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

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2013

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, 2013

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FAIRFAX COUNTY PARK AUTHORITY

12055 Government Center Parkway, Suite 927 • Fairfax, VA 22035-1118
703-324-8700 • Fax: 703-324-3974 • www.fairfaxcounty.gov/parks

October 21, 2013

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Fairfax County Park Authority for the fiscal year ended June 30, 2013 which is prepared in conformity with U. S. generally accepted accounting principles. 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, KPMG LLP, performed the audit of the financial statements included in this report to determine whether or not the financial statements are free of material misstatement. 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, 2013.

The reader is referred to the Management's Discussion and Analysis (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 (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 Authority manages acquisition, preservation, development, maintenance and operation of its assets and activities through five funds to include County General Fund, Park Revenue Fund, County Construction Fund, Park Construction Bond Fund, and Park Capital Improvement Fund. The Park Authority Board has direct fiduciary responsibility for the Park Revenue Fund and the Park Capital Improvement Fund, while Fairfax 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 of 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 23,265 acres of land, 9.2% of the County's land mass, challenges continue as the population has grown to over one million residents. 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's 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 2013 totaled 601 which include 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, 3,225 limited term and seasonal staff, and numerous volunteers, who contribute 174,846 hours annually, provide a myriad of direct and support services.

ECONOMIC CONDITIONS and OUTLOOK

Local Economy

Fairfax County, with its population exceeding one million residents, is the most populous jurisdiction in both the Washington, D.C. metropolitan area with 19.8% of the MSA population and the Commonwealth of Virginia with 13.6% of Virginia's population.

Fairfax County has a diversified economic base consisting largely of defense contractors, aerospace, information technology and telecommunications firms, professional services providers, financial services companies and Internet-focused start-ups. As a result, the local economy continues to improve.

Although the County's improvement from the adverse effects of the economy has been slow, steady recovery is being seen. The unemployment rate in the County continues to decrease to be one of the lowest in the state at 4.3% compared to the peak of 5.7% in January, 2010.

Continued economic recovery in the County is also evident from increased consumer spending. According to economic indicators, consumer confidence is improving. Sales Tax receipts for retail purchases in April increased by 7.6% over June 2012.

The real estate market plays a vital role in the local economy as well since there is a direct correlation between home values and real estate taxes collected by the County. Economic data on home sales and inventories confirms the housing market is beginning to recover. In May 2013, the number of homes sold increased 20.3% to 1,766 from the 1,468 homes sold in the same month last year. Also, foreclosures in the County remained fairly stable. In August, 296 Fairfax County homes received a foreclosure filing, a rate of one in every 1,346 homes. That was slightly better than Virginia as a whole, which recorded filings for one in every 1,189 homes, according to Realty Trac. Even though foreclosure activity picked up nationwide in August 2013, it is still lower than it was a year ago. Northern Virginia foreclosure activity is running about half the national average according to the *Fairfax News* in an article dated October 2, 2013.

Fairfax County is currently home to ten Fortune 500 company headquarters:

- Booz Allen Hamilton Holding
- Capital One Financial
- CSC
- Freddie Mac
- Gannett Corporation
- General Dynamics
- ITT Exelis
- NII Holdings, Inc.
- Northrop Grumman
- SAIC

These 10 Fairfax County-based companies accounts for 41.7% of the 24 companies from Virginia. In all, 18 Fairfax County firms are on the 2013 Inc. 500 list – equal to or larger than those in 41 states and all but two counties.

Thirty-three companies from Fairfax County are on this year's Washington Business Journal list of the 50 fastest growing companies in the Washington region. Of the top 10 companies on the list, five are from Fairfax County. No other county or city is represented by more than five companies on the list.

As home of 10 Fortune 500 companies, "Fairfax County has gained a lot of notoriety but being home to two-thirds of the companies on the Business Journal list points out Fairfax County's strength with newer, smaller companies that are growing quickly in this marketplace. It also shows the value that companies of all sizes put on the kinds of business assets and quality of life that Fairfax County offers," said Gerald L. Gordon, Ph.D., president and CEO of the Fairfax County Economic Development Authority (FCEDA).

The *TIME* magazine called Fairfax County "one of the great economic success stories of our time." The County is well-positioned to lead the nation as economic growth returns through its thriving and diversified business base. Business growth helps Fairfax County fund the nation's top-rated school system and other public services that contribute to the quality of life of residents. Fairfax County offers businesses a state-of-the-art telecommunications infrastructure, access to global markets through Washington Dulles International Airport and a well-educated workforce.

Fairfax County Economic Development Authority (FCEDA) promotes Fairfax County as a world-class center for commerce and trade and as the East coast's technology hub. In addition to the U.S based offices in Los Angeles, Tysons Corner, VA and Boston, the FCEDA has offices in Bangalore, London, Munich, Seoul and Tel Aviv to offer full assistance to companies interested in setting up or expanding business in Fairfax County.

Long-Term Planning

The Authority adopted its 2014 -2018 Strategic Plan in June, 2013, and set into motion an agency wide effort to integrate strategic initiatives with operating plans. Once again, the Balanced Scorecard approach was used which allows the agency to gauge its progress towards a set of stated objectives over the next five years.

The key focus areas include emphasizing and communicating the park system's values and benefits, encouraging park users to utilize the park system from generation to generation, inspiring tomorrow's stewards, investing in aging infrastructure and natural capital, strengthening community partnerships, stabilizing funding sources and prioritizing core services, and building leadership capacity to champion innovative solutions.

Park Planning

Great parks translate into great communities. The Authority has long recognized that great parks help to make great communities and the concept that parks play a broad role and contribute to building healthy, livable communities is now being more recognized. Population trends that will most affect park system use and development in the future include moderating population growth, population aging, and cultural and ethnic diversification. Through its initiatives and long term planning, the Authority will play an important role in maintaining healthy, livable communities throughout Fairfax County.

Financial Sustainability

The Authority's Financial Sustainability Plan is the framework that outlines specific actions necessary to carry it forward through improved efficiency, increased flexibility, entrepreneurial activity, capital investment and enhanced transparency. The Authority's viability is dependent upon remaining relevant in meeting community expectations in an era of declining public funding. Balancing the use of public funds while managing fee-based services and securing additional resources is vital to maintaining the public's investment in parks. Therefore, the Authority will work to ensure the greatest flexibility and accountability in the delivery of its mission.

Developing Partnerships

Partnerships with other public agencies and the schools leverage public tax investments and provide more efficient ways of sustaining the park system and delivering park services. A more coordinated and aggressive plan will be developed to form beneficial partnerships and conduct outreach to potential contributing corporate, business, community service groups, and alternative organizations. As many of these are new initiatives, it will take time to implement and grow the programs.

MAJOR INITIATIVES and ACCOMPLISHMENTS

Reaccreditation

The Authority was recently reaccredited by the Commission for Accreditation of Park and Recreation Agencies (CAPRA). The CAPRA designation ensures that an agency has met national standards designed as important to quality operations. CAPRA is the only national accreditation of park and recreation agencies and is a valuable measure of an agency's overall quality of operation, management, and service to the community. Accreditation serves as a benchmark for how an agency is doing as compared to best practices and policies. Accreditation gives independent verification that basic standards and desirable practices and policies have been met, which in turn helps to build community support and recognition.

Fairfax County Blazes New Digital Trail

Trails are the most popular amenity in the Park System. The Authority maintains over 320 miles of trail, including the Cross County Trail (CCT). The Cross County Trail is more than 40 miles in length running from the Potomac River in Great Falls Park to the Occoquan River in Occoquan Regional Park.

With so many miles of trails, the Authority, in partnership with Fairfax County Department of Transportation, created Fairfax Trail Buddy, a new web-based mapping tool. This effort resulted in a comprehensive digital map that helps residents navigate county roadways and trails with ease. The application displays on all computer screens, so users can access the layered maps from their desktop, tablet, or smartphone. When accessed from a mobile device with GPS, Fairfax Trail Buddy shows users exactly where they are on a trail or bike route, giving them the security of knowing where they are at all times.

FINANCIAL INFORMATION

Financial Management

As a component unit of Fairfax County, the Authority adheres to the same financial practices as the County. In 1975 the County Board of Supervisors adopted a set of County-developed policies known as the *Ten Principles of Sound Financial Management* which are amended periodically to address changing conditions. Relating primarily to capital planning, debt planning, cash management and productivity, these principles are used as a means of prudent and responsible allocation of the County's resources. Additionally, the County maintains a self-managed investment program under the direction and oversight of an investment committee. Investment activity, guided by a formal investment policy, is monitored daily, and investment strategies are reviewed biweekly. Investment policies are thoroughly reviewed on a quarterly basis and subjected to annual review by the Association of Public Treasurers of the United States and Canada.

The Authority is commitment 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.

Budgetary and Accounting Controls

The *Code of Virginia* requires that the County adopt a balanced budget. As a component unit of Fairfax County, the Authority adheres to the same budget policies as the County. The County maintains extensive budgetary controls at certain legal and 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 of Supervisors must be granted to alter the total expenditure appropriation of any agency or fund. The Park Board has fiduciary responsibility over the Park Revenue Fund and Park Capital Improvement Fund. The County Board of Supervisors 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 U.S. generally accepted accounting principles are 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 which ensures 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.

In light of the economic times and the series of General Fund budget reductions, management pulled together an internal employee team, Revenue Assessment Team (RAT), representing all five divisions with senior and mid-level staff to review budget, financial and business related matters on a regular basis. RAT also provides support to two Park Authority Board subcommittees, the Administration, Management and Budget Committee and the Funding Policy and Bond committee. These committees consider administrative matters such as budget priorities, approval of budget submissions, quarterly reporting on the three operating funds, capital funding reviews, fees and charges reviews, as well as recommending policies and guidance for the comprehensive management of the Park Authority's financial structure and support of the park bond programs.

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 of Supervisors advertise a synopsis of the proposed changes.

Debt Administration

Fairfax 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 ratings of AAA from Moody's Investors Service, Inc., AAA from Standard and Poor's Corporation, and AAA from Fitch Investor Service. The Authority holds an A- rating from Standard and Poor's and may from time to time issue its own bonds.

For additional information on the budgetary, accounting and debt policies, please refer to the Letter of Transmittal in the County of Fairfax, Virginia, Comprehensive Annual Financial Report (County CAFR).

OTHER INFORMATION

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 an unmodified opinion by the accounting firm of KPMG LLP. The report of the independent auditors on the basic financial statements can be found in the financial section of this annual report.

Awards

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the prestigious Certificate of Achievement for Excellence in Financial Reporting to the Authority for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, an entity must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. It is believed that the current CAFR for the fiscal year ended June 30, 2013 continues to meet the Certificate of Achievement Program's requirements and will be submitted to the GFOA to determine its eligibility for another certificate. The Authority has received this prestigious national award for five consecutive years.

Virginia Recreation and Park Society (VRPS)

- Ken Quincy, a Park Authority Board member since 2007 from the Providence District, received the **2012 Distinguished Volunteer Service Award** from VRPS for his dedication and contributions to the parks and recreation field through advocacy efforts, fund raising, and leadership.

- The Authority received the **2012 Distinguished Private Sector Award**, REI, Inc. This award is given in recognition of demonstrated support for the parks and recreation profession.

- Historic Huntley received the **2012 Best New Renovation/Addition – Bricks and Mortar Award** (population greater than 100,000). The award recognizes renovation and/or an addition to an existing facility that demonstrates innovative park or recreation design. The work at the Historic Huntley Site included rehabilitation of the Huntley Mansion, restoration of the historic outbuildings, and related site work.

National Association of Counties (NACo)

The Authority was honored by the NACo with a **2013 Achievement Award** in the category of Parks and Recreation for Class and Summer Camp Summits. This award recognizes county governments for innovative programs.

National Association of Government Communicators (NAGC)

Four 2013 Blue Pencil and Gold Screen awards were received by the Authority from the NAGC which recognizes superior government communication products.

- **The Best in Show Award,** selected from among 40 category First Place winners, was presented for the invasive plant control program Take Back the Forest. The program partnered with county schools and REI, Inc., to bring more than 500 volunteers into parks over a 30-day period to remove non-native invasive plants and replace them with native plants.

- **The Special Event Award,** Take Back the Forest program won first place for this category.

- **The Audio Communication Award**, the Audio tour of Ox Hill Battlefield Park also won first place for the 25-minute recording to provide a guided tour of the historic park and it can be downloaded from the Authority's website or accessed with a smartphone.

- **The Commercial/Studio/Staged Photography Award**, a photographer, Don Sweeney of the Authority's Production Services Section, received a First Place Award for this category. He and model Kristen Thompson teamed up to create a fitness photo of Thompson working with hand weights.

National Association for Interpretation (NAI)

Suzanne Holland, Assistant Manager at Hidden Oaks Nature Center won the **2013 Outstanding Interpretive Manager Award** from Region 2 of NAI. This prestigious award recognizes "mastery of interpretive technique, site and staff management and a respected ability to pass these skills on to others."

Virginia State University (VSU) Envirothon Contest

Students from the Hidden Pond Nature Center Envirothon Team were among the 2013 State competition's first-place winners at the VSU Envirothon Contest where they showcased their environmental science knowledge. The goal of the competition is for teams to use their expertise to solve real-world environmental problems. This is a state-wide contest and the winners go on to compete nationally.

Audubon Cooperative Sanctuary Program (ACSP)

Greendale Golf Course received the **Certification in Environmental Planning** from the ACSP for Golf Courses, an international program administered by Audubon International to help landowners preserve and enhance the environmental quality of their property. The plan was developed by Keith Tasaka, Greendale Golf Course Superintendent, who is also recognized for his effort to plan for environmental stewardship.

ACKNOWLEDGEMENTS

The preparation of this report would not have been possible without the efficient and dedicated service of the Authority's financial staff, especially the members of the CAFR Project Team in the Administration Division, Financial Management Branch, who prepared and completed this report. The level of service provided is professional and we commend them for their hard work and continued efforts to improve this report. We also thank each Division within the Authority for its efficient administration of the Authority's financial operations.

In addition, we wish to thank the Chairman and Park Authority Board for their direction and support in the professional management of the Authority's finances. The results would not have been possible without the Board's exceptional service commitment. We also acknowledge the cooperation and support from the County Executive and County Board of Supervisors for supporting the Authority and its mission to preserve and protect the County's natural and cultural resources and to create and sustain quality recreational facilities and services.

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

Respectfully submitted,

Cindy Messinger

Cindy Messinger
Acting Director

Sara Baldwin
Deputy Director/COO

Michael P. Baird

Michael P. Baird
Fiscal Administrator

FAIRFAX COUNTY PARK AUTHORITY
A Component Unit of the County of Fairfax, Virginia
As of June 30, 2013

Board Members

William G. Bouie, Chairman	Hunter Mill District
Kevin J. Fay, Vice Chairman	Dranesville District
Kala L. Quintana - Secretary	Member-at-Large
Ken Quincy, Treasurer	Providence District
Mary D. Cortina	Member-at-Large
Frank S. Vajda	Mason District
Edward R. Batten, Sr.	Lee District
Linwood Gorham	Mount Vernon District
Michael W. Thompson, Jr.	Springfield District
Faisal Khan	Member-at-Large
Anthony J. Vellucci	Braddock District
Harold L. Strickland	Sully District

Acting Director
Cindy Messinger

Deputy Director/COO
Sara Baldwin

Deputy Director/CFO
Vacant

Park Operations Division
James Johnson, Director

Financial Management & Automated Services
Michael Baird / John Finegan

Park Services Division
Barbara Nugent, Director

Golf Enterprises
Peter Furey, Manager

Resource Management Division
Cindy Walsh, Director

Planning and Development Division
David Bowden, Director

ORGANIZATION OF
FAIRFAX COUNTY PARK AUTHORITY

Park Authority Board

Acting Director
Cindy Messinger

Human Capital Development and Service
Diane Roteman

- Human Capital Strategies
- Operational Human Capital Services
- Workforce Planning
- Human Capital Programs Evaluation
- Workforce Communication
- Safety and Risk Management
- Volunteer Services
- Organization Development and Training
- Payroll

Strategic Initiatives
Deborah Babcock-Daley

- Strategic Planning
- Project Management
- Agency Accreditation
- Innovations Coordinator
- Legislative Support

Public Information Officer
Judy Pedersen

- Media Relations
- Agency Spokesperson
- Community Relations
- Annual Report
- Park Authority Website
- Freedom of Information Act Compliance

Park Foundation Executive Director
Roberta Longworth

- Park Philanthropy
- Comprehensive Fundraising Program Management
- Park Foundation Budget Coordination
- Foundation Activities Coordination
- Grant Research and Development
- Grant Program Monitoring

Deputy Director/ Chief Operating Officer
Sara Baldwin

Resource Management Division Director
Cindy Walsh

- Site Operations
- Resource Stewardship
- Volunteer Interpretation and Program Services
- Business Support
- Cultural Resource Protection
- Natural Resources Protection

Park Services Division Director
Barbara Nugent

- RECenter Operations
- Lake Front Park Operations
- Programs, RECenter, Schools
- Youth Programs and Camps
- Events, Summer Concerts
- Community Connections
- ADA/Inclusion
- Marketing Research & Planning
- Business Office
- Production Services

Park Operations Division Director
Todd Johnson

- Facility and Equipment Support
- Grounds Maintenance
- Turf Management
- Athletic Field Maintenance
- Contract Management
- Mastenbrook Grant Program Management

Deputy Director/ Chief Financial Officer
Vacant

Planning & Development Division Director
David Bowden

- Property Management
- Site Specific Planning
- Long-Range Planning
- Land Acquisition
- Project Management
- Project Design
- Administrative Support
- Special Projects

Financial Mgmt & Automated Services
Michael Baird/John Finegan

- Financial Management
- Purchasing
- Budget Development
- Financial Planning and Analysis
- Asset Management
- Audits
- Information Technology
- Enterprise Fund Initiative and Net Revenue Initiative Program

Golf Enterprises
Peter Furey

- Site Operations
- Programming & Services
- Maintenance
- Administration & Management

This report was prepared by:

COUNTY OF FAIRFAX, VIRGINIA
PARK AUTHORITY

FINANCIAL MANAGEMENT BRANCH

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

Michael P. Baird, Fiscal Administrator

CAFR PROJECT TEAM

Anh Bui, Financial Reporting
Dolores Claytor, Audits, Policies & Procedures
Shashi Dua, Revenue, Accounts Receivable & Grants
Susan Tavallai, Budget
Melinda Samimi, Accounts Payable
Hong Li, Capital Projects
Yen Chi Lin, System Support

Special thanks to Joanne Kearney, 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, 2012

Executive Director/CEO

KPMG

KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

The Board of Supervisors
County of Fairfax, Virginia

The Fairfax County Park Authority Board

Report on the Financial Statements

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, 2013, 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 U.S. generally accepted accounting principles; 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.

Auditors' 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 auditors' 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 Fairfax County Park Authority, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

KPMG

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and budgetary comparison information on pages 3-17 and 47-50, respectively, 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.

Supplementary and 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 section on pages v-xvii and the statistical section on pages 51-66 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.

Accounting Change

As discussed in Note I and J to the financial statements, the Authority implemented Governmental Accounting Standards Board (GASB) Statement number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and early implemented GASB Statement number 65, *Items Previously Reported As Assets and Liabilities*. As a result of this implementation, the Authority has reclassified the deferred amount on refunding previously reported as an asset as a deferred outflow of resources and adjusted the beginning balance of net position in order to expense bond issuance costs in the period in which they were incurred.

KPMG LLP

October 21, 2013

Fairfax County Park Authority
A Component Unit of the County of Fairfax, Virginia
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

I. INTRODUCTION

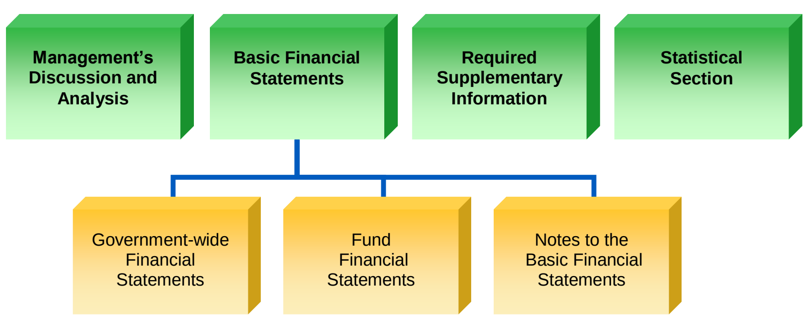
This section of the Fairfax County Park Authority's (the Authority) Comprehensive Annual Financial Report (CAFR) presents a discussion and analysis of the Authority's financial performance during the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to give perspective on the Authority's fiscal year 2013 financial performance as a whole.

The Management's Discussion and Analysis (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, 2013 and includes a comparative analysis to the fiscal year ended June 30, 2012.

II. OVERVIEW OF THE FINANCIAL STATEMENTS

The CAFR consists of five parts: Management's Discussion and Analysis, Basic Financial Statements and Notes to the 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.

<u>Components of the Financial Report</u>



Government-wide Financial Statements

The government-wide financial statements can be found on pages 19-20 of this report.

The government-wide financial statements 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, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between these four items reported as 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 Construction 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 the governmental funds 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 can be found on pages 25 - 45 of this report.

The Notes to the Basic Financial Statements 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 by $593.34 million. Of this amount, $26.96 million is unrestricted, $7.34 million is restricted for capital projects, $0.06 million is restricted for debt service, $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 $56.98 million. Expenses amounted to $89.79 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 $41.25 million, an increase of $4.11 million in comparison to the prior year.
- Revenues of the Authority's governmental funds amounted to $102.11 million and expenses amounted to $96.32 million.

General Financial Highlights

- As of June 30, 2013, the Authority's cash of $40.69 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, 2013, the amount due from the County was $1.78 million.
- Total capital assets, net, as of June 30, 2013, amounted to $574.48 million compared to $567.87 million in the prior year.
- Litigation resulted in the recovery of revenues of $1.27 million for rent and royalty payments related to the Federal Lands to Park program which was remitted in error to another local government, the District of Columbia, which increased the revenues in Capital Improvement Fund.

- The Authority was able to save $1.92 million on refunding of the Series 2001 Revenue Bond through the Virginia Pooled Financing Program, Series 2013A Bond issue by the Virginia Resources Authority (VRA) on June 5, 2013.

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, 2013 and 2012:

Summary of Park Authority Net Position
As of June 30

	2013	2012	$ Change	% Change
Assets				
Current	$ 52,260,629	48,392,445	3,868,184	8.0 %
Capital, net	574,488,248	567,876,739	6,611,509	1.2
Total assets	626,748,877	616,269,184	10,479,693	1.7
Deferred outflows of resources				
Total deferred outflows of resources	545,888	-	545,888	100.0
Total assets and deferred outflows of resources	627,294,765	616,269,184	11,025,581	1.8
Liabilities				
Current	11,022,572	11,403,574	(381,002)	(3.3)
Long-term	22,930,431	24,907,176	(1,976,745)	(7.9)
Total liabilities	33,953,003	36,310,750	(2,357,747)	(6.5)
Deferred inflows of resources				
Total deferred inflows of resources	-	-	-	-
Total liabilities and deferred inflows of resources	33,953,003	36,310,750	(2,357,747)	(6.5)
Net Position				
Net investment in capital assets	556,761,316	549,502,057	7,259,259	1.3
Restricted for:				
Certain capital projects	7,345,967	4,582,726	2,763,241	60.3
Debt service	61,115	1,972,833	(1,911,718)	(96.9)
E.C. Lawrence trust	1,507,926	1,507,926	-	-
Repair and replacement	700,000	700,000	-	-
Unrestricted	26,965,438	21,692,892	5,272,546	24.3
Total net position	$ 593,341,762	579,958,434	13,383,328	2.3

Analysis of Net Position

At the end of the fiscal year, the Authority reported positive balances in all categories of net position. Total net position were $593.34 million. Of this amount $26.96 million was unrestricted, $7.34 million was restricted for certain capital projects and debt service, $1.51 million was restricted for E.C. Lawrence trust and $0.70 million was restricted for repair and replacement. This is a cumulative amount representing the accumulated results of all past years' operations.

The largest portion of the Authority's net position, nearly 93.8%, reflects its investment of $556.7 million in capital assets (i.e., land, buildings and equipment) net of 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.

The Authority's overall total net position has increased by $13.38 million, or 2.3%, during fiscal year 2013.

- Current assets have increased by $3.86 million or 8.0% primarily due to an increase of cash from the use of property and gifts, donations and contributions in the Park Capital Improvement Fund.

- Capital assets, net have increased by $6.62 million or 1.2% mainly due to a $1.25 million increase in land acquisition, $2.03 million increase in building and improvement, and $3.02 million in new on-going construction and a $0.23 million increase in equipment.

- Long-term liabilities decreased by $1.97 million or 7.9% primarily due to the Laurel Hill refunding bond in the prior year and the refunding of the Revenue Bond Series 2001 in fiscal year 2013.

- Invested in capital assets, net of related debt increased by $7.26 million or 1.3%. The increase reflects an increase in capital assets and a decrease in outstanding debt due to principal payments made during the year.

- Net position restricted for certain capital projects increased by $2.76 million or 60.3% due to an increase in project costs for park development, parks and building renovation, stewardship and land acquisition.

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, 2013 and 2012:

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

	FY 2013	FY 2012	$ Change	% Change
Revenues:				
Program revenues:				
Charges for services	$ 43,477,706	43,324,989	152,717	0.4 %
Capital grants and contributions	13,504,787	13,811,586	(306,799)	(2.2)
General revenues:				
Intergovernmental	39,498,643	41,388,498	(1,889,855)	(4.6)
Investment earnings	119,592	105,060	14,532	13.8
Operating grants not restricted to specific programs	720,682	593,169	127,513	21.5
Capital contributions not restricted to specific programs	5,859,129	6,185,679	(326,550)	(5.3)
Total revenues	103,180,539	105,408,981	(2,228,442)	(2.1)
Expenses:				
Administration	15,052,999	17,143,757	(2,090,758)	(12.2)
Maintenance	20,574,333	18,097,262	2,477,071	13.7
Golf courses	9,421,670	9,108,477	313,193	3.4
Recreation centers	23,404,559	26,373,145	(2,968,586)	(11.3)
Lake parks	4,032,800	2,731,407	1,301,393	47.6
Other leisure services	6,255,821	4,899,174	1,356,647	27.7
Cultural enrichment	10,181,094	9,192,733	988,361	10.8
Interest on long-term debt	873,935	1,063,810	(189,875)	(17.8)
Total expenses	89,797,211	88,609,765	1,187,446	1.34
Increase (decrease) in net position	13,383,328	16,799,216	(3,415,888)	(20.3)
Beginning net position as adjusted	579,958,434	563,159,218	16,799,216	3.0
Ending net position	$ 593,341,762	579,958,434	13,383,328	2.3

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 2013, revenues from governmental activities totaled $103.18 million, a decrease of $2.22 million or 2.1% from fiscal year 2012. The decrease was primarily due to less intergovernmental revenues.

Explanations of these changes include the following:

- Charges for services slightly increased $0.15 million or 0.4% due to increases in fees and revenues from programs.

- Capital grants and contributions decreased $0.31 million or 2.2% primarily due to an increase of $2.0 million in bond proceeds for capital projects.

- Intergovernmental revenue decreased $1.89 million or 4.6% mainly due to the revenue of $1.78 million received from County in the last fiscal year for the Laurel Hill refunding bond.

- Investment earnings increased $0.01 million or 13.8% due to a higher earning rates on investments.

- Unrestricted Operating grants increased by $0.12 million or 21.5% primarily due to an increase in gifts and donations in Park Revenue Fund.

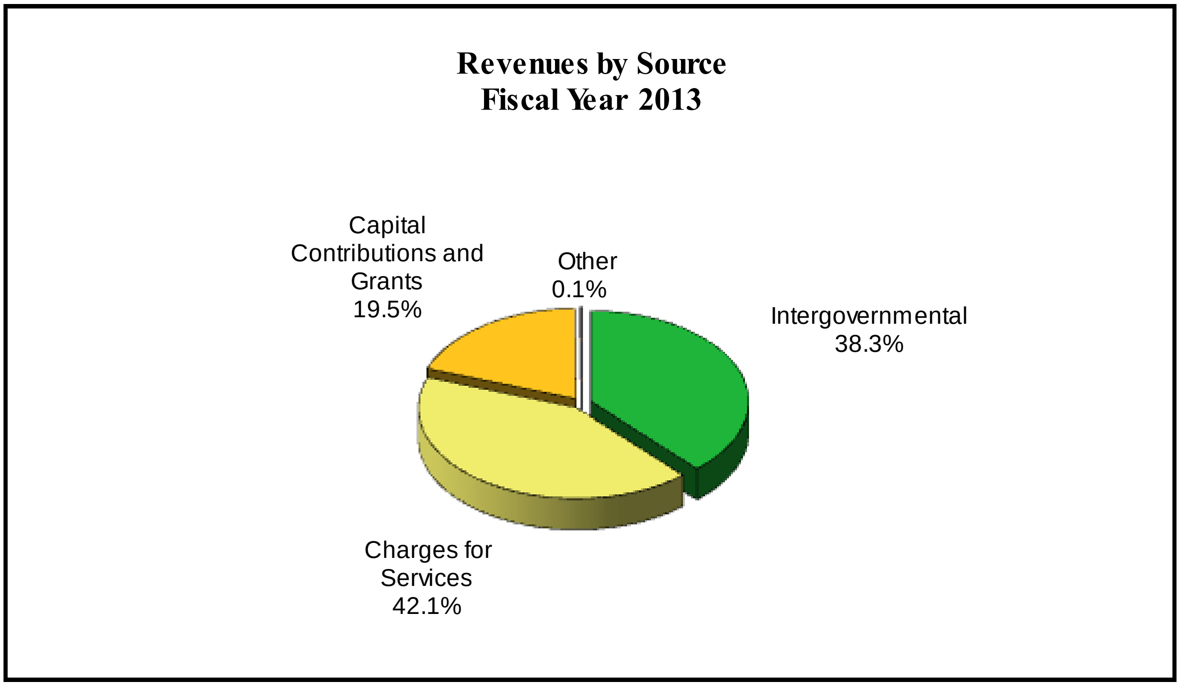
- Unrestricted capital contributions decreased $0.32 million or 5.3% primarily due to a decrease in land transferred from the County in fiscal year 2013, which is offset by and an increase in gifts and contributions for capital improvements.

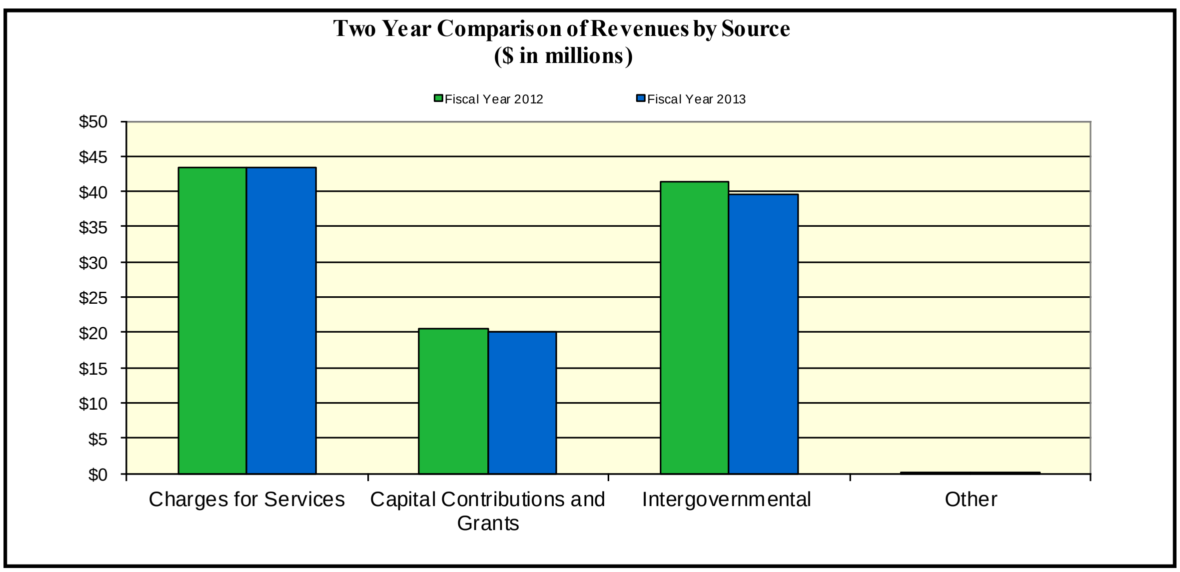
Expenses

A slight increase of $1.18 million or 1.34% in expenses in fiscal year 2013 was due to an increase in operating expenses as a result of an increase in employee compensation with a 2.18 percent market rate adjustment (MRA) in FY 2013, effective July 2012, and a 2.50 percent performance based scale and salary increase for non uniformed merit employees, effective January 2013.

Revenues

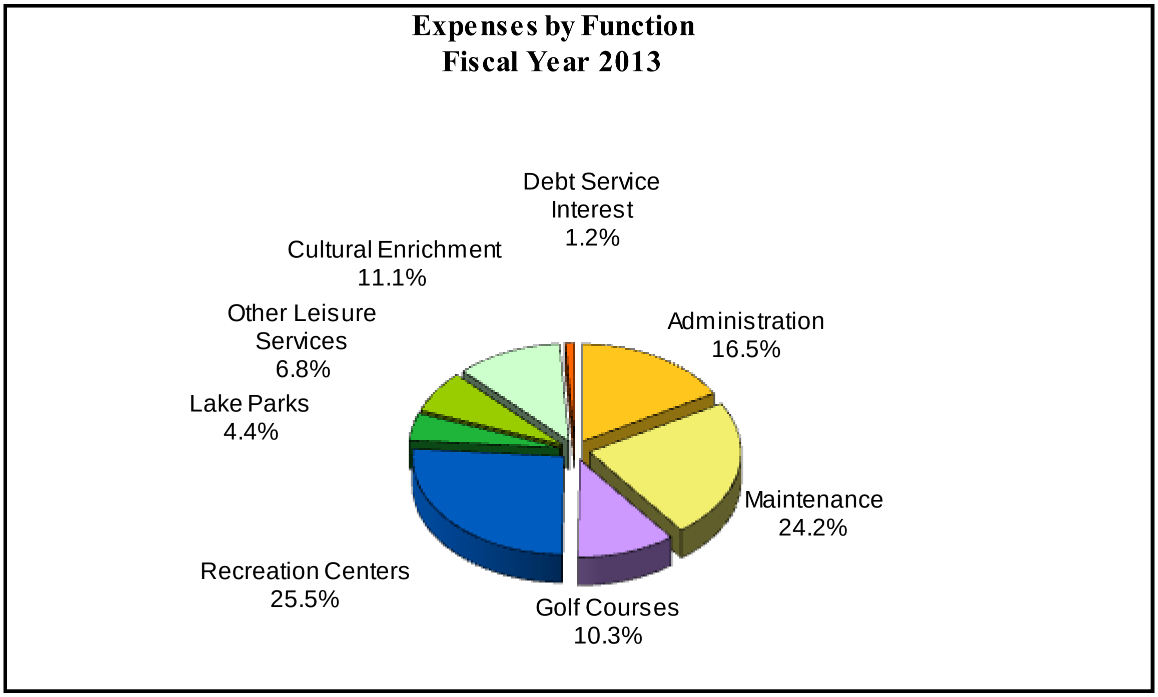
The Authority receives most of its funding from the Charges for Services, County and Capital contributions and Grants. The following graphics illustrate the Authority's major sources of revenues:

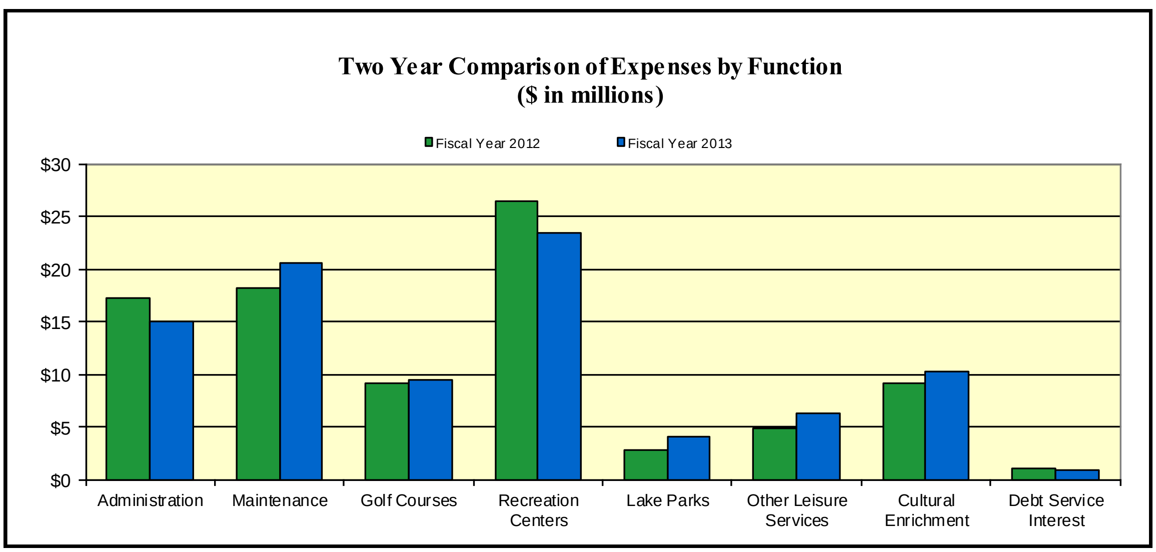




Expenses

For the fiscal year ended June 30, 2013, expenses for governmental activities totaled $89.79 million. The Authority's overall expenses have increased by $1.18 million or 1.34% from fiscal year 2012. 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 2013 and 2012 for the purpose of this analysis.

	Financed from County General Fund	Park Revenue Fund	Financed from County Construction Fund	Park Construction Bond Fund	Park Capital Improvement Fund	Total Major Funds
Fund balances, 6/30/2011	$ -	5,172,886	-	2,622,504	25,620,936	33,416,326
Revenues	31,890,125	44,242,809	9,481,036	13,249,500	2,511,363	101,374,833
Expenditures	(31,890,125)	(41,730,309)	(9,481,036)	(11,818,119)	(2,722,041)	(97,641,630)
Net change in fund balance	-	2,512,500	-	1,431,381	(210,678)	3,733,203
Fund balances, 6/30/2012	-	7,685,386	-	4,053,885	25,410,258	37,149,529
Revenues	31,058,214	42,955,516	9,903,477	13,000,000	5,192,389	102,109,596
Expenditures	(31,058,214)	(41,635,900)	(9,903,477)	(10,108,107)	(3,623,527)	(96,329,225)
Other financing sources (uses)	-	(3,524,092)	-	-	1,849,882	(1,674,210)
Net change in fund balance	-	(2,204,476)	-	2,891,893	3,418,744	4,106,161
Fund balances, 6/30/2013	$ -	5,480,910	-	6,945,778	28,829,002	41,255,690

At the end of the current fiscal year, the Authority's governmental funds reported a combined fund balance of $41.25 million, an increase of $4.11 million compared to the prior year.

The fund balance of the Park Revenue Fund decreased by $2.20 million in fiscal year 2013 due to the payment of the outstanding revenue bond, Series 2001, using the debt service reserve for the new Refunding Revenue Bonds, Series 2013A. Of the total of fund balance of $5.48 million in the Park Revenue Fund, $0.06 million is restricted for debt service, $3.25 million has been committed for managed reserve, donation and deferred revenue, and $2.15 million has been assigned for set aside reserve and Park operation and maintenance. The fund balance of the Park Construction Bond Fund also increased $2.89 million due to a decrease in expenditures and restricted for the completion of the on-going capital projects. The fund balance of the Park Capital Improvement Fund increased $3.42 million mainly due to an increase in revenues from donations and contributions, a recovered revenue of $1.27 million from the District of Columbia, and a fund transfer of $1.84 million from the Park Revenue Fund. Of the total fund balance of $29.8 million, $1.51 million has been restricted for E.C. Lawrence Trust, $0.70 million has been restricted for Repair and replacement, and $12.71 million has been restricted for capital projects. The rest of the fund balance of $13.91 million has been committed for facilities and services and other capital projects. The fund balances of the Financed from County General Fund and the Financed from County Construction Fund were zero since expenditures 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, 2013	June 30, 2012
Land	$	346,960,303	345,708,383
Easement		17,016,009	17,016,009
Buildings and improvements		195,273,228	193,247,648
Equipment		1,828,337	1,513,209
Construction in progress		13,410,371	10,391,490
Total	$	574,488,248	567,876,739

Major capital asset events during fiscal year 2013 included the following:

- Land increased to $346.96 million, an increase of $1.25 million or 0.36% was primarily the result of eight land acquisition activities in fiscal year 2013. Two parcels (Lincoln-Lewis Vannoy and McLean Central Park) totaling 9.871 acres of land was transferred from the County to the Authority with an assessed value of $0.21 million. Two developer dedications and two donations totaling 30.60 acres of land with a total assed value of $0.77 million. Also, 1.01 acres of land was purchased (Southern Trust Property) for $0.27 million.

- Building and improvements, net of depreciation, increased $2.02.million or 1.03%, as various projects were completed. Some of the complete capital projects included the synthetic turf field installation at Great Falls Nike Park totaling to $1.19 million, a Skate park at Lake Fairfax totaling to $1.17 million, the ADA replacement of Bathhouse "A" at Lake Fairfax totaling to $0.98 million, structural repairs to Natatorium roof at Providence Park totaling to $0.66 million and Laurel Hill Bunker Improvements totaling to $0.48 million.

- Equipment balances increased $0.32 million or 20.8% due to new acquisitions and transfers from the County.

- The increase of $3.01 million in on-going construction associated with various projects for parks, recreation centers and golf courses including new synthetic turf fields and lights at South Lake High School, Twin Lakes Oak Room expansion, Oak Marr Fitness Expansion and Energy Management Projects.

Additional information on the Authority's capital assets can be found in Note E, page 37, 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, 2013	June 30, 2012
Revenue bonds payable	$	4,800,000	7,745,000
Loan payable		12,832,200	13,042,200
Total outstanding debt	$	17,632,200	20,787,200

Revenue Bonds

As of May 2013, Revenue Bonds Series 2001 Bonds had an outstanding principal balance of $7,020,200. The Authority paid $725,000 of bond principal and $335,665 in interest during fiscal year 2013. 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 provide debt service savings to the Authority.

On June 5, 2013, the Virginia Resources Authority (VRA) 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 1.162%.

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 was refunded in April 2012 with the outstanding loan payable amount of $13,042,200. Principal payments of $210,000 and interest payments of $509,934 were made in fiscal year 2013.

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 $345,091 in fiscal year 2013.

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. The Notes are not general obligation debt of the County, and the full faith and credit of the County is not pledged to the Notes. As of June 30, 2013, $8,062,500 of these Notes are outstanding. The easement is recorded on the Authority's Basic 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 "A-" 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 38 - 40, of the Notes to the Basic Financial Statements.

VIII. GENERAL BUDGET HIGHLIGHTS

The original and final budgeted amounts are shown in the Budgetary Comparison Schedules on pages 47 and 48. Revisions that alter the total appropriations of the budgets must be approved by the County Board of Supervisors.

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 as a result of reduced participants. Intergovernmental revenue increased from the original Adopted Budget Plan to offset expenditure increases. Total expenditures appropriation increased from the original fiscal year 2013 Adopted Budget Plan level by $0.26 million, from $22.66 million to $22.92 million. This increase consists of $0.26 million from fiscal year 2012 Carryover funding.

Budgetary Trends

The approved FY 2013 County General Fund totals $3,537.78 million, an increase of $160.31 million, or 4.75% , from the Fiscal Year 2012 Adopted Budget Plan total. While there were some positive indicators in the local economy, including an improvement in the volume of home sales, there were offsetting factors that made projecting Fiscal Year 2013 revenues growth difficult. Although some improvements were seen in Fiscal Year 2013 revenues, the growth was modest. Countywide, there were no growths in disbursements for personnel services, operating expenses and recovered costs which remained at the Fiscal Year 2012 Adopted Budget level

IX. ECONOMIC FACTORS AND TRENDS

Fairfax County has an economic base consisting largely of defense contractors, aerospace, information technology and telecommunications firms, professional services providers, financial services companies and Internet-focused start-ups.

All of these sectors are important components of Fairfax County's diversified economic base. *Time Magazine* called Fairfax County "one of the great economic success stories of our time." The County is well -positioned to lead the nation as economic growth returns to the country. For those who live and work in the County, the benefits of a thriving and diversified business base include: high-paying, rewarding job opportunities, and a strong tax base that allows the Board of Supervisors to fund high-quality services that support the quality of life enjoyed in the County.

The unemployment rate in Fairfax County decreased to 3.5% in April 2013, down from 3.7% in March. The number of unemployed residents decreased over the month from 23,126 to 22,166. The County's unemployment rate recorded in April, 2012 was 3.9%.

The Consumer Confidence Index increased in April (69.0) and continued to improved further in May (76.2) to the highest it had been in five years. According to economic indicators, these consecutive gains suggest that consumer confidence is improving in spite of the fiscal cliff, payroll-tax hike, and sequester.

Sales Tax receipts distributed to Fairfax County in June, for retail purchases made in April, were $14.09 million, an increase of 7.6% over June 2012. 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. Economic data on home sales and inventories confirms the housing market is beginning to recover. The average days on the market in May dropped compared to the same month the prior year. Fairfax County homes that sold in May had been on the market for an average of 27 days, down from the 39 day average in May 2012. Also the number of homes sold increased 20.3% to 1,766 from the 1,468 homes sold in the same month last year. Compared to the annual 2012 average home sales price of $492,480, the May price increased 10.8% . Through April 2013, home prices in the Washington metro area increased 7.2 % over the year.

X. FAIRFAX COUNTY PARK AUTHORITY HIGHLIGHTS

The Authority continues to provide quality park and recreation services, programs and facilities which enhance the quality of life for the residents of the County on a daily basis. This is done through the protection and preservation of open space and natural areas, nature centers, recreation centers, historic sites, golf courses, athletic fields, public gardens, horticulture sites, trails, neighborhood community, district and countywide parks as well as park programs, classes, camps and tours. The Authority currently owns, maintains, and operates 421 beautiful parks. Based on a survey of 1,025 Fairfax County households, conducted in coordination with George Mason University in 2007, 79% of the County's households considered the park system to be 'extremely' or 'very' important to their quality of life. Delivering high-quality service in parks is an important focus for the Authority as demand and usage continue to grow. The Authority seeks to provide quality recreational opportunities through construction, development and maintenance of a wide variety of facilities to meet the varied needs and interests of the County's residents. The Authority strives to improve the quality of life for the residents of the County by keeping pace with the community demands, continually enhancing the park system, and demonstrating stewardship for park land. Notable enhancements include increased open space through land acquisition, protection of critical natural and cultural resources, expanded trails, new inclusive features, and upgraded playability of outdoor facilities.

In fiscal year 2013, the Authority acquired 69 acres of land, increasing its ownership to 23,265 park acres which equates to over 9% of the land mass of Fairfax County. There were eight land acquisition activities that resulted in additional Authority holdings. This includes one purchase, four dedications/donations, one developer transfer and two County transfers.

New facilities completed include a new Skate Park and a replacement of Bathhouse "A" per ADA compliance at Lake Fairfax, a new Athletic Field Lighting and a new synthetic turf field installation at Great Falls Nike, Laurel Hill Greenway Trail upgraded from stone dust to asphalt, Bunker Improvements at Laurel Hill Golf Club in preparation for hosting the 84th Amateur Public Links tournament in July 2013, structural repairs to the Natatorium roof at Providence RECenter, Pinecrest Golf Course upper dam reconstruction, and a new playground and a concrete trail at Oakton Community Park.

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 2013 to 16.5 million visitors compared to 15.4 million visitors in fiscal year 2012. This increase is indicative of the residents 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 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 2013, the Authority's Board and staff, along with the County Board of Supervisors, will continue to work through the economic challenge and continue to implement the initiatives and strategies outlined in the Financial Sustainability Plan, ensuring the Authority's continued success in the future.

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.

Fairfax County Park Authority

Commission for Accreditation of Park and Recreation Agencies

CAPRA ACCREDITED

National Gold Medal

Grand Award Winner

Excellence in Park & Recreation Management

Fairfax County Park Authority **Exhibit A**
A Component Unit of the County of Fairfax, Virginia
Statement of Net Position
June 30, 2013

		Governmental Activities
ASSETS		
Equity in pooled cash and temporary investments	$	40,691,543
Receivables:		
Accounts receivable		4,675
Accrued interest		62,268
Due from primary government		1,783,018
Due from intergovernmental units		104,117
Restricted assets:		
Equity in pooled cash and temporary investments		9,553,893
Investments		61,115
Capital assets:		
Non-depreciable:		
Land		346,960,303
Easement		17,016,009
Construction in progress		13,410,371
Depreciable:		
Equipment		13,688,182
Buildings and improvements		365,536,755
Accumulated depreciation		(182,123,372)
Total assets		626,748,877
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding bonds		545,888
Total deferred outflows of resources		545,888
Total assets and deferred outflows of resources		627,294,765
LIABILITIES		
Accounts payable and other accrued liabilities		2,113,150
Accrued salaries and benefits		2,324,129
Due to primary government		234,666
Contract retainages		238,045
Unearned revenue:		
Unused Park passes		5,168,545
Monopole revenue		158,110
Performance and other deposits		768,294
Accrued interest payable		17,633
Long-term liabilities:		
Portion due or payable within one year:		
Compensated absences payable		2,579,399
Loans payable		243,700
Bonds payable, net		673,335
Portion due or payable after one year:		
Compensated absences payable		2,017,097
Loans payable		12,588,500
Bonds payable, net		4,828,400
Total liabilities		33,953,003
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources		-
Total deferred inflows of resources		-
Total liabilities and deferred inflows of resources		33,953,003
NET POSITION		
Net investment in capital assets		556,761,316
Restricted for:		
Certain capital projects		7,345,967
Debt service		61,115
E.C. Lawrence Trust		1,507,926
Repair and replacement		700,000
Unrestricted		26,965,438
Total net position	$	593,341,762

See accompanying notes to the financial statements.

Fairfax County Park Authority **Exhibit B**
A Component Unit of the County of Fairfax, Virginia
Statement of Activities
For the Fiscal Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues: Charges for services	Program Revenues: Capital grants and contributions	Net (Expense)/ Revenue and Changes in Net Position: Governmental activities
Governmental activities:				
Administration	$ 15,052,999	1,104,938	3,236,565	(10,711,496)
Maintenance / renovation	20,574,333	-	300,700	(20,273,633)
Golf courses	9,421,670	9,915,912	711,010	1,205,252
Recreation centers	23,404,559	26,023,313	3,023,490	5,642,244
Lake parks	4,032,800	2,586,099	582,000	(864,701)
Other leisure services	6,255,821	1,467,166	2,867,320	(1,921,335)
Cultural enrichment	10,181,094	2,380,278	2,783,702	(5,017,114)
Interest on long-term debt	873,935	-	-	(873,935)
Total governmental activities	$ 89,797,211	43,477,706	13,504,787	(32,814,718)

General revenues:	
Intergovernmental	$ 39,498,643
Investment earnings	119,592
Operating grants not restricted to specific programs	720,682
Capital contributions not restricted to specific programs	5,859,129
Total general revenues	46,198,046
Change in net position	13,383,328
Net position, June 30, 2012 as adjusted	579,958,434
Net position, June 30, 2013	$ 593,341,762

See accompanying notes to the financial statements.

Fairfax County Park Authority **Exhibit C**
A Component Unit of the County of Fairfax, Virginia
Balance Sheet-Governmental Funds
June 30, 2013

	Financed from County General Fund	Park Revenue Fund	Financed from County Construction Fund	Park Construction Bond Fund	Park Capital Improvement Fund	Total Governmental Funds
ASSETS						
Equity in pooled cash and temporary investments	$ -	12,958,251	-	-	27,733,292	40,691,543
Receivables:						
Accounts receivable	-	4,675	-	-	-	4,675
Accrued interest	-	15,093	-	-	47,175	62,268
Due from primary government	1,415,255	-	367,763	-	-	1,783,018
Due from intergovernmental units	-	4,117	-	100,000	-	104,117
Restricted assets:						
Equity in pooled cash and temporary investments	-	-	-	7,345,967	2,207,926	9,553,893
Investments	-	61,115	-	-	-	61,115
Total assets	1,415,255	13,043,251	367,763	7,445,967	29,988,393	52,260,629
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	1,415,255	13,043,251	367,763	7,445,967	29,988,393	52,260,629
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	322,935	833,091	345,826	322,219	289,079	2,113,150
Accrued salaries and benefits	1,092,320	1,231,809	-	-	-	2,324,129
Due to primary government	-	234,666	-	-	-	234,666
Contract retainages	-	-	21,937	177,970	38,138	238,045
Unearned revenue:						
Unused Park passes	-	5,168,545	-	-	-	5,168,545
Monopole revenue	-	-	-	-	158,110	158,110
Performance and other deposits	-	94,230	-	-	674,064	768,294
Total liabilities	1,415,255	7,562,341	367,763	500,189	1,159,391	11,004,939
DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	1,415,255	7,562,341	367,763	500,189	1,159,391	11,004,939
Fund balances:						
Restricted for:						
Capital projects	-	-	-	6,945,778	12,708,357	19,654,135
Debt service	-	61,115	-	-	-	61,115
E.C. Lawrence Trust	-	-	-	-	1,507,926	1,507,926
Repair and replacement	-	-	-	-	700,000	700,000
Committed to:						
Managed reserve	-	2,017,969	-	-	-	2,017,969
Donation/Deferred revenue	-	1,246,804	-	-	-	1,246,804
Facilities and services reserve	-	-	-	-	2,565,983	2,565,983
Other capital projects	-	-	-	-	11,346,736	11,346,736
Assigned to:						
Park operation and maintenance	-	2,155,022	-	-	-	2,155,022
Total fund balances	-	5,480,910	-	6,945,778	28,829,002	41,255,690
Total liabilities, deferred inflows of resources and fund balances	$ 1,415,255	13,043,251	367,763	7,445,967	29,988,393	52,260,629

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, 2013

Fund balance - Total governmental funds		$ 41,255,690
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 are not reported as assets in governmental funds.		
Capital assets:		
Non-depreciable:		
Land	346,960,303	
Easement	17,016,009	
Construction in progress	13,410,371	
Depreciable:		
Equipment	13,688,182	
Buildings and improvements	365,536,755	
Accumulated depreciation	(182,123,372)	574,488,248
Long-term liabilities, including bonds payable, and deferred outflows of resources are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds.		
Accrued interest payable	(17,633)	
Compensated absences payable	(4,596,496)	
Loan payable	(12,832,200)	
Bonds payable due within one year	(615,000)	
Bonds payable due in more than one year	(4,185,000)	
Bonds payable discount	(701,735)	
Deferred loss amount on refunding	545,888	(22,402,176)
Net position of governmental activities		$ 593,341,762

Fairfax County Park Authority **Exhibit D**
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, 2013

	Financed from County General Fund	Park Revenue Fund	Financed from County Construction Fund	Park Construction Bond Fund	Park Capital Improvement Fund	Total Governmental Funds
REVENUES						
Intergovernmental	$ 29,591,048	4,117	9,903,477	13,000,000	-	52,498,642
Charges for services	1,467,166	39,739,661	-	-	477	41,207,304
Revenue from the use of money and property	-	2,307,371	-	-	2,495,233	4,802,604
Gifts, donations, and contributions	-	720,682	-	-	2,337,194	3,057,876
Developers' contributions	-	-	-	-	359,485	359,485
Other	-	183,685	-	-	-	183,685
Total revenues	31,058,214	42,955,516	9,903,477	13,000,000	5,192,389	102,109,596
EXPENDITURES						
Current:						
Administration	6,668,355	1,256,834	-	42,446	331,205	8,298,840
Maintenance	12,617,341	-	6,417,574	2,000	84,697	19,121,612
Golf courses	-	9,223,390	-	5,252	95,880	9,324,522
Recreation centers	-	23,002,299	-	3,434	124,515	23,130,248
Lake parks	1,363,938	1,874,968	-	10,110	58,652	3,307,668
Other leisure services	3,889,555	1,996,511	-	58,573	737,876	6,682,515
Cultural enrichment	6,415,353	2,122,835	-	8,691	56,958	8,603,837
Capital outlay	103,672	256,846	3,485,903	9,977,601	2,133,744	15,957,766
Debt service:						
Principal retirement	-	935,000	-	-	-	935,000
Interest and other charges	-	967,217	-	-	-	967,217
Total expenditures	31,058,214	41,635,900	9,903,477	10,108,107	3,623,527	96,329,225
Excess of revenues over expenditures	-	1,319,616	-	2,891,893	1,568,862	5,780,371
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	-	1,849,882	1,849,882
Transfers Out	-	(1,849,882)	-	-	-	(1,849,882)
Refunding revenue bond proceeds	-	4,800,000	-	-	-	4,800,000
Premium on refunding revenue bonds	-	701,735	-	-	-	701,735
Refunding bonds payment to refunded bonds escrow agent	-	(7,175,945)	-	-	-	(7,175,945)
Total other financing sources (uses)	-	(3,524,092)	-	-	1,849,882	(1,674,210)
Net change in fund balances	-	(2,204,476)	-	2,891,893	3,418,744	4,106,161
Fund balances, June 30, 2012	-	7,685,386	-	4,053,885	25,410,258	37,149,529
Fund balances, June 30, 2013	$ -	5,480,910	-	6,945,778	28,829,002	41,255,690

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, 2013

Net change in fund balances - Total governmental funds		$ 4,106,161
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.		
Capital outlay	15,957,766	
Depreciation expense	(10,464,361)	5,493,405
Donations of capital assets increase net assets in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources.		1,107,960
In the Statement of Activities, the gain or loss on the disposition of capital assets is reported. However, in the governmental funds only the proceeds from sales are reported, which increases fund balance. Thus, the difference is the depreciated cost of the capital assets dispositions.		10,144
The issuance of long-term debt, including premiums, is reported as other financing sources in the governmental funds and thus, increases fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		
Series 2013 Revenue Refunding Bonds	(5,501,734)	(5,501,734)
Repayment of bond principal is reported as an expenditure or as an other financing use when debt is refunded in governmental funds and thus has the effect of reducing fund balance because current financial resources have been used. However, the principal payments reduce the liabilities in the Statement of Net Position and do not result in an expense in the Statement of Activities.		
Principal payments to refunding bonds	725,000	
Principal payments of notes	210,000	
Refunding bonds payment to refunded bonds escrow agent	7,175,945	8,110,945
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences	(36,835)	
Interest expense and amortization of bond issuance costs	93,282	56,447
Change in net position of governmental activities		$ 13,383,328

Fairfax County Park Authority
A Component Unit of the County of Fairfax, Virginia
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

A. Summary of Significant Accounting Policies

The accounting policies of the Fairfax County Park Authority (the Authority) conform to the U.S. generally accepted accounting principles as applicable to governmental units. The following is a summary of the Authority's significant accounting policies:

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 Board of Supervisors (the Board) of the County 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 County's Board of Supervisors appoints the Board members of the Authority and a substantial portion of the Authority's operations are financed by the County. Therefore, the Authority is considered a component unit of the County. The Authority has no component units. The Park Foundation is immaterial to the Authority as a whole and therefore does not meet the criteria in Governmental Accounting Standards Board (GASB) Statement No. 39 to be stated as a component unit for fiscal year 2013.

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 focus is on both the Authority as a whole and the fund financial statements, including the major individual funds of the governmental type categories. 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 long-term 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 all 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 activities column in 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 Basic 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 use the flow of current financial resources measurement focus. This focus is based on the determination of, and changes in, financial position, and generally only current assets and current liabilities are included on the balance sheet. These funds use the modified accrual basis of accounting, whereby revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the fiscal period. Available means collectible within the current period or within 45 days after fiscal year end. The Authority recognizes revenues provided by appropriations from the County for the Financed from County General Fund and the County Construction 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.

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

General Fund:
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. The General Fund 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.

Special Revenue Fund:
Park Revenue Fund – This fund collects user fees and charges such as general admissions, passes, 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 Park Board has fiduciary control over this fund and it is guided by the Revenue Fund Financial Management Principles found in the Financial Management Plan which is reviewed and approved annually. The Park Revenue Fund must operate on a cost recovery basis.

<u>Capital Projects Funds</u>:

Financed from County Construction Fund - This fund accounts for specific park construction and maintenance projects related to park facilities that are financed from the County Construction 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 Construction Bond 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 Capital 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 Fund. No annual operating budget is prepared for this fund. These funds are managed by the projects that the Park Authority Board approves.

4. Equity in Pooled Cash and Temporary Investments

The Authority maintains its cash in the County treasury. As of June 30, 2013, $40,691,543 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. Investments

Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost, which approximates fair value. The investments of the Authority are held in Fidelity Treasury Funds through money market accounts in U.S. Bank National Association.

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 governmental activities column in the government-wide financial statements. 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 fair market 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, building improvements, and equipment that 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 government-wide 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 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 as of June 30, 2013 was $5,326,655.

10. Net Position

Net Position is comprised of three categories: Net investment in capital assets; restricted net position; and unrestricted net position. The first category reflects the portion of net position which is associated with non-liquid capital assets, less the outstanding debt (net) related to these capital assets. 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, 2013, the Authority had $9.61 million in restricted net position. Net position which is neither restricted nor related to capital assets is reported as unrestricted net position.

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 invested in capital assets, net of related debt 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 Park Authority 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 financial statements, the Authority reports several categories of fund balances based upon the type of restrictions imposed on the use of the funds. The restricted fund balance category includes 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. The committed fund balance category includes 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 Park Authority's Board, and requires the same level to remove or change the constraint through the approval of the annual budget plan by resolution. The 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 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 Fund, the assigned fund balance is to be spent first; then the restricted fund balance when expenditures are incurred. For the Park Capital Improvement Fund, the committed fund balance is to be spent first; then the restricted fund balance when expenditures are incurred.

Restricted for Debt Service:

The Master Indenture of Park Facilities Revenue Bonds (Series 1995) and subsequent Park Facilities Refunding Bond (Series 2001) requires the Authority to establish Debt Service Reserves. With the new Refunding Bond (Series 2013), the Debt Service Reserve is no longer required per the fourth Master Indenture. The Debt Service Reserve Fund balance amount of $1,077,130 and the balance amount for future debt payment of $716,375 were used toward the payment of the Refunded Bonds on July 10, 2013. The restricted balance for debt service of $61,115 as of June 30, 2013 represents a prepayment of interest on the Revenue Refunding Bonds Series 2013.

Restricted for E.C. Lawrence Trust:

In January 1997, the Authority Board received $1,306,555 from the E.C. Lawrence Trust. In accordance with the Authority 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 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, 2013, the fund balance of the Park Capital Improvement Fund includes a combined principal investment and interest amount of $1,507,926 that has been restricted for E.C. Lawrence Park.

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:

The fund balance of $6,945,778 in the Park Construction Bond 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 $12,708,357 in the Park Capital Improvement Fund is funded through grants, proffers and contributions and is restricted for specific park capital improvements.

Committed to Managed Reserve:

The Authority's committed fund balance to managed reserve of $2,017,969 in the Park Revenue Fund was adopted by the Authority's Board in fiscal year 2013 and includes set aside cash flow and emergency reserve for operations as a contingency for unanticipated operating expenses or a disruption in the revenue stream. The reserve is maintained at a minimum of 5% of the approved annual expenditure budget minus debt of the Park Revenue Fund.

Committed to Donation/Unearned Revenue Reserve:

The Authority's committed fund balance to Donation/Unearned Revenue Reserve of $1,246,804 in the Park Revenue Fund was adopted by the Park Authority Board in fiscal year 2013 and includes donations that the Park Authority is obligated to return to donors in the event that the donation cannot be used for its intended purpose. It also includes a set aside to cover any unexpected delay in revenue from the sold but unused Park passes.

Committed to Facilities and Services Reserve:

The Authority's committed fund balance to Facilities and Services Reserve of $2,565,983 in the Park Capital Improvement Fund was adopted by the Park Authority Board in fiscal year 2013 and provides for repairs and renovations of revenue-generating facilities and services.

Committed to Other Capital Projects:

The Authority's committed fund balance to Other Capital Projects of $11,346,746 in the Park Capital Improvement Fund was adopted by the Park Authority Board in fiscal year 2013 and is to provide capital improvements to the revenue-generating facilities and parks, as well as to various park sites.

Assigned to Park Operation and Maintenance:

The Authority's assigned fund balance to Park Operation and Maintenance of $2,155,022 in the Park Revenue Fund is for operating and maintenance costs of park programs and services at the park facilities and other park sites, which was adopted by the Park Authority Board in fiscal year 2013.

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 County Board of Supervisors.

Significant Encumbrances by Function as of June 30, 2013:

Function	Encumbrances Balances
Administration	$ 405,498
Cultural enrichment	249,668
Golf courses	889,480
Lake parks	780,819
Maintenance	761,940
Other leisure services	8,591,414
Recreation center	5,330,608
Total Encumbrances	**$ 17,009,427**

Significant Encumbrances by Fund as of June 30, 2013:

Fund		Encumbrances Balances
Financed from County General Fund	$	80,000
Park Revenue Fund		45,000
Financed from County Construction Fund		1,348,526
Park Construction Bond Fund		12,906,250
Park Capital Improvement Fund		2,629,651
Total	$	17,009,427

14. **Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (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 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 investment policy, therefore, applies to the activities of the reporting entity with regard to investing the financial assets of its pooled investment funds.

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. While the pension trust funds are not subject to the provisions of the Employee Retirement Income Security Act (ERISA), the Boards of Trustees endeavor to adhere to the spirit of ERISA. The Boards of Trustees believe that risks can be managed 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 post-employment benefits (OPEB) trust fund is a participant in the Virginia Pooled OPEB Trust. Funds of participating jurisdictions are pooled and are invested in the name of the Virginia Pooled OPEB Trust. 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. Specific investment information for the Virginia Pooled OPEB Trust can be obtained by writing to VML/VACo Finance Program, 1108 East Main Street, 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
- Negotiable certificates of deposits and bank notes
- 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 Common wealth 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 Common wealth that complies with the Code

The County's investment 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. 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. All other pooled funds are invested primarily in shorter-term securities, with a maximum maturity of one year.

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. In addition, the fund's investment policy states that the average effective duration of each manager's portfolio should be within 25% of the portfolio's benchmark duration.

3. 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 pooled investments are limited to the safest types of securities and are diversified 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., 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.

- ♦ Banker's acceptances shall be rated by at least two of the following : Moody's, with a rating of P-1, S&P, A-1; Fitch Investor's Services, Inc. (Fitch), F-1; or by Duff and Phelps, Inc., D-1.

- ♦ Corporate notes must have a rating of at least Aa by Moody's and a rating of at least AA by S&P.

While the overall investment guidelines for the primary government's pension trust funds do not specifically address credit risk, investment managers have specific quality limits appropriate for the type of mandate they are managing and that fit within the total risk tolerance of the fund. Additional information regarding investment type in the pooled portfolio can be found in the County CAFR.

4. Concentration of Credit Risk

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

Repurchase agreements and money market funds	30% maximum
Bank notes, banker's acceptances and negotiable certificates of deposit	40% maximum
Commercial paper	35% maximum
Corporate notes	25% maximum
US Treasury and agency securities	100% maximum
Non-negotiable certificates of deposit	40% maximum

In addition, not more than 5% 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, banker's acceptances, corporate notes, and bank notes. The County shall seek to maintain a minimum of 5% of the investment portfolio in a combination of mutual funds or open repurchase agreements to meet liquidity requirements.

Whereas 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 Fairfax County Employees' Retirement System (ERS) does not have investments (other than U.S. Government and U.S. Government guaranteed obligations) in any one organization that represent 5% or more of net position held in trust for pension benefits.

The County's OPEB trust funds investment policy for equity holdings states that all holdings must be publicly traded on U.S. markets with no single issue exceeding 5% of each individual manager portfolio at market value.

5. 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.

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 investment policy with respect to acceptable credit ratings for its investments. Investments in the amount of $61,115 are restricted for debt service requirements related to the 2013 Park Facilities Revenue Refunding Bonds.

6. Foreign Currency Risk

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.

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, 2013 consist of the following:

Receivables:		
Accounts receivable	$	4,675
Accrued interest receivable		62,268
Total receivables	$	66,943

Due from Intergovernmental Units

Amounts due to the Authority from other governmental units as of June 30, 2013 include the following:

	Park Revenue Fund	Park Construction Bond Fund
Federal Government	$ 4,117	$ 100,000

D. Interfund Balances and Transfers

Due from Primary Government

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 County is equal to the Authority's total outstanding liabilities in these funds on the modified accrual basis of accounting. As of June 30, 2013, the amount due from the County was $1.78 million. Of this amount, $1.42 million is due from the Financed from County General Fund and represents accrued salaries, accrued fringe benefits, accounts payable and accrued liabilities. The remaining $0.36 million is due from the Financed from County Construction Fund and represents accounts payable and accrued liabilities.

Interfund Transfers

Interfund transfers are used to finance construction projects, capital purchases, and capital improvements. Interfund transfers for the year ended June 30, 2013, are as follows:

	Transfers In	Transfers Out
Park Revenue Fund	$ -	1,849,882
Park Capital Improvement Fund	1,849,882	-
Total Transfer In/Out	$ 1,849,882	1,849,882

E. Capital Assets

The following is a summary of the changes in capital assets for fiscal year 2013:

	Balances June 30, 2012	Increases	Decreases	Balances June 30, 2013
Capital assets, not being depreciated:				
Land	$ 345,708,383	1,251,920	-	346,960,303
Easement	17,016,009	-	-	17,016,009
Construction in progress	10,391,490	8,896,661	(5,877,780)	13,410,371
Total capital assets, not being depreciated	373,115,882	10,148,581	(5,877,780)	377,386,683
Capital assets, being depreciated:				
Buildings and improvements	353,474,528	12,062,226	-	365,536,754
Equipment	13,510,516	732,697	(555,030)	13,688,183
Total capital assets, being depreciated	366,985,044	12,794,923	(555,030)	379,224,937
Less accumulated depreciation for:				
Buildings and improvements	(160,226,880)	(10,036,650)	-	(170,263,530)
Equipment	(11,997,307)	(427,711)	565,176	(11,859,842)
Total accumulated depreciation	(172,224,187)	(10,464,361)	565,176	(182,123,372)
Total capital assets, being depreciated, net	194,760,857	2,330,562	10,146	197,101,565
Total capital assets, net	$ 567,876,739	12,479,143	(5,867,634)	574,488,248

Depreciation Expense by Function:		
Administration	$	6,837,480
Maintenance		1,160,234
Golf courses		195,176
Recreation centers		677,356
Lake parks		661,463
Other leisure services		167,774
Cultural enrichment		764,878
Total depreciation expense	$	10,464,361

F. Long-Term Obligations

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.

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

Fiscal Year	Interest Rate		Principal	Interest	Total
2014	-	$	-	180,206	180,206
2015	2.42		615,000	191,541	806,541
2016	4.12		630,000	171,088	801,088
2017	3.42		655,000	146,884	801,884
2018	4.82		680,000	119,275	799,275
2019-2021	4.23-4.82		2,220,000	161,850	2,381,850
	Totals	$	4,800,000	970,844	5,770,844

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 of Fairfax

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 Series 2003 Laurel Hill revenue bonds by Fairfax County Economic Development Authority in April 2012, the outstanding loan payable amount was reduced to $13,042,200.

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

Fiscal Year	Interest Rate		Principal	Interest	Total
2014	5.00	$	243,700	499,434	743,134
2015	5.00		283,100	487,249	770,349
2016	5.00		327,900	473,094	800,994
2017	5.00		372,600	456,699	829,299
2018	5.00		422,300	438,069	860,369
2019-2023	5.00		2,942,600	1,820,741	4,763,341
2024-2028	3.00-5.00		3,765,000	1,150,781	4,915,781
2029-2033	3.00-4.00		4,475,000	484,256	4,959,256
	Totals	$	12,832,200	5,810,323	18,642,524

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. The notes are not general obligation debt of the County, and the full faith and credit of the County is not pledged to the notes. As of June 30, 2013, $8,062,500 of these notes are outstanding.

The Memorandum of Understanding between the County Board of Supervisors (BOS) and the Authority states that the BOS 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 made from the County General Fund.

The following is a summary of changes in the government-wide long-term obligations of the Authority for fiscal year 2013:

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013	Due within One Year
Revenue bonds payable:					
Principal amount of bonds payable	$ 7,745,000	4,800,000	(7,745,000)	4,800,000	615,000
Discount on bonds payable	(41,745)		41,745	-	-
Deferred amount on refundings	(397,940)		397,940	-	-
Premium on bonds payable	-	701,735	-	701,735	58,335
Long-term loan payable	13,042,200	-	(210,000)	12,832,200	243,700
Compensated absences payable	4,559,661	2,361,047	(2,324,212)	4,596,496	2,579,399
Total	$ 24,907,176	7,862,782	(9,839,527)	22,930,431	3,496,434

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 "A-" rating from Standard and Poor's for its revenue bond debt.

G. Commitments and Contingencies

Various claims and lawsuits may arise in the ordinary course of business. In the opinion of legal counsel, there are no significant cases, claims, or assessments of any nature against the Authority that are pending or threatened as of June 30, 2013.

H. Other Information

1. Retirement Plans

Plan Description

Employees of the Authority participate in the Fairfax County Employees' Retirement System (ERS), a cost-sharing multiple-employer defined benefit pension plan which covers full-time and certain part-time employees who are not covered by other plans of the County or the Virginia Retirement System. Benefit provisions are established and may be amended by County ordinances.

All benefits vest at five years of creditable service. To be eligible for normal retirement, an individual must meet the following criteria: (a) attain the age of 65 with five years of creditable service, or (b) attain the age of 50 with age plus years of creditable service being greater than or equal to 80. 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. Annual cost-of-living adjustments (COLA) are provided to retirees and beneficiaries equal to the lesser of 4.0% or the percentage increase in the Consumer Price Index for the Washington-Baltimore Metropolitan area. The plan provides that unused sick leave credit may be used in the calculation of average final compensation by projecting the final salary during the unused sick leave period. 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 COLA adjustment provided for retirees.

Funding Policy

The contribution requirements of ERS members are established and may be amended by County ordinances. Members may elect to join Plan A or Plan B. Plan A requires 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 requires member contributions of 5.33% of compensation.

For fiscal year 2013, the County contributed a contractually fixed rate of 19.05% of annual covered payroll. This rate was established by the Board of Trustees of the Retirement System and approved by the County Board of Supervisors to cover the actuarially-determined normal cost plus administrative expenses of the ERS. In the event the ERS's funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) exceeds 120% or falls below 90%, the contribution rate will be adjusted to bring the funded ratio back within these parameters.

Annual Pension Cost

For the fiscal years 2013, 2012 and 2011, the County contributed $2,991,557; $2,906,248; and $2,422,781 respectively, to the plan on behalf of the Authority.

Information concerning ERS as a whole, including annual pension cost, actual contributions and annual required contributions, is available in the County CAFR for the fiscal year ended June 30, 2013. 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 Employees' Retirement System, 10680 Main Street, Suite 280, Fairfax, Virginia 22030, or by calling (703) 279-8200.

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 insurance program which includes self-insurance and the purchase of certain commercial insurance policies, and reports its share of the program's costs. 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, 2013.

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.

Beginning in fiscal year 2008, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions. This statement establishes standards for measurement, recognition and reporting of post-employment benefits including health care, life insurance, and other non-pension benefits offered to retirees of the County. Historically, the County's subsidy was funded on a pay-as-you-go basis, however, GASB Statement No. 45 requires that the County recognize the cost of its retiree health subsidy and other post-employment 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 post-employment 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 of Supervisors has established a program to subsidize the continuation of term life insurance, at reduced coverage amounts, for retirees. Retirees generally pay for 50% 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 of Supervisors.

Additional information regarding these programs is available in the County CAFR for the fiscal year ended June 30, 2013.

Funding Policy

The contributions to the OPEB Trust Fund are established and may be amended by the Board of Supervisors. The contributions are typically based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits. GASB Statement No. 45 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 purposes of GASB Statement No. 45 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, 1108 East Main Street, Richmond, Virginia 23219.

Annual OPEB Cost

The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. 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, 2013.

The Authority's annual OPEB contribution to the plan for 2013, 2012, and 2011 are as follows:

	2013	2012	2011
Annual OPEB Contribution	$ 742,137	691,028	631,555

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 \$24,257,927 in on-behalf payments for the Authority for fiscal year 2013. This amount consisted of \$16,905,963 in salaries; \$3,073,904 in health, life, catastrophic loss and unemployment insurance premiums; \$1,168,034 in Federal Insurance Contributions Act (FICA); \$2,991,557 in pension plan contributions; and \$1,168,469 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.

5. Related Parties

During fiscal year 2013, 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. Accounting Change

With the implementation of GASB Statement No. 65 in fiscal year 2013, the beginning balance of net position for fiscal year 2013 has been decreased by 225,082, the assets amount previously carried as deferred bond issuance costs. The bond issuance costs are now expensed when incurred. This accounting change is shown in the Statement of Activities.

J. Implemented and New Accounting Pronouncements:

GASB Statement No. 61, *The Financial Reporting Entity Omnibus — an amendment of GASB Statements No. 14 and No. 34* and to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity and modifies certain requirements for inclusion of component units in the financial reporting entity. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2012. The implementation of this new standard did not have any impact on the Authority's financial statements for Fiscal Year 2013.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA*. The requirements in this Statement improves financial reporting by codifying all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. The implementation of this new standard did not have any impact on the Authority's financial statements for Fiscal Year 2013.

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (GASB 63), provides financial reporting guidance on outflows of resources and deferred inflows of resources. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. The Authority's implementation of this new standard has replaced the Statement of Net Assets with the Statement of Net Position which now includes the deferred outflows of resources and deferred inflows of resources for Fiscal Year 2013.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements for this Statement are effective for financial statements for periods beginning after December 12, 2013. The Authority has opted to implement this statement early and has reclassified the deferred amount on refunding previously reported as an asset as a deferred outflow of resources.

The Authority also adjusted the beginning net position on the Statement of Activities based on the effect of expensing the amount previously carried as deferred bond issuance costs.

GASB Statement No. 66, *Technical Corrections, an amendment of GASB Statements No. 10 and No. 62*. This Statement amends Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012. The implementation of this new standard did not have any impact on the Authority's financial statements for fiscal year 2013.

GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25,* replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures,* as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to the defined contribution plans that provide postemployment benefits other than pensions. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2013. The Authority is currently evaluating the impact of GASB 67 for fiscal year 2014.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations,* establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term G*overnment Combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The requirements of Statement 69 are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis. The Authority is currently evaluating the impact of GASB 69 for fiscal year 2014.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The requirements of this Statement are effective for reporting periods beginning after June 15, 2013. The Authority is currently evaluating the impact of GASB 69 for fiscal year 2014.

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)
For the Fiscal Year June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final	(Budget Basis)	Positive (Negative)
REVENUES				
Charges for services	$ 1,944,286	1,736,093	1,467,166	(268,927)
Intergovernmental	20,722,178	21,185,551	21,189,085	3,534
Total revenues	22,666,464	22,921,644	22,656,251	(265,393)
EXPENDITURES				
Administration	5,373,275	6,243,505	6,082,493	161,012
Maintenance	8,790,997	8,358,897	8,261,026	97,871
Other leisure services	4,129,260	4,146,310	3,883,544	262,766
Cultural enrichment	4,372,932	4,172,932	4,429,188	(256,256)
Total expenditures	$ 22,666,464	22,921,644	22,656,251	265,393

See accompanying notes to the required supplementary information

Fairfax County Park Authority **RSI - 2**
A Component Unit of the County of Fairfax, Virginia
Budgetary Comparison Schedule - Park Revenue Fund
For the Fiscal Year June 30, 2013

	Budgeted Amounts			Variance from Final Budget Positive
	Original	Final	Actual Amounts (Budget Basis)	(Negative)
REVENUES				
Park Services:				
Charges for services	$39,265,223	$39,265,223	39,739,661	474,438
Revenue from the use of money and property	2,597,272	2,597,272	2,307,371	(289,901)
Gifts and donations	596,689	596,689	720,682	123,993
Other	50,822	50,822	187,802	136,980
Total revenues	42,510,006	42,510,006	42,955,516	445,510
EXPENDITURES				
Administration	2,213,299	2,213,299	2,705,457	(492,158)
Golf courses	9,418,111	9,418,111	9,295,819	122,292
Recreation centers	27,956,121	27,956,121	27,178,894	777,227
Cultural enrichment	1,841,062	1,841,062	2,002,561	(161,499)
Laurel Hill debt	876,113	453,169	453,169	-
Total expenditures	42,304,706	41,881,762	41,635,900	245,862
Excess (deficiency) of revenues over (under) expenditures	205,300	628,244	1,319,616	691,372
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(1,849,882)	(1,849,882)	-
Refunding revenue bond proceeds	-	-	4,800,000	(4,800,000)
Premium on refunding revenue bonds	-	-	701,735	(701,735)
Refunding bonds payments to refunded bonds escrow agent	-	-	(7,175,945)	7,175,945
Total other financing sources (uses)	-	(1,849,882)	(3,524,092)	1,674,210
Net change in fund balance	$ 205,300	(1,221,638)	(2,204,476)	2,365,582

See accompanying notes to the required supplementary information

Fairfax County Park Authority
A Component Unit of the County of Fairfax, Virginia
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2013

Budget Data

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

The Authority submits to the County Board of Supervisors proposed operating and capital 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 County Board of Supervisors, 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 character level.

The budget for any fund or project can be increased or decreased by formal Board of Supervisors 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 of Supervisors 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 U.S. generally accepted accounting principles (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 Fund are budgeted as functional expenditures.

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

The Lake Parks function is budgeted with the Maintenance function in the Financed from County General Fund and in the Recreation Centers function in the Park Revenue Fund.

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

	General Fund (Financed from County General Fund)	Park Revenue Fund
Actual Revenue (Budget Basis)	$ 22,656,251	42,957,893
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	8,401,964	-
Actual Revenue (U.S. GAAP Basis)	31,058,215	42,957,893
Actual Expenditure (Budget Basis)	22,656,251	41,635,900
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	8,401,964	-
Actual Expenditure (U.S. GAAP Basis)	$ 31,058,215	41,635,900

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.

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 2004 to 2013
(accrual basis of accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
Governmental activities					
Net investment in capital assets	$ 358,542,958	388,835,308	430,404,264	464,350,705	489,764,149
Restricted	23,913,727	23,154,898	12,045,269	978,340	19,219,940
Unrestricted	5,818,198	7,615,150	10,734,752	527,431	18,662,435
Total governmental activities net position	$ 388,274,883	419,605,356	453,184,285	465,856,476	527,646,524

Source: Fairfax County Park Authority, Financial Management Branch

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

Fairfax County Park Authority
Table 2 – Changes in Net Position
Fiscal Years 2004 to 2013
(accrual basis of accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
Expenses					
Governmental activities:					
Administration	$ 8,030,321	9,538,435	11,211,933	11,414,098	11,482,214
Maintenance	14,498,402	16,807,101	18,138,320	21,758,038	20,623,520
Golf courses	6,865,349	7,193,198	9,107,594	9,650,140	10,374,460
Recreation centers	17,373,627	19,028,313	21,915,161	22,827,112	24,168,081
Lake parks	4,178,222	4,300,738	4,660,063	5,039,904	5,133,721
Other leisure services	3,643,022	3,776,913	3,911,204	3,953,144	4,770,382
Cultural enrichment	6,895,722	7,434,966	7,635,598	8,211,081	8,703,530
Interest on long-term debt	1,461,405	1,389,455	1,264,380	1,245,703	1,223,710
Total governmental activities expenses	62,946,070	69,469,119	77,844,253	84,099,220	86,479,618
Program Revenues [1)]					
Governmental activities:					
Charges for services					
Administration	894,113	910,676	929,850	974,363	970,548
Golf courses	7,985,064	7,702,364	9,741,161	10,570,312	11,145,594
Recreation centers	14,490,877	15,824,626	18,436,374	20,022,204	21,070,108
Lake parks	2,327,936	2,467,875	2,509,462	2,731,405	2,670,412
Other leisure services	2,588,265	2,455,045	2,459,922	2,277,754	2,312,751
Cultural enrichment	1,118,816	1,183,750	1,339,687	1,488,450	1,746,385
Capital grants and contributions	538,743	176,909	18,174,241	3,758,445	23,060,953
Total revenues	29,943,814	30,721,245	53,590,697	41,822,933	62,976,751
Net (expense)/revenue - governmental activities	(33,002,256)	(38,747,874)	(24,253,556)	(42,276,287)	(23,502,867)
General revenues and other changes in net position					
Governmental activities:					
Intergovernmental	61,387,610	62,967,795	49,909,598	50,645,885	70,820,769
Investment earnings	280,882	502,119	877,972	1,197,458	1,326,509
Operating grants not restricted to specific programs	310,370	240,740	252,779	295,228	449,743
Capital contributions not restricted to specific programs	3,795,552	6,367,693	6,792,136	2,809,907	12,695,894
Total governmental general revenues and other changes	65,774,414	70,078,347	57,832,485	54,948,478	85,292,915
Change in net position					
Change in net position - governmental activities	32,772,158	31,330,473	33,578,929	12,672,191	61,790,048
Change in accounting principle [2)]	2,994,768	-	-	-	-
Total change in net position [3]	$ 35,766,926	31,330,473	33,578,929	12,672,191	61,790,048

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) Developer contributions are recognized as revenue rather than deferred revenue.
3) Change in net position - governmental activities, adjusted for change in accounting principle.

Fiscal Year					
2009	2010	2011	2012	2013	
					Expenses
					Governmental activities:
9,803,152	19,314,041	10,640,173	17,143,757	15,052,999	Administration
20,206,716	19,708,858	20,216,277	18,097,262	20,574,333	Maintenance
9,975,192	9,975,330	10,275,083	9,108,477	9,421,670	Golf courses
25,407,033	25,355,723	26,077,168	26,373,145	23,404,559	Recreation centers
5,917,656	5,710,227	5,897,252	2,731,407	4,032,800	Lake parks
5,947,812	5,555,311	5,272,258	4,899,174	6,255,821	Other leisure services
8,681,949	8,314,760	8,901,308	9,192,733	10,181,094	Cultural enrichment
1,199,491	1,172,693	1,149,364	1,063,810	873,935	Interest on long-term debt
87,139,001	95,106,943	88,428,883	88,609,765	89,797,211	**Total governmental activities expenses**
					Program Revenues [1)]
					Governmental activities:
					Charges for services
1,124,180	1,196,644	1,161,779	1,117,465	1,104,938	Administration
10,278,410	10,115,276	9,663,300	10,321,192	9,915,912	Golf courses
21,836,617	22,529,812	23,642,808	25,170,664	26,023,313	Recreation centers
2,778,658	2,919,675	2,787,336	2,799,689	2,586,099	Lake parks
2,217,356	1,849,597	1,733,561	1,671,093	1,467,166	Other leisure services
1,803,191	1,831,330	2,004,871	2,244,886	2,380,278	Cultural enrichment
19,790,204	27,036,755	13,182,612	13,811,586	13,504,787	Capital grants and contributions
59,828,616	67,479,089	54,176,267	57,136,575	56,982,493	**Total revenues**
(27,310,385)	(27,627,854)	(34,252,616)	(31,473,190)	(32,814,718)	**Net (expense)/revenue - governmental activities**
					General revenues and other changes in net position
					Governmental activities:
36,617,597	34,595,632	36,385,759	41,388,498	39,498,643	Intergovernmental
553,207	244,589	170,585	105,060	119,592	Investment earnings
305,698	774,041	500,040	593,169	720,682	Operating grants not restricted to specific programs
1,423,976	10,619,749	2,512,676	6,185,679	5,859,129	Capital contributions not restricted to specific programs
38,900,478	46,234,011	39,569,060	48,272,406	46,198,046	**Total governmental general revenues and other changes**
					Change in net position
11,590,093	18,606,157	5,316,444	16,799,216	13,383,328	Change in net position - governmental activities
-	-	-	-	-	Change in accounting principle [2)]
11,590,093	18,606,157	5,316,444	16,799,216	13,383,328	**Total change in net position** [3)]

Fairfax County Park Authority
Table 3 – Fund Balances, Governmental Funds
Fiscal Years 2004 to 2013
(modified accrual basis of accounting)

	Fiscal Year				
	2004	**2005**	**2006**	**2007**	**2008**
General Fund					
Reserved	$ 13,000	19,400	248,620	431,780	344,650
Unreserved	(13,000)	(19,400)	(248,620)	(431,780)	(344,650)
Total General Fund*	-	-	-	-	-
All Other Governmental Funds					
Reserved	36,518,580	29,047,387	13,934,639	11,643,276	13,648,497
Unreserved, reported in:					
Revenue fund	(183,342)	(701,001)	(12,577)	1,254,818	1,527,514
Capital projects funds	11,822,825	12,290,914	14,866,903	(4,756,425)	28,803,445
Total unreserved	11,639,483	11,589,913	14,854,326	(3,501,607)	30,330,959
Restricted, reported in:					
Revenue fund	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Committed, reported in:					
Revenue fund	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Assigned, reported in					
Revenue fund	-	-	-	-	-
Total All Other Governmental Funds	$ 48,158,063	40,637,300	28,788,965	8,141,669	43,979,456

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

Fiscal Year					
2009	2010	2011**	2012	2013	
					General Fund
472,434	425,498	-	-	-	Reserved
(472,434)	(425,498)	-	-	-	Unreserved
-	-	-	-	-	Total General Fund*
					All Other Governmental Funds
9,983,561	10,381,385	-	-	-	Reserved
					Unreserved, reported in:
2,539,977	3,913,936	-	-	-	Revenue fund
28,932,752	31,492,071	-	-	-	Capital projects funds
31,472,729	35,406,007	-	-	-	Total unreserved
					Restricted, reported in:
-	-	1,944,916	1,972,833	61,115	Revenue fund
-	-	14,163,670	17,367,971	21,862,061	Capital projects funds
					Committed, reported in:
-	-	-	3,204,470	3,264,773	Revenue fund
-	-	14,079,770	12,096,172	13,912,719	Capital projects funds
					Assigned, reported in:
-	-	3,227,970	2,508,083	2,155,022	Revenue fund
41,456,290	45,787,392	33,416,326	37,149,529	41,255,690	Total All Other Governmental Funds

Fairfax County Park Authority
Table 4 – Changes in Fund Balances, Governmental Funds
Fiscal Years 2004 to 2013
(modified accrual basis of accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
Revenues					
Intergovernmental	$ 61,394,170	63,089,067	50,514,710	53,073,848	92,858,040
Charges for services	27,752,238	28,418,775	32,821,560	35,310,324	37,191,830
Revenue from the use of money and property	3,047,333	2,801,446	3,740,902	6,058,235	4,720,392
Gifts, donations, and contributions	1,443,189	1,147,570	2,798,695	1,524,948	3,300,870
Other	169,596	167,895	227,946	387,613	540,469
Total revenues	93,806,526	95,624,753	90,103,813	96,354,968	138,611,601
Expenditures					
Administration	7,809,251	9,312,026	10,191,093	11,175,200	11,447,592
Maintenance	12,714,841	15,131,859	16,274,370	19,859,760	18,845,826
Golf courses	5,907,797	6,229,441	8,140,515	8,768,528	9,227,839
Recreation centers	15,016,704	16,645,855	19,066,139	19,884,029	21,345,702
Lake parks	3,864,839	3,998,455	4,366,191	4,712,584	4,842,784
Other leisure services	2,900,400	3,045,694	3,197,775	2,865,793	3,542,622
Cultural enrichment	6,610,664	7,161,910	7,375,336	7,946,946	8,119,749
Intergovernmental expense	-	-	779,250	-	-
Capital outlay	31,081,752	24,829,641	30,802,096	39,958,236	23,566,657
Debt service					
Principal	530,000	15,493,364	570,000	660,000	685,000
Interest and other charges	1,180,366	1,297,271	1,189,383	1,171,188	1,150,043
Total expenditures	87,616,614	103,145,516	101,952,148	117,002,264	102,773,814
Excess of revenues over (under) expenditures	6,189,912	(7,520,763)	(11,848,335)	(20,647,296)	35,837,787
Other financing sources (uses)					
Revenue notes issued	14,735,928	14,938,364	-	-	-
Retirement of revenue notes	(14,735,928)	(14,938,364)	-	-	-
Loan/note proceeds	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-
Premium on refunding revenue bonds	-	-	-	-	-
Payments to escrow agent	-	-	-	-	-
Transfers in	-	900,000	210,000	-	800,000
Transfers out	-	(900,000)	(210,000)	-	(800,000)
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	6,189,912	(7,520,763)	(11,848,335)	(20,647,296)	35,837,787
Change in accounting principle	2,994,768	-	-	-	-
Net change in fund balances - adjusted for change in accounting principle	$ 9,184,680	(7,520,763)	(11,848,335)	(20,647,296)	35,837,787
Debt service as a percentage of noncapital expenditures	3.03%	2.78%[1)]	2.47%	2.38%	2.32%

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.

Fiscal Year 2009	2010	2011	2012	2013	
					Revenues
54,283,968	46,768,880	47,589,052	54,765,904	52,498,642	Intergovernmental
37,495,388	37,895,041	38,540,752	40,915,997	41,207,304	Charges for services
4,138,535	13,368,009	3,549,584	3,766,395	4,802,604	Revenue from the use of money and property
1,816,401	902,634	2,384,049	1,717,321	3,057,876	Gifts, donations, and contributions
399,241	187,972	195,998	209,216	543,170	Other
98,133,533	99,122,536	92,259,435	101,374,833	102,109,596	**Total revenues**
					Expenditures
9,485,448	9,048,363	9,600,475	10,178,562	8,298,840	Administration
18,315,522	17,649,492	18,218,165	18,193,672	19,121,612	Maintenance
8,743,520	8,684,674	9,083,552	8,836,994	9,324,522	Golf courses
22,557,675	22,362,952	23,275,013	24,954,829	23,130,248	Recreation centers
5,434,110	5,037,360	5,231,393	2,269,336	3,307,668	Lake parks
3,983,664	3,247,056	2,526,452	4,652,938	6,682,515	Other leisure services
8,071,343	7,594,822	8,230,365	8,550,171	8,603,837	Cultural enrichment
-	-	-	-	-	Intergovernmental expense
22,213,709	19,290,945	26,572,982	16,578,119	15,957,766	Capital outlay
					Debt service
725,000	775,000	820,000	2,652,800	935,000	Principal
1,126,708	1,100,770	1,072,104	774,209	967,217	Interest and other charges
100,656,699	94,791,434	104,630,501	97,641,630	96,329,225	**Total expenditures**
(2,523,166)	4,331,102	(12,371,066)	3,733,203	5,780,371	**Excess of revenues over (under) expenditures**
					Other financing sources (uses)
-	-	-	-	-	Revenue notes issued
-	-	-	-	-	Retirement of revenue notes
-	-	-	-	-	Loan/note proceeds
-	-	-	-	4,800,000	Refunding bonds issued
-	-	-	-	701,735	Premium on refunding revenue bonds
-	-	-	-	(7,175,945)	Payments to escrow agent
-	160,000	800,000	-	1,849,882	Transfers in
-	(160,000)	(800,000)	-	(1,849,882)	Transfers out
-	-	-	-	(1,674,210)	**Total other financing sources (uses)**
(2,523,166)	4,331,102	(12,371,066)	3,733,203	4,106,161	Net change in fund balances
-	-	-	-	-	Change in accounting principle
(2,523,166)	4,331,102	(12,371,066)	3,733,203	4,106,161	Net change in fund balances - adjusted for change in accounting principle
2.36%	2.48%	2.42%	4.23%	2.37%	Debt service as a percentage of noncapital expenditures

Fairfax County Park Authority
Table 5 - User Fee Revenue by Source, Park Revenue Fund
Fiscal Years 2004 to 2013
(modified accrual basis of accounting)

Fiscal Year	Admissions	Classes/Lessons	Golf Fees	Sales	Rentals	Total
2004	8,829,491	10,445,791	5,772,456	1,286,693	901,351	27,235,782
2005	9,452,280	11,020,133	5,545,293	1,426,536	946,236	28,390,478
2006	11,305,323	11,902,575	6,921,119	1,512,002	1,172,445	32,813,464
2007	11,756,973	13,190,327	7,621,269	1,633,530	1,173,774	35,375,873
2008	12,776,087	13,910,878	7,954,964	1,789,830	3,480,006	39,911,765
2009	12,985,816	14,139,145	7,248,308	1,763,024	3,449,932	39,586,225
2010	13,400,561	14,239,873	7,078,965	1,683,163	3,611,887	40,014,449
2011	13,625,076	15,099,789	6,639,157	1,687,540	3,552,361	40,603,923
2012	14,177,947	16,457,496	6,964,454	1,690,986	3,896,499	43,187,382
2013	14,207,886	17,246,671	6,529,863	1,638,286	3,817,056	43,439,762

Source: Fairfax County Park Authority, Financial Management Branch

County of Fairfax, Virginia
Table 6 - Outstanding Debt by Type
Fiscal Years 2004 to 2013

Fiscal Year End	Revenue Bonds(1)	Notes Payable County/ISS(1)	Notes Payable County/EDA(1)	Total	Percentage of Personal Income (2)	Debt Per Capita (2)
2004	12,700,000	14,735,928	15,530,000	42,965,928	0.08	42
2005	12,145,000	-	15,530,000	27,675,000	0.05	27
2006	11,575,000	-	15,530,000	27,105,000	0.04	26
2007	10,990,000	-	15,455,000	26,445,000	0.04	25
2008	10,385,000	-	15,375,000	25,760,000	0.04	25
2009	9,760,000	-	15,275,000	25,035,000	0.03	24
2010	9,110,000	-	15,150,000	24,260,000	0.03	23
2011	8,440,000	-	15,000,000	23,440,000	0.03	22
2012	7,305,315	-	13,042,200	20,347,515	0.03	18
2013	5,501,735	-	12,832,200	18,333,935	0.03	16

Source: Fairfax County Park Authority, Financial Management Branch

Notes:

(1) Details of the Authority's outstanding debt are located in the notes to the financial statements

(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.

The Estimated Population and Per Capita Personal Income numbers for 2000-2007 were revised based on actual data versus an estimation from the prior year. The 2013 numbers were calculated based on the 2012 population and income data in Table 7.

Fairfax County Park Authority
Table 7 - Demographic and Economic Statistics
Fiscal Years 2003 to 2012

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)
2003	1,012,090	54,771,275	54,117	37.9	56.3	163,386	3.1
2004	1,022,298	58,830,183	57,547	37.6	57.4	164,195	2.7
2005	1,033,646	63,917,568	61,837	38.1	58.5	164,408	2.5
2006	1,037,311	67,111,947	64,698	38.4	58.7	164,284	2.2
2007	1,041,507	70,500,650	67,691	39.1	59.0	164,486	2.2
2008	1,050,315	74,385,409	70,822	39.4	58.5	166,307	3.4
2009	1,074,227	77,325,008	71,982	37.3	58.1	169,538	5.2
2010	1,081,726	72,577,324	67,094	37.5	56.1	172,391	4.9
2011	1,100,692	71,145,429	64,637	37.6	58.0	174,933	4.2
2012	1,118,602	77,012,392	68,647	37.6	59.3	177,918	4.3

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 2010 has been updated to reflect actual reported figures, while 2012 has been estimated using percent change in per capita personal income from 2009, 2010 and 2011.

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

(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. The previously reported estimated figures for the most recent prior year have been updated to reflect the final reported figures from the Commission.

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

Fiscal Year 2013 (1)				Fiscal Year 2004 (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 Government	24,421	4.14 %	1	Fairfax County Public Schools	21,069	3.87 %
2	Fairfax County Public Schools	24,232	4.11	2	Fairfax County Government	11,443	2.10
3	Fairfax County Government	12,302	2.08	3	Federal Government	17,259	3.17
4	Booz-Allen Hamilton	7,000-10,000	1.44	4	Inova Health System	9,000-10,000	1.75
5	Inova Health System	7,000-10,000	1.44	5	Northrup Grumman	6,000-7,000	1.19
6	Federal Home Loan Mortgage	4,000-6,999	0.93	6	Booz-Allen Hamilton	9,000-10,000	1.19
7	Lockheed Martin Corporation	4,000-6,999	0.93	7	Lockheed Martin Corporation	6,000-7,000	1.19
8	Northrup Grumman	4,000-6,999	0.93	8	Federal Home Loan Mortgage	3,000-4,000	0.64
9	Science Applications International	4,000-6,999	0.93	9	Computer Science Corporation	3,000-4,000	0.64
10	Administaff	1,000-3,999	0.42	10	Navy Federal Credit Union	3,000-4,000	0.64
Totals			17.35 %				16.38 %

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 2013, excluding data for Fairfax County Government and Fairfax County Public Schools, is from the 1st quarter of calendar year 2013 VEC. Employment information for fiscal year 2004 is from 2004 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 2013 is estimated at 590,282, based on VEC's report for the first quarter 2013. Average total County employment for fiscal year 2004 was estimated at 544,171.

Fairfax County Park Authority
Table 9 - Full-Time Equivalent Employees, by Division
Fiscal Years 2004 to 2013

Fiscal Year	Administration	Resource Management	Park Operations	Park Services	Planning and Development	Total
2004	56	92	183	232	33	596
2005	55	96	183	247	33	614
2006	58	96	183	244	33	614
2007	63	95	183	240	34	615
2008	64	97	183	240	34	618
2009	62	98	184	244	32	620
2010	62	88	175	244	31	600
2011	60	103	168	240	34	605
2012	61	102	167	241	34	605
2013	59	101	163	240	35	598

Source: Fairfax County Department of Management and Budget.

Fairfax County Park Authority
Table 10 - Park Amenities
Fiscal Years 2004 to 2013

	Fiscal Year									
Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Parks, Recreation and Cultural										
Park Acreage	22,987	23,517	23,677	23,977	24,149	22,600*	22,524**	22,894	23,196	23,265
Parks, Recreation and Cultural	388	397	415	417	421	417	415	418	420	421
Athletic Fields	274	275	288	288	289	289	284	273	274	272
Aquatic & Fitness Center	8	9	9	9	9	9	9	9	9	9
Dog Parks	5	5	7	7	7	7	7	7	8	8
Historic Sites	65	65	64	64	64	67	67	68	68	68
Hiking & Fitness Trails (in miles)	204	204	292	297	299	312	314	317	320	320
Indoor Gymnasiums	2	2	2	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	5	5	5	5	5	5	5	5	5	5
Multi-Use Courts	118	119	132	132	132	132	132	132	132	124
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	11	11	13	13	13	13	13	13	16	17
Picnic Shelters	36	36	31	31	31	31	38	40	40	41
Playgrounds	205	205	194	194	201	201	201	204	205	205
Regulation Golf Courses	8	8	8	9	9	9	9	9	9	9
BMX/Skateparks	1	1	1	1	1	1	1	1	1	2
Tennis & Raquetball Courts	223	225	229	229	229	229	229	229	227	252
Waterparks	1	1	1	1	1	1	1	1	1	2

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

Fairfax County Park Authority
Table 11 - Additional Facts
Fiscal Years 2004 to 2013

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
2004	343	22,987	1,582,774	321,381	469,774	1,076,294	274
2005	530	23,517	1,658,377	296,750	479,533	1,077,194	275
2006	160	23,677	1,775,980	319,595	574,127	1,114,182	289
2007	300	23,977	1,773,319	318,117	526,975	1,568,160	285
2008	172	24,149	1,778,914	322,175	566,815	1,578,720	289
2009	114	22,600*	1,847,391	298,631	606,411	1,647,360	289
2010	(76) **	22,524	1,868,390	289,384	616,441	1,657,920	284
2011	370	22,894	1,988,830	281,930	723,351	1,673,971	273
2012	302	23,196	2,006,294	294,828	881,510	1,690,128	274
2013	69	23,265	1,919,684	276,759	791,038	1,691,342	272

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