligations

For long-term liabilities, only that portion expected to be financed from expendable, available financial resources is reported as a fund liability of a governmental fund. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

12. Fund Balance Classification

The Authority's Board, as the highest level of authority, sets policies and establishes priorities for land acquisition, park development and operations for the Authority.

In the governmental fund's financial statements, the Authority reports several categories of fund balances based upon the type of restrictions imposed on the use of the funds. Restricted fund balance represents amounts that can be spent only for the specific purposes stipulated by external resource providers such as creditors, grantors, contributors, or laws and regulations of other governments; or by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can be used only for the specific purposes imposed by formal actions of the Authority's highest level of decision making authority, the Authority's Board, and requires the same level of formal action to remove or change the constraint through the approval of the annual budget plan by resolution. Assigned fund balance category includes amounts that are intended to be used by the Authority for specific purposes, but do not meet the criteria for restricted or committed. The Park Authority's Board can delegate assignment authority to the upper levels of management within the Authority for this category. Unassigned fund balances are the residual classification for the Financed from County General Fund and include all spendable amounts not contained in the other categories.

The Authority's Board established the policy on the spending order of the fund balance when both restricted and unrestricted fund balances are available. For the Park Revenue and Operating Fund, the committed fund balance is to be spent first; then the restricted fund balance when expenditures are incurred. For the Park Improvement Fund, the committed fund balance is to be spent first; then the restricted fund balance when expenditures are incurred.

Nonspendable:

E.C. Lawrence Trust - In January 1997, the Authority's Board received $1,306,555 from the E.C. Lawrence Trust. In accordance with the Authority's Board resolution, $1,275,000 is to remain in perpetuity with interest to be spent on the E.C. Lawrence Park. On June 12, 2002, the Authority's Board took action to increase the portion of the fund held in perpetuity to $1,507,926, which includes $1,275,000 plus a portion of the accumulated interest. As of June 30, 2017, the fund balance of the Park Improvement Fund includes a combined principal investment and interest amount of $1,507,926 is nonspendable.

Inventory - Park Revenue and Operating fund has a nonspendable resale inventory balance of $310,169.

Restricted for Repair and Replacement Fund:

The 2001 Bond Indenture requires the Authority to have an accumulated fund balance sufficient to pay costs of major repairs, replacement and capital additions to certain facilities.

The restricted fund balance of $700,000 is determined by the Authority to be necessary in any fiscal year for repairs and replacements to these facilities. Amounts on deposit in the balance may also be used to pay debt service on the bonds, if necessary.

Restricted for Capital Projects:

At the year end, the unspent fund balance of $4,971,131, but committed to bond projects in the Park Bond Construction Fund is funded by county general obligation bond proceeds and is restricted for capital projects to improve recreational facilities such as playgrounds, picnic areas, trails and recreation center/swimming pool complexes or to acquire new land and develop and improve park facilities.

The fund balance of $10,422,641 in the Park Improvement Fund is funded through grants, proffers and contributions and is restricted for specific park capital improvements.

Committed to Debt Service:

The Park Revenue and Operating Fund's committed fund balance for debt service of $544,291 as of June 30, 2017 was adopted by the Authority's Board in fiscal year 2017 and it represents a prepayment of principal and interest on the Revenue Refunding Bonds Series 2013.

Committed to Revenue and Operating Fund Stabilization Reserve (the stabilization reserve):

The Park Revenue and Operating Fund's committed fund balance for the stabilization reserve is $2,213,677, which is $41,917 less than the $2,255,594 amount that the Authority's board adopted in the Park Revenue and Operating Fund in fiscal year 2017. Three specific criteria must be met to draw from this fund. Projected revenue must reflect a decrease greater than 1.5% 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. Permission to use the stabilization reserve must be given by the Authority's board who has fiduciary oversight of the Park Authority Revenue & Operating Fund. The reserve is maintained at a minimum of 5.0% of the approved annual expenditure budget minus debt of the fund.

Committed to Donation Reserve:

The Park Revenue and Operating Fund's committed fund balance for the donation reserve of $1,350,000 was adopted by the Authority's Board in fiscal year 2017 and includes donations and as a set aside to cover any unexpected delay in revenue from sold but unused park passes.

Committed to Other Capital Projects:

The Park Improvement Fund's committed fund balance for other capital projects of $7,936,121 was adopted by the Authority's Board in fiscal year 2017 to provide capital improvements to the revenue-generating facilities and parks, as well as to various park sites.

Unassigned fund balance:

The Park Revenue and Operating fund has an unassigned fund balance of $310,169 to record resale inventory reported as a component of asset in the government-wide statements.

13. Encumbrances

The Authority 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 reported as reservations of fund balance at year end. Funding for all other encumbrances lapses at year end and requires re-appropriation by the Board.

Significant encumbrances by function as of June 30, 2017 are as follows:

Function		Encumbrances Balances
Administration	$	1,770,810
Maintenance/Renovation		4,187,776
Golf courses		2,518,722
Cultural enrichment		107,635
Other leisure services		3,458,321
Recreation center		7,919
Total Encumbrances	**$**	**12,051,183**

Significant encumbrances by fund as of June 30, 2017 are as follows:

Fund		Encumbrances Balances
Financed from County General Fund	$	312,059
Financed from County General Construction and Contributions Fund		5,399,392
Park Bond Construction Fund		5,492,063
Park Improvement Fund		847,669
Total	$	12,051,183

14. 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. Actual results could differ from those estimates.

15. Tax Status

The Authority, as a local government authority, is not subject to federal, state, or local income taxes and, accordingly, no provision for income taxes is recorded.

B. Deposits and Investments

1. Deposit and Investment Policies

The Authority's available cash is invested in the county's cash and investment pool. The county maintains an investment policy (the 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 county's Investment Committee, which is comprised of the Chief Financial Officer and certain key management and investment staff.

It is the county's policy to pool for investing purposes all available funds of the county and its component units that are not otherwise required to be kept separate. The policy, accordingly, applies to the activities of the Authority with regard to investing the financial assets of its pooled investment funds.

The county 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 county 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 county'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 county's other postemployment benefits (OPEB) trust fund and the Authority'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 county's respective share in this pool is reported on the face of the corresponding OPEB trust fund statements as found in the other supplementary information section of the county CAFR. The Board of Trustees of the Virginia Pooled OPEB Trust has adopted an investment policy 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.

Under the Code of Virginia (Code), Investment of Public Funds Act, the county is authorized to purchase the following 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

The Policy precludes the investment of pooled funds in derivative securities, reverse repurchase agreements, or 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 county'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 county categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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.

The value of the investment for the county as of June 30, 2017 can be located in the County's *Comprehensive Annual Financial Report* (CAFR) Notes under Note B—Deposits and Investments of the Basic Financial Statements section. Investments held by the county are associated with the county policy for investing fund and are not allocated as investments of the Authority.

The income from pooled investments 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 Authority 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 and Level 3 are valued using a matrix pricing technique or a bid evaluation. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices. Bid evaluations may include market quotations, yields, maturities, call features and ratings. 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.

3. Interest Rate Risk

The Authority's investment within the county's pooled investment portfolio is covered by the county's policy to minimize the risk that the market value of securities in its portfolio will fall due to changes in market interest rates. To achieve this minimization of risk, the county 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 90 days or less. All other pooled funds are invested primarily in shorter-term securities, with a maximum maturity of two years.

The county'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 Authority'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 30.0% of the portfolio's benchmark duration.

4. Credit Risk

The county'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 county pre-qualifies financial institutions, broker-dealers, intermediaries, and advisers with which the county does business. In addition, the county limits its pooled investments to the safest types of securities and diversifies its pooled investments 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) Watch list or Standard & Poor's, Inc. (S&P) Credit Watch with a negative 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 minimum rating of Prime 1; S&P, with a minimum rating of A-1; Fitch Investor's Services, Inc. (Fitch), with a minimum rating of F-1; or by Duff and Phelps, Inc. (Duff), with a minimum rating of 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.
- ♦ Bankers' 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, 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 county'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 Authority's pension trust fund's investment policy states that the average credit qualify of a fixed income portfolio must be at least A. The policy also permits up to 20.0% 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 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.

Additional information regarding investment types in the pooled portfolio can be found in the County CAFR.

5. Concentration of Credit Risk

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

U.S. Treasury securities and agencies	100% maximum
Bankers' 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 5.0% 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, bankers' acceptances, corporate notes, and bank notes. The county shall seek to maintain a minimum of 5.0% of the investment portfolio in a combination of mutual funds or open repurchase agreements to meet liquidity requirements.

While the overall investment guidelines for the county'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 represent 5.0% or more of net position held available for benefits.

The Authority's pension trust fund's policy limits the securities of any one issue to 10.0% at cost and 15.0% at market of each fixed income portfolio. The policy allows an exception for government securities and its agencies. As of June 30, 2017, The Educational Employees' Supplementary Retirement System of Fairfax County (ERFC) had four active fixed income managers and one passive fixed income manager. The active manager portfolios had values of 90.6 million, 216.3 million, $183.1 million and $66.7 million. The indexed portfolio had a value of $77.4 million. The market value of the largest issue other than the U.S. Government in the portfolios of the active managers was only 2.92% 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 county'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 member of the pool. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirement of the Act and for notifying local government 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 county will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Per policy, all of the pooled investments purchased by the county are insured or registered or are securities held by the county or its agent in the county'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 102.0% of the market value of the security and 105.0% 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.

Certain investments of the Authority are separately held by its fiscal agent, U.S. Bank National Association, in the Authority's name. These investments are held in Fidelity Treasury Funds through money market accounts. 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. The Authority follows the County's Policy with respect to acceptable credit ratings for its investments. Cash with fiscal agents in the amount of $544,291 is committed for debt service requirements related to the 2013 Park Facilities Revenue Refunding Bonds.

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 county's policy, pooled investments are limited to U.S. dollar denominated instruments; however, the pension trust funds of the county are allowed to invest in foreign currency denominated instruments. The Authority'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 Authority's pension trust fund's investment policy.

Additional information related to the interest rate risk and the credit risk, such as the weighted average maturity and credit quality ratings of investments, pertaining to the entire cash and investment pool can be found in the County CAFR.

C. Receivables

Receivables as of June 30, 2017 consist of the following:

		Park Revenue and Operating Fund	Park Improvement Fund	Financed from County Construction and Contribution Fund
Receivables:				
Accounts	$	35,096	-	117,513
Accrued interest		1,939	50,458	-
Total receivables	$	37,035	50,458	117,513

D. Interfund Balances and Transfers

Due from Primary/Other Government and Intergovernmental Units

The Authority's revenues in certain funds consist of a transfer from the county to offset actual expenditures incurred during the fiscal year. Consistent with the Authority's funding mechanism, the amount due from the Primary Government and intergovernmental units are equal to the Authority's total outstanding liabilities in these funds on the modified accrual basis of accounting. As of June 30, 2017, the amount due from the county and intergovernmental units was $3.50 million. Of this amount, $1.88 million is due from the County General Fund and represents accrued salaries, accrued fringe benefits, accounts payable and accrued liabilities, $0.78 million is due from the County General Construction and Contributions Fund and represents accounts payable and accrued liabilities. The remaining $0.84 million is due from federal/state government (VDOT, National Park Services (Land and Water Conservation fund grant) and Wholesome Wave Foundation Charitable Ventures (USDA Food Insecurity Incentive Grant Program) for grant reimbursements.

Amounts due to the Authority from the Primary Government as of June 30, 2017 include the following:

Payable Entity	Receiving Entity	Amount
Primary Government	**Component Unit**	
General Fund	Park Authority	$ 1,880,653
County Construction and Contribution Fund	Park Authority	779,965
Total		$ 2,660,618

Amounts due to the Authority from other intergovernmental units as of June 30, 2017 include the following:

	Park Bond Construction Fund	Park Improvement Fund
Federal Government	$ 833,179	3,509

Inter-fund Transfers

Inter-fund transfers are used to finance construction projects, capital purchases, and capital improvements. Inter-fund transfers for the year ended June 30, 2017, are as follows**:**

	Transfers In	Transfers Out
Park Improvement Fund	$ 580,000	-
Park Revenue and Operating Fund	-	580,000
Total Transfer In/Out	$ 580,000	580,000

E. Capital Assets

The following is a summary of the changes in capital assets for fiscal year 2017:

	Balances June 30, 2016	Additions	Deletions	Balances June 30, 2017
Capital assets, not being depreciated:				
Land	$ 357,769,692	3,715,450	(1,000,736)	360,484,406
Easement	17,016,009	-	-	17,016,009
Construction in progress	8,140,477	22,636,811	(22,569,400)	8,207,888
Total capital assets, not being depreciated	382,926,178	26,352,261	(23,570,136)	385,708,303
Capital assets, being depreciated:				
Buildings and improvements	432,571,005	22,604,145	(24,936)	455,150,214
Equipment	13,810,802	825,956	(1,345,037)	13,291,721
Total capital assets, being depreciated	446,381,807	23,430,101	(1,369,973)	468,441,935
Less accumulated depreciation for:				
Buildings and improvements	(207,239,947)	(13,379,223)	1,835	(220,617,335)
Equipment	(9,772,444)	(333,431)	1,317,498	(8,788,377)
Total accumulated depreciation	(217,012,391)	(13,712,654)	1,319,333	(229,405,712)
Total capital assets, being depreciated, net	229,369,416	9,717,447	(50,640)	239,036,223
Total capital assets, net	$ 612,295,594	36,069,708	(23,620,776)	624,744,526

Depreciation Expense by Function:		
Administration	$	10,551,536
Maintenance/Renovation		210,724
Golf courses		187,387
Recreation centers		845,049
Lake parks		875,682
Other leisure services		512,055
Cultural enrichment		530,221
Total depreciation expense	$	13,712,654

F. Long-term Obligations

The following is a summary of changes in the government-wide long-term obligations of the Authority for fiscal year 2017:

		Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Due within One Year
Revenue bonds payable:						
Principal amount of bonds payable	$	3,555,000	-	(655,000)	2,900,000	680,000
Premium on bonds payable		309,368	-	(106,170)	203,198	86,214
Long-term loan payable		11,977,500	-	(372,600)	11,604,900	422,300
Compensated absences payable		4,608,275	2,453,145	(2,366,746)	4,694,674	2,364,360
Net pension liability		44,910,210	7,171,186	-	52,081,396	-
Total	$	65,360,353	9,624,331	(3,500,516)	71,484,168	3,552,874

Bonds Payable

In February 1995, the 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. On September 15, 2001, the Authority issued $13,015,000 of Park Facilities Revenue Refunding Bonds, Series 2001, with an average interest rate of 4.36%, to advance refund $11,670,000 of the outstanding Series 1995 Bonds with an average interest rate of 6.62%. Proceeds of $12,615,112 were used to purchase U.S. Government securities, which were deposited in an irrevocable escrow fund to provide for the resources to redeem the Series 1995 Bonds on July 15, 2003. 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. These bonds are solely the obligations of the Authority and are payable from the Park Revenue Fund's revenues from operations, earnings from investments, and certain fund balance reserves.

In November 2016, $107.00 million Park Bond Referendum was the thirteenth voter approved referenda to pass in the history of the Authority. The bond includes $94.7 million for the Authority needs such as renovations and upgrades, stewardship of cultural and natural resources, land acquisition and new park development, plus $12.3 million in capital contribution to the Northern Virginia Regional Park Authority.

The debt service requirements to maturity for the outstanding bonds Series 2013 as of June 30, 2017 are:

Fiscal Year	Interest Rate		Principal	Interest	Total
2018	4.82	$	680,000	119,275	799,275
2019	4.23		705,000	87,959	792,959
2020	4.82		740,000	55,206	795,206
2021	4.82		775,000	18,684	793,684
	Totals	$	2,900,000	281,124	3,181,124

As set forth in the new Park Facilities Revenue Refunding Bonds, Series 2013, the bond covenants require the Authority to continue maintaining reserves for major repairs and replacements and to meet specific revenue levels, but not for debt service. The Authority is in compliance with all bond covenants.

Loan Payable to the county

On June 24, 2003, the Authority entered into a long-term loan agreement with the county in the amount of $15,530,000. The loan provided funds to finance the development and construction of a public golf course located in the Laurel Hill area of the southern part of the county. As the result of the refunding of the Series 2003 Laurel Hill revenue bonds by Fairfax County Economic Development Authority in April 2012, the outstanding loan payable amount was reduced to $13,222,200.

The debt service requirements to maturity for the outstanding loan as of June 30, 2017 are:

Fiscal Year	Interest Rate			Principal	Interest	Total
2018	5.00	%	$	422,300	438,069	860,369
2019	5.00			471,400	416,954	888,354
2020	5.00			526,100	393,384	919,484
2021	5.00			585,700	367,079	952,779
2022	5.00			645,300	337,794	983,094
2023-2027	5.00			3,669,100	1,274,254	4,943,354
2028-2032	3.00-4.00			4,330,000	631,694	4,961,694
2033	4.00			955,000	34,619	989,619
	Totals		$	11,604,900	3,893,847	15,498,747

Conduit Debt

On December 27, 2005, the Authority issued two long-term notes to finance the acquisition of a permanent conservation easement totaling $12,900,000. This acquisition permanently preserves 41 acres of open space as a public park in McLean, Virginia and will be enforced in perpetuity by the Northern Virginia Conservation Trust.

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 Authority. As of June 30, 2017, $5,482,500 of these notes are outstanding.

Bond Rating

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 Investors Service. The Authority maintains an "AA" rating from Standard and Poor's for its revenue bond debt.

G. Commitments and Contingencies

The Authority 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 Authority management, the resolution of these matters will not have a material adverse effect on the Authority's financial condition.

H. Other Information

1. Retirement Plans

Plan Description

Employees of the Authority are provided with pensions through the Fairfax County Employees' Retirement System (ERS), a single-employer defined benefit pension plan, which covers full-time and certain part-time employees of the county and component units, who are not covered by other plans of the county or the Virginia Retirement System.

Benefits Provided

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, may 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 creditable service, (b) for Plans A and B, attain the age of 50 with age plus years of creditable 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. 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. The benefit for early retirement is actuarially reduced and payable at early termination.

Effective July 1, 2005, a Deferred Retirement Option Program (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% 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 cost-of-living adjustment provided for retirees.

Funding Policy

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% of compensation up to the Social Security wage base and 5.33% of compensation in excess of the wage base. Plan B and Plan D require member contributions of 5.33% of compensation.

The county is required to contribute at an actuarially determined rate; the rate for the year ended June 30, 2017 and the year ended June 30, 2016 were 22.90 and 21.33% of annual covered payroll, respectively. The contribution rate was developed in the 2015 valuations and based on a target of 97%. In the event the ERS's funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) exceeds 120.0% or falls below 90.0%, the contribution rate will be adjusted to bring the funded ratio back within these parameters. The employer contribution made for the measurement period is $5,862,091.

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

At June 30, 2017, the Authority reported a liability of $52,081,396 for its proportionate share of the net pension liability. The ERS calculated Total Pension Liability was based on participant data collected as of December 31, 2015 and an actuarial valuation as of June 30, 2016, using the entry age actuarial cost method, with a measurement date of June 30, 2016. At June 30, 2016, the Authority's proportion was 3.41%, a decrease of 0.08% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Authority recognized pension expense of $6,281,090. At June 30, 2017, the Authority 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	$ -	$ 3,141,042
Changes of assumptions	1,949,876	-
Net difference between projected and actual earning on pension plan investments	9,764,695	-
Change in proportion applicable to Authority	170,621	2,517,935
Authority contributions subsequent to the measurement date	5,862,091	-
Total	$ 17,747,283	$ 5,658,977

$5,862,091 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2018	$	1,157,796
2019		1,157,795
2020		2,720,750
2021		1,554,962
2022		(365,088)
Total	$	6,226,215

Actuarial Assumptions

The ERS calculated Total Pension Liability was based on participant data collected as of December 31, 2015 and an actuarial valuation as of June 30, 2016, using the entry age actuarial cost method with a measurement date of June 30, 2016.

Significant actuarial assumptions used in the valuation include:

Inflation	2.75%
Salary increases, including inflation	2.75% + merit
Investment rate of return, net of plan investment expenses	7.25%
Projected period of unfunded benefit payments	None
Municipal bond rate	N/A
Mortality	Sex Distinct RP-2000
Combined Mortality projected to 2015 using Scale AA	

Mortality rates with adjustments for mortality improvements were based on the RP 2000 Mortality tables projected to 2015 using Scale AA.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015.

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 ERS's target asset allocation as of June 30, 2016, are summarized below.

Long–term Expected Rate of Return/Target Allocation

Asset Class	Long Term Expected Real Rate of Return	Target Allocation*
U.S. Equities	4.7%	30.0%
International Equities	4.5%	0.0%
Core Fixed Income	2.4%	42.5%
High Yield	4.2%	0.0%
Risk Parity	6.0%	15.0%
Absolute Return	9.9%	20.0%
Real Estate	4.7%	8.5%
Commodity	4.7%	4.0%

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

Discount Rate

The discount rate used to measure the Total Pension Liability (TPL) was 7.25%. 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 according to the county's stated policy. 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 total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in Discount Rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the Authority's share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Total Pension Liability	$ 197,181,015	174,582,182	158,014,118
Plan Fiduciary Net Position	122,500,786	122,500,786	122,500,786
Net Pension Liability	$ 74,680,229	52,081,396	35,513,332
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.1%	70.2%	77.5%

Pension Plan Fiduciary Net Position

The ERS is considered a part of the county's reporting entity and the ERS's financial statements are included in the county's basic financial statements as a trust fund.

Information concerning the ERS as a whole, including pension plan's fiduciary net position, is available in the county CAFR for the fiscal year ended June 30, 2017. Additionally, 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 Employee's Retirement System, 10690 Main Street, Suite 280, Fairfax, VA 22305, or by calling (703) 279-8200. The county and ERS CAFRS may be accessed online.

Fairfax County CAFR:
http://www.fairfaxcounty.gov/finance/transparencyresources.htm

Retirement system CAFR:
http://www.fairfaxcounty.gov/retirement/retired_employees/publications.htm

2. Risk Management

The Authority 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 residents, and natural disasters. For all of these risks, the Authority participates in the county's self-insurance program. The Authority is charged "premiums", which are computed based on relevant data coupled with actual loss experience applied on a retrospective basis. There were no claims settlements in excess of insurance coverage in any of the past three fiscal years. Information regarding the county's insurance program is available in the county CAFR for the fiscal year ended June 30, 2017.

3. Other Post-employment Benefits (OPEB)

The Authority participates in the County's program to subsidize the health and other benefits of certain retirees and certain surviving spouses.

The county follows GAAP, which requires that the county recognize the cost of its retiree health subsidy and other postemployment benefits during the period of employees' active employment while the benefits are being earned. The unfunded actuarial accrued liability is required to be disclosed in order to accurately account for the total future cost of postemployment benefits and the financial impact on the county. This funding methodology mirrors the funding approach used for pension benefits. The legal authority to establish a trust fund to pre-fund OPEB was provided by the Virginia General Assembly and Governor in March 2007 and the County has accordingly established trust funds to fund the OPEB cost.

Plan Description

The Fairfax County OPEB Trust Fund is a single-employer defined benefit plan administered by Fairfax County. The county provides 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 has established a program to subsidize the continuation of term life insurance, at reduced coverage amounts, for retirees. Retirees generally pay for 50.0% 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.

Additional information regarding these programs is available in the County CAFR for the fiscal year ended June 30, 2017.

Funding Policy

The contributions to the OPEB Trust Fund are established and may be amended by the Board. 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 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 purpose 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 GAAP. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The county's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, the net OPEB asset and the funding progress schedules can be found in the county CAFR for the fiscal year ended June 30, 2017.

The Authority's annual OPEB contribution to the plan for 2017, 2016, and 2015, are as follows:

		2017	**2016**	**2015**
County OPEB Annual Required Contributions	$	13,672,000	13,124,000	30,907,000
Authority Annual OPEB Contributions	$	256,924	598,197	590,977
Percentage of annual OPEB cost contributed		1.88%	4.56%	1.91%

4. On-behalf Payments

On-behalf payments for salaries and fringe benefits are direct payments made by one entity (the County) to a third-party recipient for the employees of another, legally separate entity (the Authority). On-behalf payments include salaries, pension plan contributions, employee health and life insurance premiums, and salary supplements. The county expended $28,063,137 in on-behalf payments for the Authority for fiscal year 2017. This amount consisted of $18,470,211 in salaries; $3,462,666 in health, life, catastrophic loss and unemployment insurance premiums; $1,227,196 in Federal Insurance Contributions Act (FICA); $3,772,683 in pension plan contributions; and $1,130,381 in liability insurance premium payments. The Authority is not required to reimburse the county for these payments, therefore, the Authority recognized revenues and expenditures for the amounts paid on behalf of the Authority by the County General Fund for fiscal year 2017.

5. Related Parties

The Park Foundation (the Foundation) is related to the Authority through common support. For fiscal year 2017, the Authority made in-kind donations of salaries and benefits, rent and office expense to the Foundation totaling $424,431. The Foundation's fundraising efforts are directed towards granting funding to support the parks and open spaces under the management of the Authority. For fiscal year 2017, the Foundation made payments totaling $737,033 to the Authority.

During fiscal year 2017, the Authority purchased, in the ordinary course of business, services from the county under a Memorandum of Understanding. These included office services, transportation, and communications. Also, a county-owned building serves as the Authority's administrative headquarters. No rent is charged to the Authority by the county.

I. Implementation of New Accounting Pronouncements:

GASB Statement No.73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of* **GASB Statement 68***, and Amendments to Certain Provisions of* ***GASB Statements 67 and 68***. In fiscal year 2017, the Authority implemented all remaining provisions.

GASB Statement No.74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* **GASB Statement No.77**, *Tax Abatement Disclosures,* **GASB Statement No.78**, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans,* **GASB Statement No.80**, *Blending Requirements for Certain Component Units—an amendment of* **GASB Statement No.14***,* and **GASB Statement No.82**, *Pension Issues*. The implementation of these new standards did not have a material impact on the Authority's financial statements for fiscal year 2017.

Required Supplementary Information

The Required Supplementary Information subsection is presented to supplement the basic statements of the Authority. It includes the budgetary comparison schedules for the Authority's General Fund (Financed from County General Fund), Park Revenue and Operating Fund, schedule of proportionate share of the net pension liability, schedule of contributions ERS Pension Plan, and related notes.

Fairfax County Park Authority **RSI - 1**
A Component Unit of the County of Fairfax, Virginia
Budgetary Comparison Schedule - General Fund (Financed from County General Fund) (Budget Basis)
For the Fiscal Year June 30, 2017 *(Unaudited)*

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final	(Budget Basis)	Positive (Negative)
REVENUES				
Charges for services	$ 900,953	807,981	705,800	(102,181)
Intergovernmental	23,241,948	23,803,509	23,537,004	(266,505)
Total revenues	24,142,901	24,611,490	24,242,804	(368,686)
EXPENDITURES				
Administration	5,589,908	6,934,951	7,062,525	(127,574)
Maintenance	9,369,175	8,437,686	8,309,040	128,646
Other leisure services	4,193,974	4,198,878	3,591,479	607,399
Cultural enrichment	4,989,844	5,039,975	5,279,760	(239,785)
Total expenditures	$ 24,142,901	24,611,490	24,242,804	368,686
Net change in fund balance	-	-	-	-

See accompanying notes to the required supplementary information

"Unaudited" - See accompanying independent auditor's report.

Fairfax County Park Authority **RSI - 2**
A Component Unit of the County of Fairfax, Virginia
Budgetary Comparison Schedule - Park Revenue and Operating Fund
For the Fiscal Year June 30, 2017 ***(Unaudited)***

	Budgeted Amounts			
	Original	Final	Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
REVENUES				
Charges for services	$ 44,886,902	44,886,902	43,853,912	(1,032,990)
Revenue from the use of money and property	2,541,678	2,541,678	2,525,608	(16,070)
Gifts and donations	916,838	916,838	878,556	(38,282)
Other	32,459	32,459	27,238	(5,221)
Total revenues	48,377,877	48,377,877	47,285,314	(1,092,563)
EXPENDITURES				
Administration	2,976,400	2,976,399	2,837,231	139,168
Golf courses	9,757,272	9,757,272	10,057,639	(300,367)
Recreation centers	31,997,375	31,997,375	31,114,810	882,565
Cultural enrichment	2,297,472	2,297,472	2,110,996	186,476
Laurel Hill debt	829,299	829,299	829,300	(1)
Total expenditures	47,857,818	47,857,817	46,949,976	907,841
Excess of revenues over expenditures	520,059	520,060	335,338	(184,722)
OTHER FINANCING USES				
Transfers out	-	(580,000)	(580,000)	-
Total other financing uses	-	(580,000)	(580,000)	-
Net change in fund balance	$ 520,059	(59,940)	(244,662)	(184,722)

See accompanying notes to the required supplementary information

"Unaudited" - See accompanying independent auditor's report.

Fairfax County Park Authority **RSI - 3**
A Component Unit of the County of Fairfax, Virginia
Schedule of Proportionate Share of the Net Pension Liability
ERS Pension Plan - Last 10 Fiscal Years*
For the Fiscal Year June 30, 2017 *(Unaudited)*

Schedule of Proportionate Share of the Net Pension Liability

ERS Pension Plan

Last 10 Fiscal Year*

		2015	2016	2017
FCPA's proportion of the net pension liability		3.7218%	3.4914%	3.4122%
FCPA's proportion share of the net pension liability	$	38,774,320	44,910,210	52,081,396
FCPA's covered-employee payroll	$	24,995,514	23,996,881	24,172,428
FCPA'S proportionate share of the net pension liability as a percentage of its covered-employee payroll		155.1%	187.2%	215.5%
Plan fiduciary net position as a percentage of the total pension liability		78.3%	74.2%	70.2%

*The schedule is intended to show information for 10 years. As 2015 is the 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.

"Unaudited" - See accompanying independent auditor's report.

Fairfax County Park Authority **RSI - 4**
A Component Unit of the County of Fairfax, Virginia
Schedule of Contributions
ERS Pension Plan - Last 10 Fiscal Years*
For the Fiscal Year June 30, 2017 *(Unaudited)*

	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess	Authority's Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2017	$ 5,862,091	$ 5,862,091	-	$ 25,600,868	22.9 %
2016	5,315,517	5,315,517	-	24,851,184	21.4 %
2015	4,835,372	4,835,372	-	23,996,881	20.2 %
2014	4,824,145	4,824,145	-	24,995,514	19.3 %

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

"Unaudited" - See accompanying independent auditor's report.

Fairfax County Park Authority
A Component Unit of the County of Fairfax, Virginia
Notes to the Required Supplementary Information *(unaudited)*
For the Fiscal Year Ended June 30, 2017

A. Budget Data

The Authority's budgets are formulated using the following procedures:

The Authority submits to the County Board proposed Parks Revenue and Operating and Park Capital Improvement fund budgets that have been approved by the Authority's Board for the forth-coming fiscal year.

The budgets are legally enacted through passage of an ordinance by the Board, as part of the County's budget adoption process. The legal level of budgetary control is exercised at the fund level and the administrative controls are exercised at the cost categories level.

The budget for any fund or project can be increased or decreased by the formal County Board action (budget and appropriation resolution). According to the *Code of Virginia,* any budget amendment which involves a dollar amount exceeding one percent of total expenditures from that which was originally approved may not be enacted without the county first advertising the amendment and without conducting a public hearing. The advertisement must be published at least once in a newspaper with general county circulation at least 7 days to the public hearing. Any amendment greater than one percent of expenditures requires that the Board advertise a synopsis of the proposed changes.

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 all governmental funds with the following exceptions:

- Certain offsetting on-behalf payments made by the County General Fund are excluded from revenues and expenditures for budgetary purposes in the Financed from County General Fund.

- Debt service and capital outlays in the Financed from County General Fund and Park Revenue and Operating Fund are budgeted as functional expenditures.

All unexpended appropriations lapse at the end of the fiscal year unless the Board approves carrying it forward to the next fiscal year.

The Authority's, administration, lake parks, maintenance, and cultural enrichment functions are budgeted and Financed from County General Fund. Recreation and golf function are in the Park Revenue and Operating Fund.

B. Pension Trend Data

Ten-year historical trend information of the retirement systems administered by the County is presented as required supplementary information. Currently, the Pension Schedules (RSI-3 and RSI-4) do not present ten years. Prior to the implementation of GASB 68 in fiscal year 2015, the Authority information was not extrapolated from the county data; therefore, no information is prior to that period is presented. This information is intended to help users assess the 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 the 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 system's 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 the 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 salaries increase plus 2.75% in inflation, and investments rate of return, net of plan investment expenses of 7.25%.

Information pertaining to the retirement system administered by the county can be found in Note H to the financial statements.

The schedule below reconciles the amounts on the Budgetary Comparison Schedule - General Fund (Financed from the County General Fund) and Park Revenue and Operating Fund to the amounts on the Statement of Revenues, Expenditures and Changes in Fund Balances.

	General Fund (Financed from County General Fund)	Park Revenue and Operating Fund
Actual Revenue (Budget Basis)	$ 24,242,804	47,285,314
Perspective differences:		
Certain on-behalf payments made by County are not budgeted, as they are an expenditure of the County, but must be recorded as a revenue and expenditure by the Authority under U.S. GAAP	9,592,926	-
Actual Revenue (U.S. GAAP Basis)	33,835,730	47,285,314
Actual Expenditure (Budget Basis)	24,242,804	46,949,976
Perspective differences:		
Certain on-behalf payments made by County are not budgeted, as they are an expenditure of the County, but must be recorded as a revenue and expenditure by the Authority under U.S. GAAP	9,592,926	-
Actual Expenditure (U.S. GAAP Basis)	$ 33,835,730	46,949,976
Other Financing Uses (Budget Basis)	-	(580,000)
Other Financing Uses (U.S. GAAP Basis)	$ -	(580,000)

Statistical Section

The Statistical Section provides information on financial trends, revenue capacity, debt capacity, demographic and economic information, and operating information. This historical view will assist in understanding and assessing the Authority's financial and economic conditions.

LIST OF TABLES

The Statistical Section presents detailed information to enhance the understanding of the Authority's overall financial health. Ten years of data is shown for all tables *(unaudited).*

Financial Trends

These schedules contain comparisons of financial statement information to assess the financial performance of the Authority since the implementation of Governmental Accounting Standards Board Statement Number 34 (GASB 34), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, in fiscal year 2002.

Revenue Capacity

This schedule represents the Authority's primary own-source revenue.

Debt Capacity

This schedule provides information on the type of debt as well as outstanding debt ratios.

Demographic and Economic Information

These schedules provided additional insight into the environment in which the Authority operates.

Operating Information

These schedules are specific to the Authority and provide additional information about its operations.

Fairfax County Park Authority
Table 1 – Net Position by Component
Fiscal Years 2008 to 2017 *(Unaudited)*
(accrual basis of accounting)

	Fiscal Year			
	2017	**2016**	**2015**	**2014***
Governmental activities:				
Net investment in capital assets	$ 610,270,380	596,765,661	594,047,486	573,420,490
Restricted	17,601,697	15,516,101	11,577,600	14,282,422
Unrestricted (deficit)	(32,677,407)	(32,004,867)	(34,801,619)	(31,697,058)
Total governmental activities net position	$ 595,194,670	580,276,895	570,823,467	556,005,854

Source: Fairfax County Park Authority, Financial Management Branch

* Fiscal year 2014 total net position has been revised due to the implementation of GASB Statement No. 68 - *Accounting and Financial Reporting for Pensions*.

" Unaudited" - See accompanying independent auditor's report.

Fiscal Year						
2013	2012	2011	2010	2009	2008	
						Governmental activities:
556,761,316	549,502,057	536,126,640	516,804,325	502,460,903	489,764,149	Net investment in capital assets:
9,615,008	8,763,485	5,952,792	9,381,937	15,954,951	19,219,940	Restricted
26,965,438	21,692,892	21,079,786	31,656,512	20,820,763	18,662,435	Unrestricted (deficit)
593,341,762	579,958,434	563,159,218	557,842,774	539,236,617	527,646,524	Total governmental activities net position

Fairfax County Park Authority
Table 2 – Changes in Net Position
Fiscal Years 2008 to 2017 *(Unaudited)*
(accrual basis of accounting)

	Fiscal Year				
	2017	2016	2015	2014	2013
Expenses					
Governmental activities:					
Administration	$ 25,361,554	17,414,501	17,414,644	17,362,236	15,052,999
Maintenance	18,784,000	21,038,576	20,851,415	24,084,272	20,574,333
Golf courses	10,066,692	9,666,636	9,418,648	9,405,205	9,421,670
Recreation centers	27,132,051	27,010,588	25,629,281	25,327,192	23,404,559
Lake parks	4,140,460	3,958,340	4,389,120	3,984,548	4,032,800
Other leisure services	11,448,431	12,274,226	16,687,299	7,347,617	6,255,821
Cultural enrichment	7,332,175	6,974,721	7,015,854	10,764,788	10,181,094
Interest on long-term debt	572,823	595,040	617,618	659,215	873,935
Total governmental activities expenses	104,838,186	98,932,628	102,023,879	98,935,073	89,797,211
Program Revenues [1)]					
Governmental activities:					
Charges for services					
Administration	1,659,068	1,740,543	1,496,663	1,204,404	1,104,938
Golf courses	9,765,942	9,850,453	9,609,835	9,755,040	9,915,912
Recreation centers	28,359,833	27,874,085	26,948,141	25,831,086	26,023,313
Lake parks	3,927,638	3,499,536	2,945,257	2,798,220	2,586,099
Other leisure services	705,800	814,879	1,013,164	1,314,874	1,467,166
Cultural enrichment	2,721,950	2,588,485	2,741,743	2,598,193	2,380,278
Capital grants and contributions	19,228,339	18,281,842	19,911,841	14,151,467	13,504,787
Total revenues	66,368,570	64,649,823	64,666,644	57,653,284	56,982,493
Net (expense) - governmental activities	($38,469,616)	(34,282,805)	(37,357,235)	(41,281,789)	(32,814,718)
General revenues and other changes in net position					
Governmental activities:					
Intergovernmental	46,077,722	41,467,246	42,714,813	40,881,155	39,498,643
Investment earnings	97,228	79,134	30,194	30,515	119,592
Operating grants not restricted to specific programs	627,106	608,017	746,244	678,644	720,682
Capital contributions not restricted to specific programs	6,585,334	1,581,836	8,683,597	4,279,090	5,859,129
Total governmental general revenues and other changes	53,387,390	43,736,233	52,174,848	45,869,404	46,198,046
Change in net position					
Change in net position - governmental activities	14,917,774	9,453,428	14,817,613	4,587,615	13,383,328
Total change in net position [2)]	$ 14,917,774	9,453,428	14,817,613	4,587,615	13,383,328

Source: Fairfax County Park Authority, Financial Management Branch

Notes:
1) Beginning in fiscal year 2009, bond proceeds are reclassified from Intergovernmental to Program Revenue.
2) Change in net position - governmental activities, adjusted for change in accounting principle in FY2014.

"Unaudited" - See accompanying independent auditor's report

Fiscal Year					
2012	2011	2010	2009	2008	
					Expenses
					Governmental activities:
17,143,757	10,640,173	19,314,041	9,803,152	11,482,214	Administration
18,097,262	20,216,277	19,708,858	20,206,716	20,623,520	Maintenance
9,108,477	10,275,083	9,975,330	9,975,192	10,374,460	Golf courses
26,373,145	26,077,168	25,355,723	25,407,033	24,168,081	Recreation centers
2,731,407	5,897,252	5,710,227	5,917,656	5,133,721	Lake parks
4,899,174	5,272,258	5,555,311	5,947,812	4,770,382	Other leisure services
9,192,733	8,901,308	8,314,760	8,681,949	8,703,530	Cultural enrichment
1,063,810	1,149,364	1,172,693	1,199,491	1,223,710	Interest on long-term debt
88,609,765	88,428,883	95,106,943	87,139,001	86,479,618	**Total governmental activities expenses**
					Program Revenues [1)]
					Governmental activities:
					Charges for services
1,117,465	1,161,779	1,196,644	1,124,180	970,548	Administration
10,321,192	9,663,300	10,115,276	10,278,410	11,145,594	Golf courses
25,170,664	23,642,808	22,529,812	21,836,617	21,070,108	Recreation centers
2,799,689	2,787,336	2,919,675	2,778,658	2,670,412	Lake parks
1,671,093	1,733,561	1,849,597	2,217,356	2,312,751	Other leisure services
2,244,886	2,004,871	1,831,330	1,803,191	1,746,385	Cultural enrichment
13,811,586	13,182,612	27,036,755	19,790,204	23,060,953	Capital grants and contributions
57,136,575	54,176,267	67,479,089	59,828,616	62,976,751	**Total revenues**
(31,473,190)	(34,252,616)	(27,627,854)	(27,310,385)	(23,502,867)	**Net (expense) - governmental activities**
					General revenues and other changes in net position
					Governmental activities:
41,388,498	36,385,759	34,595,632	36,617,597	70,820,769	Intergovernmental
105,060	170,585	244,589	553,207	1,326,509	Investment earnings
593,169	500,040	774,041	305,698	449,743	Operating grants not restricted to specific programs
6,185,679	2,512,676	10,619,749	1,423,976	12,695,894	Capital contributions not restricted to specific programs
48,272,406	39,569,060	46,234,011	38,900,478	85,292,915	**Total governmental general revenues and other changes**
					Change in net position
16,799,216	5,316,444	18,606,157	11,590,093	61,790,048	Change in net position - governmental activities
16,799,216	5,316,444	18,606,157	11,590,093	61,790,048	**Total change in net position [2)]**

Fairfax County Park Authority
Table 3 – Fund Balances, Governmental Funds
Fiscal Years 2008 to 2017 *(Unaudited)*
(modified accrual basis of accounting)

	Fiscal Year				
	2017	2016	2015	2014	2013
General Fund					
Reserved	$ -	-	-	-	-
Unreserved	-	-	-	-	-
Total General Fund*	-	-	-	-	-
All Other Governmental Funds					
Reserved	-	-	-	-	-
Unreserved, reported in:					
Revenue fund	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Total unreserved	-	-	-	-	-
Nonspendable, reported in:					
Capital projects funds	1,507,926	1,507,926	-	-	-
Inventory	310,169	-	-	-	-
Restricted, reported in:					
Revenue fund	-	-	-	-	61,115
Capital projects funds	16,093,772	13,374,921	11,269,952	13,481,359	21,862,061
Committed, reported in:					
Revenue fund	4,107,968	4,042,461	3,902,340	3,812,237	3,264,773
Capital projects funds	7,936,121	8,807,600	8,981,293	12,035,451	13,912,719
Assigned, reported in:					
Revenue fund	-	-	712,916	302,936	2,155,022
Unassigned reported in:					
Capital projects funds	-	-	(2,800,759)	-	-
Inventory	(310,169)				
Total All Other Governmental Funds	$ 29,645,787	27,732,908	22,065,742	29,631,983	41,255,690

Source: Fairfax County Park Authority, Financial Management Branch

Notes:

* The Authority's General Fund is financed through the County of Fairfax's General Fund, and, therefore has no fund balance of its own other than that arising from encumbrances existing at year end.

** Fiscal year 2011 fund balance classifications have been revised due to the implementation of the Governmental Accounting Standard No.54, Fund Balance Reporting and Governmental Fund Type Definitions.

"Unaudited" - See accompanying independent auditor's report.

	Fiscal Year				
	2012	2011**	2010	2009	2008
General Fund					
Reserved	-	-	425,498	472,434	344,650
Unreserved	-	-	(425,498)	(472,434)	(344,650)
Total General Fund*	-	-	-	-	-
All Other Governmental Funds					
Reserved	-	-	10,381,385	9,983,561	13,648,497
Unreserved, reported in:					
Revenue fund	-	-	3,913,936	2,539,977	1,527,514
Capital projects funds	-	-	31,492,071	28,932,752	28,803,445
Total unreserved	-	-	35,406,007	31,472,729	30,330,959
Non-spendable, reported in:					
Capital projects funds	-	-	-	-	-
Inventory	-	-	-	-	-
Restricted, reported in:					
Revenue fund	1,972,833	1,944,916	-	-	-
Capital projects funds	17,367,971	14,163,670	-	-	-
Committed, reported in:					
Revenue fund	3,204,470	-	-	-	-
Capital projects funds	12,096,172	14,079,770	-	-	-
Assigned, reported in:					
Revenue fund	2,508,083	3,227,970	-	-	-
Unassigned reported in					
Capital projects funds	-	-	-	-	-
Inventory					
Total All Other Governmental Funds	37,149,529	33,416,326	45,787,392	41,456,290	43,979,456

Fairfax County Park Authority
Table 4 – Changes in Fund Balances, Governmental Funds
Fiscal Years 2008 to 2017 *(Unaudited)*
(modified accrual basis of accounting)

	Fiscal Year				
	2017	**2016**	**2015**	**2014**	**2013**
Revenues					
Intergovernmental	$ 63,921,421	58,470,746	62,085,627	54,039,922	52,498,642
Charges for services	44,559,737	43,901,750	42,347,540	41,056,459	41,207,304
Revenue from the use of money and property	3,663,832	3,492,695	3,232,850	3,238,489	4,802,604
Gifts, donations, and contributions	2,940,467	1,881,095	1,439,712	1,974,296	3,057,876
Other	251,450	209,614	247,235	252,711	543,170
Total revenues	115,336,906	107,955,900	109,352,964	100,561,877	102,109,596
Expenditures					
Administration	12,487,902	11,389,563	9,797,277	8,751,358	8,298,840
Maintenance	18,561,625	16,913,220	18,004,301	20,740,313	19,121,612
Golf courses	10,076,218	9,430,079	9,226,050	9,170,210	9,324,522
Recreation centers	26,353,658	26,136,719	24,896,636	24,570,799	23,130,248
Lake parks	3,262,062	3,309,548	3,687,413	3,288,472	3,307,668
Other leisure services	7,491,838	7,245,413	6,540,166	6,142,834	6,682,515
Cultural enrichment	10,247,965	9,372,402	9,685,703	9,541,711	8,603,837
Intergovernmental expenditures	820,000	2,320,000	7,216,692	2,060,000	-
Capital outlay	22,798,746	14,566,708	26,285,077	26,996,547	15,957,766
Debt service:					
Principal	1,027,600	957,900	898,100	243,700	935,000
Interest and other charges	606,583	647,182	681,790	679,640	967,217
Total expenditures	113,734,196	102,288,734	116,919,205	112,185,584	96,329,225
(Deficiency)/Excess of revenues over (under) expenditures	1,602,710	5,667,166	(7,566,241)	(11,623,707)	5,780,371
Other financing sources (uses)					
Revenue notes issued	-	-	-	-	-
Retirement of revenue notes	-	-	-	-	-
Loan/note proceeds	-	-	-	-	-
Refunding bonds issued	-	-	-	-	4,800,000
Premium on refunding revenue bonds	-	-	-	-	701,735
Payments to escrow agent	-	-	-	-	(7,175,945)
Transfers in	580,000	1,170,349	-	1,500,000	1,849,882
Transfers out	(580,000)	(1,170,349)	-	(1,500,000)	(1,849,882)
Total other financing, net	-	-	-	-	(1,674,210)
Net change in fund balances	$ 1,602,710	5,667,166	(7,566,241)	(11,623,707)	4,106,161
Debt service as a percentage of noncapital expenditures	1.80%	1.83%	1.74%	1.08%	2.37%

Source: Fairfax County Park Authority, Financial Management Branch

Notes:

1) FY 2005 excludes the $15,029,231 Hunter Tract note repayment made with county funds.

"Unaudited" - See accompanying independent auditor's report.

Fiscal Year 2012	2011	2010	2009	2008	
					Revenues
54,765,904	47,589,052	46,768,880	54,283,968	92,858,040	Intergovernmental
40,915,997	38,540,752	37,895,041	37,495,388	37,191,830	Charges for services
3,766,395	3,549,584	13,368,009	4,138,535	4,720,392	Revenue from the use of money and property
1,717,321	2,384,049	902,634	1,816,401	3,300,870	Gifts, donations, and contributions
209,216	195,998	187,972	399,241	540,469	Other
101,374,833	92,259,435	99,122,536	98,133,533	138,611,601	**Total revenues**
					Expenditures
10,178,562	9,600,475	9,048,363	9,485,448	11,447,592	Administration
18,193,672	18,218,165	17,649,492	18,315,522	18,845,826	Maintenance
8,836,994	9,083,552	8,684,674	8,743,520	9,227,839	Golf courses
24,954,829	23,275,013	22,362,952	22,557,675	21,345,702	Recreation centers
2,269,336	5,231,393	5,037,360	5,434,110	4,842,784	Lake parks
4,652,938	2,526,452	3,247,056	3,983,664	3,542,622	Other leisure services
8,550,171	8,230,365	7,594,822	8,071,343	8,119,749	Cultural enrichment
-	-	-	-	-	Intergovernmental expenditures
16,578,119	26,572,982	19,290,945	22,213,709	23,566,657	Capital outlay
					Debt service:
2,652,800	820,000	775,000	725,000	685,000	Principal
774,209	1,072,104	1,100,770	1,126,708	1,150,043	Interest and other charges
97,641,630	104,630,501	94,791,434	100,656,699	102,773,814	**Total expenditures**
3,733,203	(12,371,066)	4,331,102	(2,523,166)	35,837,787	**(Deficiency)/Excess of revenues over (under) expenditures**
					Other financing sources (uses)
-	-	-	-	-	Revenue notes issued
-	-	-	-	-	Retirement of revenue notes
-	-	-	-	-	Loan/note proceeds
-	-	-	-	-	Refunding bonds issued
-	-	-	-	-	Premium on refunding revenue bonds
-	-	-	-	-	Payments to escrow agent
-	800,000	160,000	-	800,000	Transfers in
-	(800,000)	(160,000)	-	(800,000)	Transfers out
-	-	-	-	-	**Total other financing, net**
3,733,203	(12,371,066)	4,331,102	(2,523,166)	35,837,787	Net change in fund balances
4.23%	2.42%	2.48%	2.36%	2.32%	Debt service as a percentage of noncapital expenditures

Fairfax County Park Authority
Table 5 - User Fee Revenue by Source, Park Revenue & Operating Fund
Fiscal Years 2008 to 2017 *(Unaudited)*
(modified accrual basis of accounting)

Fiscal Year		Admissions	Classes/Lessons	Golf Fees	Sales	Rentals	Total
2017	$	16,349,576	18,789,298	5,906,132	1,607,788	4,407,779	47,060,573
2016		15,357,431	18,901,342	6,220,269	1,544,761	4,184,518	46,208,321
2015		14,395,771	18,519,606	6,106,081	1,509,667	3,667,820	44,198,945
2014		14,019,745	17,401,421	6,351,098	1,545,384	4,065,640	43,383,288
2013		14,207,886	17,246,671	6,529,863	1,638,286	3,817,056	43,439,762
2012		14,177,947	16,457,496	6,964,454	1,690,986	3,896,499	43,187,382
2011		13,625,076	15,099,789	6,639,157	1,687,540	3,552,361	40,603,923
2010		13,400,561	14,239,873	7,078,965	1,683,163	3,611,887	40,014,449
2009		12,985,816	14,139,145	7,248,308	1,763,024	3,449,932	39,586,225
2008		12,776,087	13,910,878	7,954,964	1,789,830	3,480,006	39,911,765

Source: Fairfax County Park Authority, Financial Management Branch

“Unaudited” - See accompanying independent auditor’s report.

Fairfax County Park Authority
Table 6 - Outstanding Debt by Type
Fiscal Years 2008 to 2017 *(Unaudited)*

Fiscal Year End		Revenue Bonds(1)	Notes Payable County/EDA(1)	Total	Percentage of Personal Income (2)		Debt Per Capita (2)
2017	$	3,103,198	11,604,900	14,708,098	0.02	%	14
2016		3,864,369	11,977,500	15,841,869	0.02		14
2015		4,618,033	12,305,400	16,923,433	0.02		15
2014		5,371,480	12,588,500	17,959,980	0.02		16
2013		5,501,735	12,832,200	18,333,935	0.02		16
2012		7,305,315	13,042,200	20,347,515	0.03		18
2011		8,440,000	15,000,000	23,440,000	0.03		22
2010		9,110,000	15,150,000	24,260,000	0.03		23
2009		9,760,000	15,275,000	25,035,000	0.03		24
2008		10,385,000	15,375,000	25,760,000	0.04		25

Source: Fairfax County Park Authority, Financial Management Branch

Notes:

1) After fiscal year 2013, amounts for bonds are reported gross, excluding discounts and deferred amounts on refundings. See Note F in Notes to the Financial Statements for additional information regarding the Authority's outstanding debt.

2) Per capita personal income for Fairfax County was used to calculate Percentage of Personal Income ratio and the Population of Fairfax County was used to calculate Debt Per Capita ratio. See Table 7.

"Unaudited" - See accompanying independent auditor's report.

Fairfax County Park Authority
Table 7 - Demographic and Economic Statistics
Fiscal Years 2007 to 2016 *(Unaudited)*

Calendar Year	Estimated Population(1)	Personal Income (2) (000s)	Per Capita Personal Income(2)	Median Age(3)	Bachelor's or Higher Degree and 25 Years of Age or Older %(3)	School Enrollment(4)	Unemployment Rates %(5)
2016	1,138,652	85,311,224	74,923	38.0	59.9	185,979	3.2
2015	1,142,234	85,675,546	75,007	37.7	59.2	185,914	3.1
2014	1,137,538	81,620,627	71,752	37.6	58.6	183,895	3.5
2013	1,130,924	80,982,075	71,607	37.3	58.2	181,259	3.7
2012	1,118,602	77,012,392	68,647	37.6	59.3	177,918	4.3
2011	1,100,692	71,145,429	64,637	37.6	58.0	174,933	4.2
2010	1,081,726	72,577,324	67,094	37.5	56.1	172,391	4.9
2009	1,074,227	77,325,008	71,982	37.3	58.1	169,538	5.2
2008	1,050,315	74,385,409	70,822	39.4	58.5	166,307	3.4
2007	1,041,507	70,500,650	67,691	39.1	59.0	164,486	2.2

Notes:

1) Population data includes the Cities of Fairfax and Falls Church and is obtained from U.S. Census Bureau's American Fact Finder.

2) Personal income data is obtained from the Bureau of Economic Analysis, U.S. Department of Commerce and includes the Cities of Fairfax and Falls Church. Data for only Fairfax County is not available, however, it is believed that the inclusion of these Cities does not significantly affect the county's data. Fairfax County data for 2015 is estimated using percent change in per capita personal income from 2014.

3) Median age and educational attainment information are obtained from the U.S. Census Bureau's American Fact Finder 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.

“Unaudited” - See accompanying independent auditor’s report.

County of Fairfax, Virginia
Table 8 - Principal Employers
Current Year and Nine Years Ago *(Unaudited)*

Fiscal Year 2017 (1)				Fiscal Year 2008 (1)			
Rank	Employer	Number of Employees (2)	Pct. of Total County Employment (3)	Rank	Employer	Number of Employees (2)	Pct. of Total County Employment (3)
1	Federal Governemt	24,970	4.02 %	2	Federal Government	15,087	2.56 %
2	Fairfax County Public Schools	24,688	3.97	1	Fairfax County Public Schools	22,994	3.91
3	Fairfax County Government	12,438	2.00	3	Fairfax County Government	12,263	2.08
4	Inova Health System	7,000-10,000	1.37	4	Inova Health System	7,000-10,000	1.45
5	George Mason University	5,000-10,000	1.37	-	-	-	-
6	Booz-Allen Hamilton	4,000-6,999	0.89	6	Booz-Allen Hamilton	7,000-10,000	1.45
7	Federal Home Loan Mortgage	4,000-6,999	0.89	7	Federal Home Loan Mortgage	4,000-6,999	0.94
8	General Dynamics	4,000-6,999	0.89	-	-	-	-
9	Northrup Grumman	1,000-3,999	0.40	6	Northrup Grumman	7,000-10,000	1.45
9	Science Applications International Corporation (4)	1,000-3,999	0.40	7	Science Applications International Corporation	4,000-6,999	0.94
-	Lockheed Martin	-	-	9	Lockheed Martin	4,000-6,999	0.94
-	Sprint	-	-	10	Sprint	4,000-6,999	0.94
	Totals		16.20 %				16.66 %

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 in 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).

“Unaudited” - See accompanying independent auditor’s report.

Fairfax County Park Authority
Table 9 - Full-Time Equivalent Employees, by Division
Fiscal Years 2008 to 2017 *(Unaudited)*

Fiscal Year	Administration	Resource Management	Park Operations	Park Services	Planning and Development	Total
2017	57	90	164	239	32	582
2016	58	97	166	240	33	594
2015	58	100	163	240	34	595
2014	60	102	166	238	34	600
2013	59	101	163	240	35	598
2012	61	102	167	241	34	605
2011	60	103	168	240	34	605
2010	62	88	175	244	31	600
2009	62	98	184	244	32	620
2008	64	97	183	240	34	618

Source: Fairfax County Department of Management and Budget.

"Unaudited" - See accompanying independent auditor's report.

Fairfax County Park Authority
Table 10 - Park Amenities
Fiscal Years 2008 to 2017 *(Unaudited)*

Function	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Parks, Recreation and Cultural										
Park Acreage	23,418	23,372	23,346	23,310	23,265	23,196	22,894	22,524**	22,600*	24,149
Parks, Recreation and Cultural	427	426	426	425	421	420	418	415	417	421
Athletic Fields	263	268	268	275	272	274	273	284	289	289
Aquatic & Fitness Center	9	9	9	9	9	9	9	9	9	9
Dog Parks	9	9	8	8	8	8	7	7	7	7
Historic Sites	68	68	68	68	68	68	68	67	67	64
Hiking & Fitness Trails (in miles)	326	324	324	324	320	320	317	314	312	299
Indoor Gymnasiums	3	3	3	2	2	2	2	2	2	2
Indoor Ice Rinks	1	1	1	1	1	1	1	1	1	1
Marinas	3	3	3	3	3	3	3	3	3	3
Miniature Golf Course	4	4	4	4	5	5	5	5	5	5
Multi-Use Courts	120	124	124	124	124	132	132	132	132	132
Nature Areas	7	7	7	7	7	7	7	7	7	7
Outdoor Swimming Pools	1	1	1	1	1	1	1	1	1	1
Outdoor Volleyball Courts	17	17	17	17	17	16	13	13	13	13
Picnic Shelters	62	54	54	41	41	40	40	38	31	31
Playgrounds	210	212	210	205	205	205	204	201	201	201
Regulation Golf Courses	9	9	9	9	9	9	9	9	9	9
BMX/Skateparks	2	2	2	2	2	1	1	1	1	1
Tennis & Raquetball Courts	254	254	254	252	252	227	229	229	229	229
Waterparks	2	2	2	2	2	1	1	1	1	1

Source: Fairfax County Park Authority, Financial Management Branch

Notes:

* Total acreage was reduced in FY 2009 to reconcile to the Grantor's Index/Parks to Parcels.
** Reduction in FY 2010 acreage is due to Outsale of Vulcan (115 acres). Partially offset with the acquisition of 39 Acres for a net reduction of 76 Acres.

“Unaudited” - See accompanying independent auditor’s report.

Fairfax County Park Authority
Table 11 - Additional Facts
Fiscal Years 2008 to 2017 *(Unaudited)*

Fiscal Year	Acres of Park Land Acquired, Dedicated, Transferred or Proffered During the Year	Cumulative Acres of Park Land Acquired, Dedicated, or Proffered	Recreation Center Attendance	Golf Course Rounds	Visits to Natural, Cultural, Historic, and Interpretive Sites	Maintainable Linear Feet of Trail	Number of Park Athletic Fields Maintained
2017	46	23,418	1,837,807	259,094	1,997,855	1,718,746	263
2016	26	23,372	1,851,595	268,801	1,813,942	1,712,357	268
2015	36	23,346	1,817,882	259,313	1,601,690	1,711,829	268
2014	45	23,310	1,796,905	268,151	1,324,432	1,710,192	272
2013	69	23,265	1,919,684	276,759	791,038	1,691,342	272
2012	302	23,196	2,006,294	294,828	881,510	1,690,128	274
2011	370	22,894	1,988,830	281,930	723,351	1,673,971	273
2010	(76) **	22,524	1,868,390	289,384	616,441	1,657,920	284
2009	114	22,600*	1,847,391	298,631	606,411	1,647,360	289
2008	172	24,149	1,778,914	322,175	566,815	1,578,720	289

Source: Fairfax County Park Authority, Financial Management Branch

Notes:

*Total acreage was reduced in FY 2009 to reconcile to the Grantor's Index/Parks to Parcels.

** Reduction is due to Outsale of Vulcan (115 acres). Partially offset with the acquisition of 39 Acres for a net reduction of 76 Acres.

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