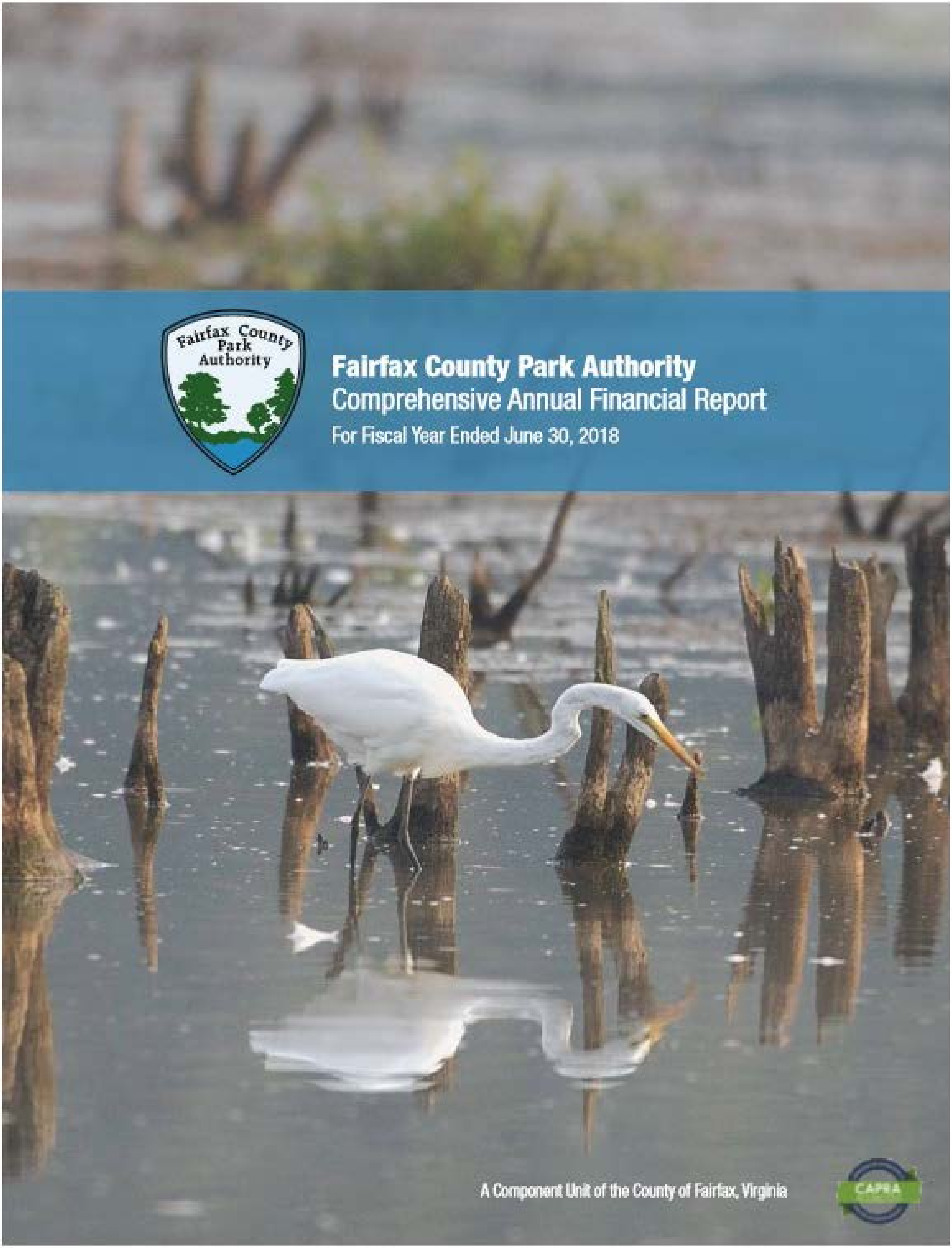

Fairfax County Park Authority

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2018

A Component Unit of the County of Fairfax, Virginia

PARK AUTHORITY MISSION

To enrich quality of life for all members of the community through an enduring park system that provides a healthy environment, preserves natural and cultural heritage, offers inspiring recreational experiences, and promotes healthy lifestyles.

GUIDING PRINCIPLES

Inspire a Passion for Parks
Communicate the benefits of parks and recreation; provide great park experiences; create an enduring park system legacy; provide great park destinations that connect and help build community; impart a passion for parks from generation to generation.

Meet Changing Recreation Needs
Proactively respond to changing needs and trends; proactively manage facilities and program assets; engage and listening to the community.

Advance Park System Excellence
Provide targeted, high quality programs and services; be mission-focused; maintain system quality and condition; embrace, lead and implement new ideas and best practices; leverage technology, make data-driven decisions and measure performance.

Strengthen and Foster Partnerships
Collaborate with schools and other public agencies and non-profits; co-locate facilities, programs and services with others; expand relationships with the private sector; contribute to the local economy; empower volunteers and the community.

Be Equitable and Inclusive
Provide quality facilities, programs and services to all communities; balance the distribution of parks, programs and facilities; ensure these are accessible and affordable.

Be Great Stewards
Integrate stewardship and sustainability ethics in all plans and actions; raise awareness and appreciation for natural and cultural resources; serve as a model for urban nature conservation; protect and actively manage natural and cultural resources; be transparent, accountable and committed to responsible management.

Promote Healthy Lifestyles
Provide facilities and programs for all ages to promote life-long activity and wellness; improve park access; expand trail system connections; provide an opportunity to connect with nature.

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2018

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, 2018

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Introductory Section

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

FAIRFAX COUNTY PARK AUTHORITY

12055 Government Center Parkway, Suite 927 • Fairfax, VA 22035-5500
703-324-8700 • Fax: 703-324-3974 • www.fairfaxcounty.gov/parks

November 20, 2018

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

We are pleased to submit to you the Authority's Comprehensive Annual Financial Report (the CAFR) for the fiscal year ended June 30, 2018 in accordance with the *Code of Virginia*. The financial statements included in this report conform to the accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). The accuracy, completeness, and presentation of the financial statements, along with the entire contents of this report, are the sole responsibility of management. To the best of our knowledge, management has been diligent in adhering to internal control guidelines to ensure the highest degree of accuracy in the data presented.

An independent audit firm, Cherry Bekaert LLP, performed the audit of the financial statements included in this report to determine whether or not the financial statements are fairly presented in all material respects. They have concluded that the financial statements present fairly, in all material respects, the financial position of the governmental activities and the major funds of the Authority as of and for the fiscal year ended June 30, 2018.

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

Profile of the Authority

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

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 23,512 acres of land, over 9.3 percent of the county's land mass, challenges continue as the population has grown to over one million residents seeking increased parks and recreational activities. Leisure and recreational opportunities are provided through a wide variety of facilities and services that provide valued enhancements to the quality of life for county residents. Optimizing the quality of life in the county is the ultimate goal and mission of the Authority through preservation of open space and natural areas, and by providing nature centers, recreation centers, historic sites, programs, golf courses, athletic fields, public gardens, and neighborhood, community, district and county-wide parks.

The Authority Board adopted the One Fairfax resolution which states the Authority's commitment to consider racial and social equity opportunities in the development and implementation of the Authority's programs and design of the park system. Joining with the Board of Supervisors and Fairfax County Public Schools, this direction to create tangible changes will work to achieve equitable treatment and opportunity for all park system participants.

Full-time merit staff for all funds in fiscal year 2018 totaled 578.25, which includes a support staff of engineers, park specialists, accountants, architects, landscape architects, planners, market research specialists and archaeologists. In addition to contracted program and service providers, 2,701 limited term and seasonal staff, and numerous volunteers provide a myriad of direct and support services.

ECONOMIC CONDITIONS AND OUTLOOK

Local Economy

As the most populous jurisdiction in both Virginia and the Washington, D.C. metropolitan area, the county's population exceeds 1.14M residents with a growth rate of 1.37% in the past year according to the most recent United States Census data. Fairfax County, Virginia is the most populated county in Virginia. Northern Virginia's economy is solid, but tax diversification challenges remain related to the tax base. Fairfax County is working to keep up with the needs of a changing, diverse population of engaged residents that includes immigrant families and seniors living on fixed incomes or below the federal poverty level. In response to changing demographics, the county adopted the One Fairfax resolution which directed the development of a racial and social equity policy and plan to ensure all individuals in Fairfax County have an opportunity to reach their highest level of personal achievement.

Fairfax County is rated a top place to live in the U.S according to a new ranking by 24/7 Wall Street. The county has attractive places to work, play, live and raise a family. Home to a thriving business community, vibrant recreation and entertainment opportunities, shopping locations, one of the best public school systems in the nation, a world class university and a nationally recognized park system, Fairfax County attracts new residents and businesses yearly. Last year saw growth "across the board — federal, private, service, IT, growth from within, growth from without," according to Gerald L. Gordon, president and CEO of the county's economic development authority. While, federal government jobs remain a pillar of Northern Virginia's economy, Fairfax County found a number of ways to diversify with expansion in cybersecurity, health care, pharmaceuticals, biotechnology, aviation and drone technology, retail, and the growing local beer brewery industry.

Housing

The county is home to some of the most desirable residential communities in the nation and has one of the highest qualities of life in the US. In June 2018, the number of homes sold in the county decreased 4.3 percent compared to June 2017 (1,878 vs 1,963). Despite the drop in sales, the average sales price of all homes that sold in June 2018 in Fairfax County was $591,537. An increase of 1.4 percent over the June 2017 average sales price of $583,620. The average June 2018 price was up 4.2 percent compared to the annual 2017 average home sales price of $567,829.

In addition homes were on the market for an average of 25 days in June 2018 which is 7 days fewer than the 32 day average in June 2017. The number of active listings of homes for sale in the county decreased 14.8 percent in June from a year ago.

Economic Development

When compared to other similar areas, the county stands out because of its highly trained workforce, network of technology firms and services, affordable housing, excellent schools, colleges and universities. It has a strong, diversified, technology-based economy which provides job opportunities in a wide range of sectors such as internet services, information technology and network communications. The county also has a strong base of defense, environmental engineering, energy, satellite and biotechnology clusters. Because of these factors, the county has one of the strongest local economies of any jurisdiction in the Washington D.C. Metro area. Tax receipts disbursed to the Fairfax County government by the state government in June 2018 totaled $14.8 million, an increase of 2.4 percent from a year before, according to figures reported by the Fairfax County Department of Management and Budget. Tax receipts represented retail purchases made in April. Through June 2018, tax receipts distributed to Fairfax County were up 2.8 percent from the same period a year before.

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

The Authority, a healthy, nationally recognized leader for its park system and programs, is a critical component of the county's economic vitality and helps to attract businesses and visitors to the county.
Employment

Employment

The Fairfax County unemployment rate increased slightly between May 2018 and June 2018.
The number of unemployed residents rose from 15,168 to 17,330, an unemployment rise of 0.3 percent. Despite that, the county's unemployment rate remained under 3 percent at 2.7% which is down 0.5 percent compared with 2017.

Fortune Magazine's 2018 list of the 500 largest U.S. Companies by revenue includes 15 companies that are based in the D.C. region, unchanged from last year, and Fairfax County dominates the local List. New to the list is Tysons-based DXC Technology, formed by the merger of Computer Science Corp and the enterprise services business of Hewlett Packard Enterprise.

Nine Fairfax County-based companies, in industries ranging from defense and technology consulting to financial services and hospitality, hold spots in Fortune magazine's 2018 list of the 500 largest publicly traded companies in the United States.

The current Fortune 500 companies headquartered in Fairfax County are:

- Freddie Mac
- General Dynamics
- Capital One Financial
- Northrop Grumman
- Leidos Holdings
- Hilton Worldwide
- DCX Technology
- NVVR Corp
- Booz Allen Hamilton

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

MAJOR INITIATIVES AND ACCOMPLISHMENTS

Strengthen Financial Sustainability

- **Financial Sustainability** The Golf Enterprises Division completed a long-desired capital improvement project: the newly constructed Burke Lake Golf Center Clubhouse. The 4200-square foot clubhouse boasts a modern pro shop, kitchen and dining area, enhanced food and beverage options and a patio overlooking the golf-course.

- **Park Services –** Planning continues for the renovation and expansion of Mount Vernon RECenter to replace the current aging building systems. The facility's renovation and expansion plan includes renovation of the existing core facilities, lifecycle replacement of existing building systems, expansion of public space, fitness and multipurpose rooms, locker rooms with accessible family changing rooms, and new building and pool systems to support growing service demands. Renovation plans also include the potential to add a second sheet of ice to National Hockey League dimensions in the ice arena and the potential for an additional leisure pool.

  The projects are envisioned as a part of the Authority's financial sustainability plan to address aging infrastructure while better positioning golf and recreation operations in the Northern Virginia market.

- **Park System Master Plan -** In December 2017, the Fairfax County Park Authority Board (PAB) approved its first ever Parks and Recreation System Master Plan. With a 10-year time horizon, the Great Parks, Great Communities Parks and Recreation System Master Plan guides the agency to meet growing and changing community needs. The comprehensive park system master planning effort, builds on the findings from the Parks Count! Needs Assessment that was completed in spring 2016.

  The PAB approved a new Strategic Plan for Fiscal Years 2019-2023 in June 2018. The new five-year strategic plan replaced the FY14-FY18 Strategic Plan. The Strategic Plan is a key tool to guide agency staff in the implementation of the 2017 Parks and Recreation System Master Plan. As part of the strategic planning process, the Park Authority Board reviewed and updated the agency mission and vision. The new mission and vision emphasize health, equity and inclusion, while also reinforcing the Park Authority's longstanding focus on stewardship and recreation.

  The Master Plan and Strategic Plan are essential to ensure the Park Authority achieves world class standards as required for accreditation by the Commission for Accreditation of Park and Recreation Agencies (CAPRA).

Manage and Protect Property

- **Cultural Resource Management Plan** - The Fairfax County Park Authority Board approved a new Cultural Resource Management Plan designed to implement the recommendations set forth in the Parks and Recreation System Master Plan—protection, conservation, preservation and interpretation of the county's cultural resources. This plan will guide the agency's work in handling more than 5,000 museum objects, thousands of archival items and upwards of three million artifacts in the Park Authority's collections.

- **Environmental Stewardship** - The Park Authority continued its award winning environmental stewardship mission by locating twenty new occurrences of rare, threatened, or endangered plant and animal species and more than 125 acres of rare native plant communities. It also continued to actively manage natural resources by treating non-native invasive vegetation on over 1,000 acres and implementing intensive ecological restorations of various ecotypes at five parks on over 120 acres. These efforts to preserve, protect, and restore the county's natural heritage was furthered by the dedicated, hard-work of over 3,000 volunteers.

- **Developing Partnerships -** Partnership with other public, private and county agencies leverage public tax investments and provide more efficient ways of sustaining the park system and delivering park services. In partnership with the county's Department of Public Works and Environment Services, the Authority built a new playground at Farrington Park including a tot lot, picnic area, fencing and an upgraded ADA accessible route. The Authority also partnered with the county's Department of Transportation to improve the surface of the Gerry Connolly Cross Country Trail. Enhanced public/ private partnership occurred with Friends of Clemyjontri who helped to fund the trackless train and upcoming train station at Clemyjontri Park. The Washington Nationals Dream Foundation, in partnership with the Fairfax County Park Authority, Fairfax County and the Mason District Little League renovated and unveiled the Ivan "Pudge" Rodriguez field at Mason District Park as part of the Major League Baseball teams' Legacy Field program in summer of 2017. Fairfax County was chosen again as the location of the 2018 Legacy Field with the Dream Foundation partnering with the Authority and Reston Little League to renovate a field at Fred Crabtree Park, named for Bryce Harper.

Improve Business Practice

- **New Recreation registration system in place -** The Park Authority implemented a new recreation management system, Recreation Dynamics. The application offers several advantages to residents, including expanded hours of operation for program registration and maintaining member accounts. It features modern server support from industry leaders, scalable capacity to accommodate busy periods, an improved mobile interface and greater reliability.

- **New WEB management content system - DRUPAL -** A new, modern, resident-focused website was considered critical for Fairfax County Government's digital business and informational future. The Park Authority worked closely with county staff to convert the Authority's web presence to the new standards of the county. A completely new design, including mobile responsive design ,was developed and applied across the entire website. The site features a new search engine, satisfaction surveys, and an open-source content system on the backend that will be updated regularly to ensure that new features are delivered to site visitors.

FINANCIAL INFORMATION

Financial Management

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

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

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

Independent Audit

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

Budgetary and Accounting Controls

The *Code of Virginia* requires that the county adopt a balanced budget. As a component unit of the county, the Authority adheres to the same budget policies as the county. The county maintains extensive budgetary controls at certain legal, managerial and administrative levels. The adopted Fiscal Planning Resolution places legal restrictions on expenditures at the agency or fund level. Managerial budgetary control is maintained at the fund, cost center and/or project level. Approval by the Board must be granted to alter the total expenditure appropriation of any agency or fund. The Authority's Board has fiduciary responsibility over the Park Revenue and Operating Fund and Park Improvement Fund and has final approval on all budgets of the Authority.

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

The county's budget is adopted by May 1 for the upcoming fiscal year which begins on July 1, 2018. Two budget reviews, Carryover Review and Third Quarter Review, serve as the primary mechanisms for revising budget appropriations. State law requires that a public hearing be held prior to the adoption of amendments to the current year budget when adjustments exceed $500,000. Any such amendments of $500,000 or more requires that the Board advertise a synopsis of the proposed changes.

Debt Administration

The county borrows money by issuing tax-exempt general obligation bonds to finance major capital projects. Bond financing spreads the cost of land acquisition and building construction over a period of many years, rather than charging the full cost to current taxpayers. By law, general obligation bonds must be approved in advance by county voters in a referendum. The county continues to maintain its status as a top rated issuer of tax-exempt securities and has a Triple A rating from all three national rating agencies: Moody's Investors Service, Inc., Standard and Poor's Corporation, and Fitch Investor Service.

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

AWARDS

Certificate of Achievement for Excellence in Financial Reporting

- The Authority's CAFR was once again recognized by the Government Finance Officers Association (the GFOA) with the award of its certificate for the fiscal year ending June 30, 2017. This is the GFOA's highest form of recognition in the area of governmental accounting and financial reporting.

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

CAPRA Accreditation, 2018

- The Authority upheld its national standing among park and recreation agencies across the country by earning re-accreditation through the CAPRA and the National Recreation and Park Association (NRPA). This distinguished accomplishment was awarded during the 2018 NRPA Annual Conference. 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. Park Authority accreditation is a credible and efficient means of achieving goals while providing assurance to county residents that the Park Authority meets national standards of best practice. The Park Authority has previously earned national accreditation in 2008 and 2013.

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

- **Friends of Parks and Recreation Outstanding Contributor Award** - Jean and Rick Edelman were recognized for their support at Observatory Park at the Turner Farm. Their financial contribution enabled the Park Authority to launch numerous astronomy programs unique to the area.

- **Parks and Recreation Facility Award for Agencies with Population Service Area Over 500,000** - Lee District Family Recreation area was recognized as a unique fun spot for families .

The National Association for Interpretation

- Suzanne Holland, a natural history interpreter from Hidden Oaks, was honored as the Shinning Star in the Veteran Category in 2018.

National Association of Government Communicators (NAGC)

- **Writers Portfolio Award of Excellence -** David Ochs, for articles appearing in the Authority's blog promoting natural and cultural resources
- **Writers Portfolio Second Place -** Karen Thayer, for human interest stories appearing in Parktakes magazine, the FCPA's primary marketing tool with a circulation of more than 200,000.
- **Annual Report Award of Excellence -** Fairfax County Park Authority's Strategic Plan and Annual Report, built off the County's 275th anniversary with the theme "A Place in Time."
- **Calendar Award of Excellence -** Healthy Strides 2018 Calendar
- **Promotional Campaign less than $100,000 Award of Excellence -** Burke Lake Golf Center Opening Campaign, which introduced the new Burke Lake Golf Center to the community with a combination of multimedia ads and public relations efforts.
- **E-Newsletter Award of Excellence -** Golf Fairfax e-news, which provides current, past, and potential customers with news, discounts, sales, and events at seven golf courses.
- **Social Media Award of Excellence -** #WhereisLordFairfax Campaign, a hashtag campaign which encouraged visitors to visit parks to take selfies with a character cutout (Lord Fairfax) who moved locations weekly.
- **Web Article Award of Excellence -** David Ochs and John Shafer, for their blog entry "Do You Know Why There Are Leash Laws?"

Northern Virginia Magazine Best of NOVA List

- **Leisure and Fitness Category Best Public Park -** Burke Lake Park

- **Family and Kids Category Best Spray Ground -** Our Special Harbor at Lee District Park

ACKNOWLEDGEMENTS

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

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

Respectfully submitted,

Kirk Kincannon Executive Director	Sara Baldwin Deputy Director/COO
Aimee Vosper Deputy Director/CBD	Janet Burns Senior Fiscal Administrator

FAIRFAX COUNTY PARK AUTHORITY
A Component Unit of the County of Fairfax, Virginia
As of June 30, 2018

Board Members

William G. Bouie, Chairman	Hunter Mill District
Ken Quincy, Vice chairman	Providence District
Michael W. Thompson, Jr. , Secretary	Springfield District
Linwood Gorham, Treasurer	Mount Vernon District
Dr. Abena Aidoo	Member-at-Large
Cynthia Jacobs Carter	Lee District
Marguerite F. Godbold	Sully District
Timothy B. Hackman	Dranesville District
Faisal Khan	Member-at-Large
Ronald Kendall	Mason District
Kiel Stone	Braddock District
James P. Zook	Member-at-Large

Executive Director
Kirk Kincannon

Deputy Director/COO
Sara Baldwin

Deputy Director/CBD
Aimee Vosper

Park Operations Division
Todd Brown, Director

Financial Management Branch
Janet Burns, Senior Fiscal Administrator

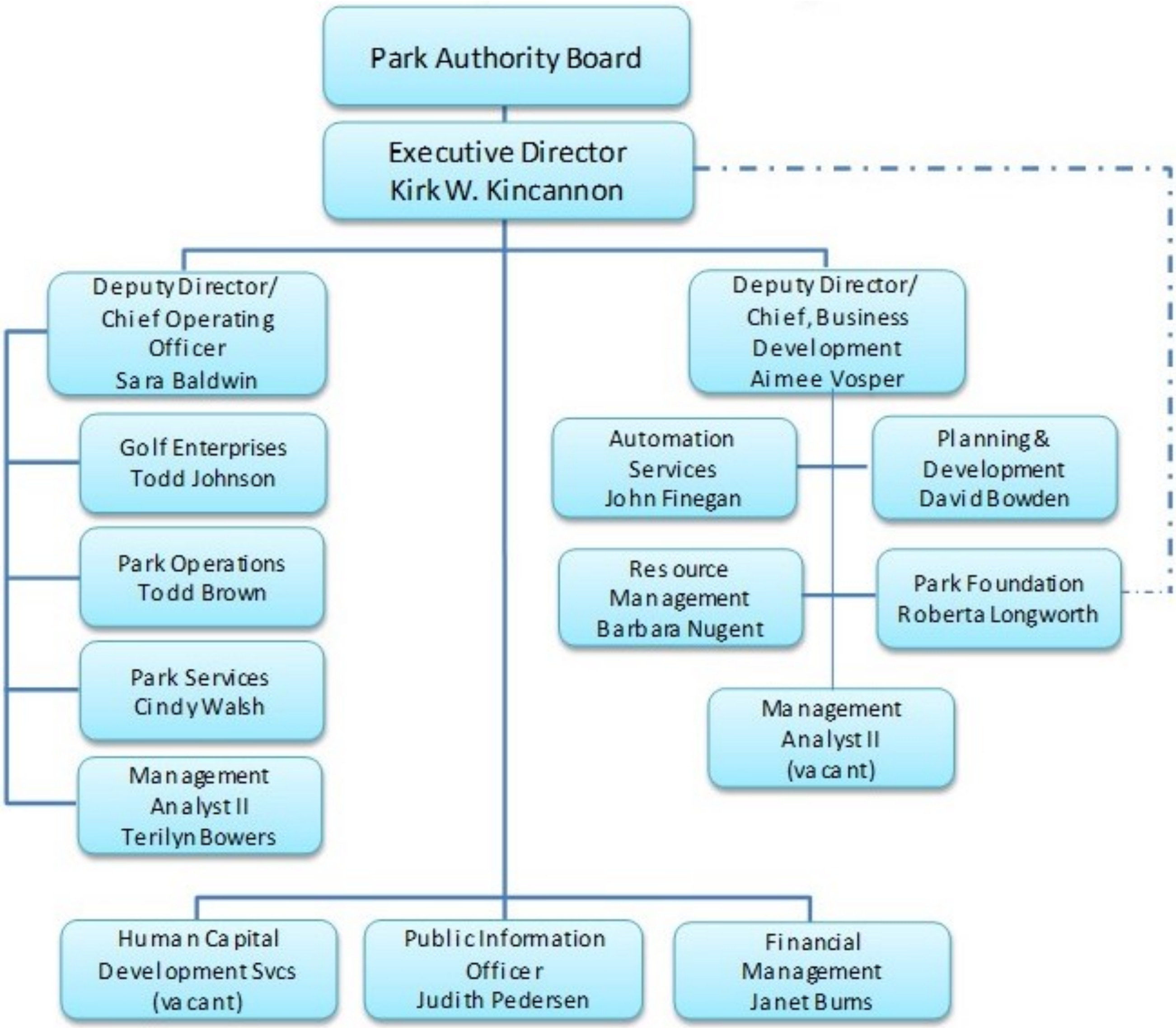
Park Services Division
Cindy Walsh, Director

Golf Enterprises
Todd Johnson, Manager

Resource Management Division
Barbara Nugent, Director

Planning and Development Division
David Bowden, Director

Fairfax County Park Authority



This report was prepared by:

FAIRFAX COUNTY PARK AUTHORITY

FINANCIAL MANAGEMENT BRANCH

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Janet Burns, Senior Fiscal Administrator

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Michael Baird, Budget & Capital Projects
Tram Bui, Accounts Payable
Nicole Varnes, Revenue, Accounts Receivable
Betty Barnuevo, Internal Revenue Site Audits

Special thanks to John Rodgers, Graphic Designer, 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, 2017

Christopher P. Morrill

Executive Director/CEO

Financial Section

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

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

To the Board of Supervisors
County of Fairfax, Virginia

To the Fairfax Park Authority Board

We have audited the accompanying financial statements of the governmental activities and each major fund of the Fairfax County Park Authority (the "Authority"), a component unit of the County of Fairfax, Virginia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note I to the financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, effective July 1, 2017. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information and notes, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Introductory and Statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Introductory and Statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Cherry Bekaert LLP

Tysons Corner, Virginia
November 20, 2018

Management's Discussion and Analysis

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

Fairfax County Park Authority
A Component Unit of the County of Fairfax, Virginia
Management's Discussion and Analysis *(Unaudited)*
For the Fiscal Year Ended June 30, 2018

I. INTRODUCTION

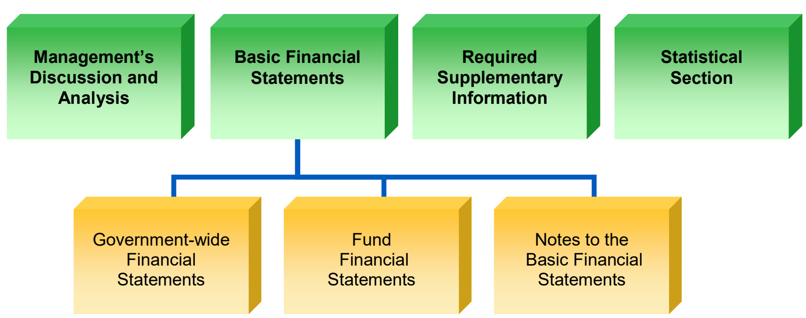
This section of the Fairfax County Park Authority's (the Authority) Comprehensive Annual Financial Report (the CAFR) presents a discussion and analysis of the Authority's financial performance during the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to give perspective on the Authority's fiscal year 2018 financial performance as a whole.

The Management's Discussion and Analysis (the MD&A) presents information that will help the reader ascertain and understand the reasons for changes in expenses, revenues, and net position for the fiscal year ended June 30, 2018 and includes a comparative analysis to the fiscal year ended June 30, 2017.

II. OVERVIEW OF THE FINANCIAL STATEMENTS

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

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



Government-wide Financial Statements

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

The ***Statement of Net Position*** presents information on all of the Authority's assets and deferred outflows of resources less liabilities, and deferred inflows of resources, resulting in the net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. The Statement of Net Position can be found on page 19 of this report.

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

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

Fund Financial Statements

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

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

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

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

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

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements, found on pages 25-50 of this report, provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

III. FINANCIAL HIGHLIGHTS

Highlights for Government-wide Financial Statements

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

- Assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources by $611.27 million. Of this amount, ($37.70) million is unrestricted, $17.98 million is restricted for capital projects, $1.51 million is restricted for E.C. Lawrence trust and $0.70 million is restricted for repair and replacement
- Revenues of the Authority's functions/programs amounted to $71.49 million while intergovernmental and other amounted to $56.17 million. Expenses amounted to $109.17 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 $31.47 million, an increase of $1.81 million in comparison to the prior year.
- Revenues of the Authority's governmental funds amounted to $122.76 million and expenses amounted to $120.95 million.

General Financial Highlights

- As of June 30, 2018, the Authority's cash of $43.31 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, 2018, the amount due from the County was $2.88 million.
- Total capital assets, net, as of June 30, 2018, amounted to $642.14 million compared to $624.74 million in the prior year.

IV. FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net position may serve as a useful indicator of an entity's financial position. The following table represents a summary of the net position of the Authority at June 30, 2018 and 2017:

Summary of Net Position
As of June 30

	2018	2017*	$ Change	% Change
Assets				
Current and other assets	$ 47,780,440	$ 43,636,729	4,143,711	9.5
Capital assets, net	642,140,868	624,744,526	17,396,342	2.8
Total assets	689,921,308	668,381,255	21,540,053	3.2
Deferred outflows of resources				
Total deferred outflows of resources	20,692,724	19,072,927	1,619,797	8.5
Total assets and deferred outflows of resources	710,614,032	687,454,182	23,159,850	3.4
Liabilities				
Current liabilities	16,334,794	14,024,675	2,310,119	16.5
Long-term	76,589,084	74,995,807	1,593,277	2.1
Total liabilities	92,923,878	89,020,482	3,903,396	4.4
Deferred inflows of resources				
Total deferred inflows of resources	6,424,686	5,658,977	765,709	13.5
Total liabilities and deferred inflows of resources	99,348,564	94,679,459	4,669,105	4.9
Net Position				
Net investment in capital assets	628,777,252	610,270,380	18,506,872	3.0
Restricted for:				
Certain capital projects	17,977,741	15,393,771	2,583,970	16.8
E.C. Lawrence trust:				
Nonexpendable	1,507,926	1,507,926	-	-
Repair and replacement	700,000	700,000	-	-
Unrestricted deficit	(37,697,451)	(35,097,354)	(2,600,097)	7.4
Net position	$ 611,265,468	$ 592,774,723	18,490,745	3.1

*Fiscal Year 2017 amounts restated due to the implementation of the Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension, See Note I on p.50 for more information.

Analysis of Net Position

The largest portion of the Authority's net position is its investment of $628.78 million in capital assets (i.e., land, buildings and equipment, net of depreciation) less any related outstanding debt used to acquire those assets. The Authority uses these capital assets to provide services to residents; consequently, these assets are not available for future spending. Although the Authority's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

For fiscal year 2018, the Authority reported deferred outflow of resources of $20.69 million related loss on refunding bonds and pension. The majority of the deferred outflows of resources reported are comprised of current year contributions to the retirement system. However, there may be some deferred outflow of resources attributable to the various components that impact pension expenses, changes due to actuarial assumptions, difference between expected or actual experience.

For fiscal year 2018, the Authority reported deferred inflow of resources of $6.42 million, which represents a net amount attributable to the various components that impact pension and other postemployment expenses, changes due to difference between experience and earning results.

The Authority's overall total net position has increased by $18.49 million, or 3.1%, during fiscal year 2018 primarily due to the increase in net investment in capital assets and restricted net position.

- Current assets have increased by $4.14 million, or 9.5%, primarily upon completion or substantial completion of new capital projects and renovation of existing facilities.

- Capital assets, net, have increased by $17.40 million, or 2.8%, mainly due to a $9.05 million increase in land acquisition, $8.54 million increase in building and improvements, a decrease of $0.12 million in equipment due to reclassification of security cameras to building improvement and system-wide depreciation of equipment and $0.32 million in construction in progress balance as more capital projects were completed in fiscal year 2018.

- Long-term liabilities increased by $1.59 million, or 2.1%, primarily due to an increase of $4.62 million in net pension, and a decrease of $1.84 million in other postemployment liability which was offset by a decrease of $1.10 million in bonds payable and loans payable .

- Net investment in capital assets, net of related debt, increased by $18.51 million, or 3.0%, reflecting an increase mainly in land, and building and improvements.

- Net position restricted for certain capital projects increased by $2.58 million, or 16.8%, due to an increase in unused bond funds for capital projects.

The results of this fiscal year's operations as a whole are reported in the Statement of Activities. The table below summarizes the changes in net position for the fiscal years ended June 30, 2018 and 2017:

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

	2018	2017*	$ Change	% Change
Revenues:				
Program revenues:				
Charges for services	$ 47,351,337	$ 47,140,231	211,106	0.4
Capital grants and contributions	24,136,936	19,228,339	4,908,597	25.5
General revenues:				
Intergovernmental	48,701,098	46,077,722	2,623,376	5.7
Investment earnings	247,225	97,228	149,997	154.3
Operating grants not restricted to specific programs	867,319	627,106	240,213	38.3
Capital contributions not restricted to specific programs	6,358,111	6,585,334	(227,223)	(3.5)
Total revenues	127,662,026	119,755,960	7,906,066	6.6
Expenses:				
Administration	27,229,506	27,781,501	(551,995)	(2.0)
Maintenance/renovation	19,429,720	18,784,000	645,720	3.4
Golf courses	10,085,648	10,066,692	18,956	0.2
Recreation centers	27,798,579	27,132,051	666,528	2.5
Lake parks	4,299,321	4,140,460	158,861	3.8
Other leisure services	7,850,894	11,448,431	(3,597,537)	(31.4)
Cultural enrichment	11,933,654	7,332,175	4,601,479	62.8
Interest on long-term debt	543,959	572,823	(28,864)	(5.0)
Total expenses	109,171,281	107,258,133	1,913,148	1.8
Increase in net position	18,490,745	12,497,827	5,992,918	48.0
Beginning net position*	592,774,723	580,276,896	12,497,827	2.2
Ending net position	$ 611,265,468	$ 592,774,723	18,490,745	3.1

* Net Position as of June 30, 2017, as restated due to GASB 75, see note I on pg. 50 for more information.

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 2018, revenues from governmental activities totaled $127.66 million, an increase of $7.91 million, or 6.6%, from fiscal year 2017. This increase was primarily due to increase in capital grants and contributions, intergovernmental, and donated land.

Explanations of these changes include the following:

- Charges for services slightly increased $0.21 million, or 0.4%, due to increases in fees and revenues from programs.

- Capital grants and contributions from program revenues increased by $4.91 million, or 25.5%, primarily due to an increase of $2.70 million in bond revenue and premium and an increase of $2.20 million in developer's contribution.

- Intergovernmental revenue increased by $2.62 million, or 5.7%, mainly due to an increase in county contribution in General Fund, County Construction and Contributions Fund for $2.6 million and $0.02 million in federal grants.

- Unrestricted Operating grants increased by $0.24 million, or 38.3%, primarily due to increase in donations received in Park Revenue and Operating Fund and Park Capital Improvement Fund.

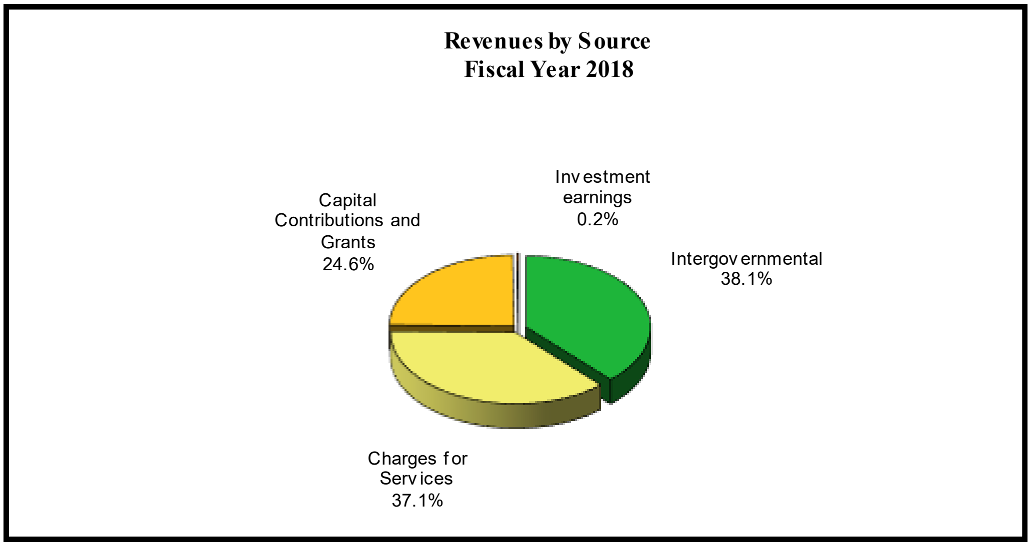
- Unrestricted capital contributions decreased by $0.23 million, or 3.5%, primarily due to decrease in gifts and donations in comparison to prior fiscal year.

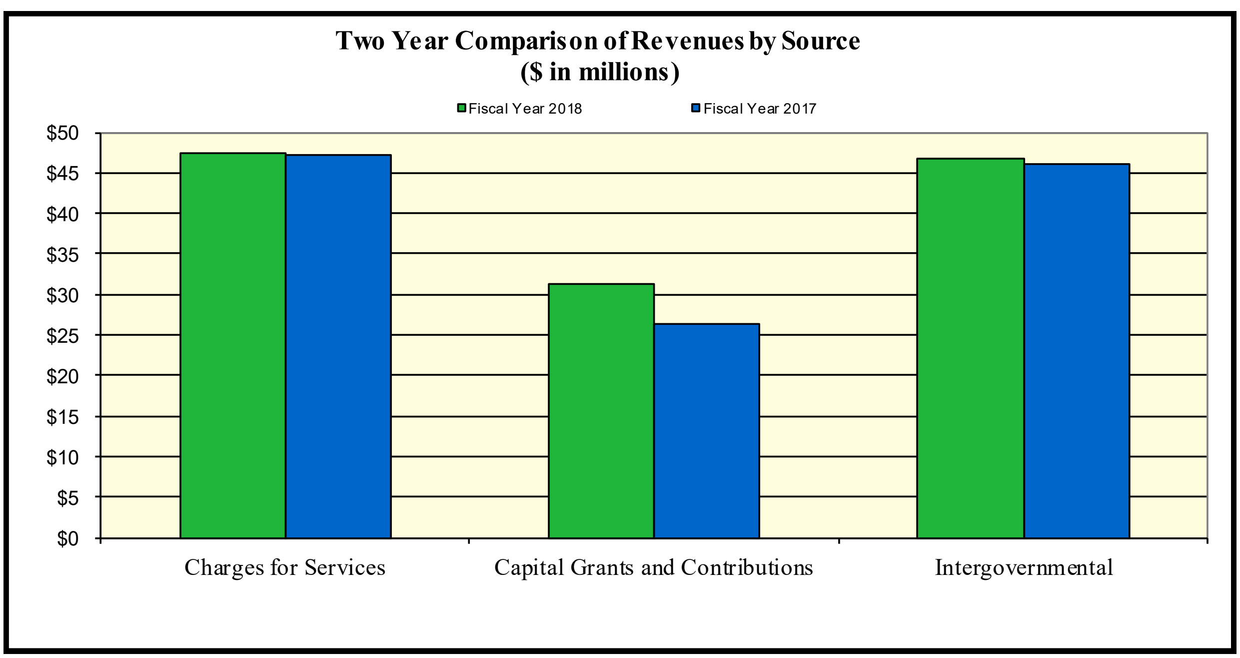
Expenses

The total expenses of Authority for fiscal year 2018 was $109.17 million representing an increase of $1.91 million, or 1.8%, compared to fiscal year 2017. This increase is primarily due OPEB cost and completion of several capital projects and land acquisition. An increase of $4.60 million in cultural enrichment and decrease of $3.60 million in other leisure services is due to the functionality of the project.

Revenues

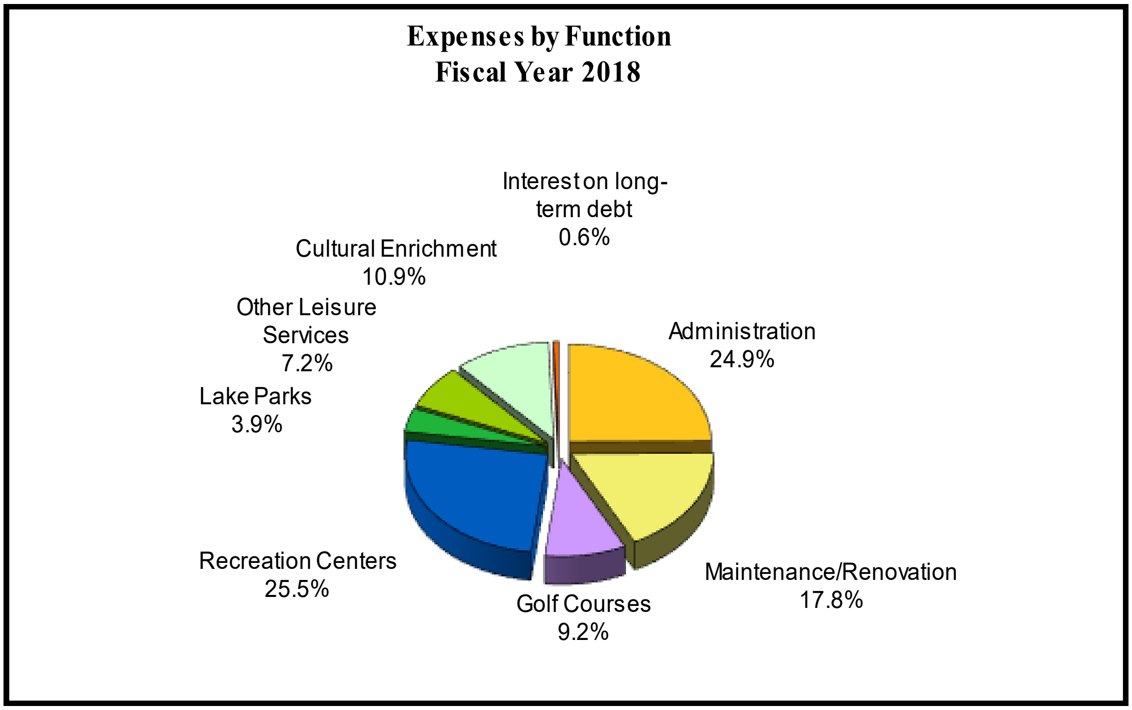
The Authority receives most of its funding from charges for services, capital grants and contributions, and intergovernmental revenues. The following graphics illustrate the Authority's major sources of revenues for the fiscal year ended June 30, 2018:

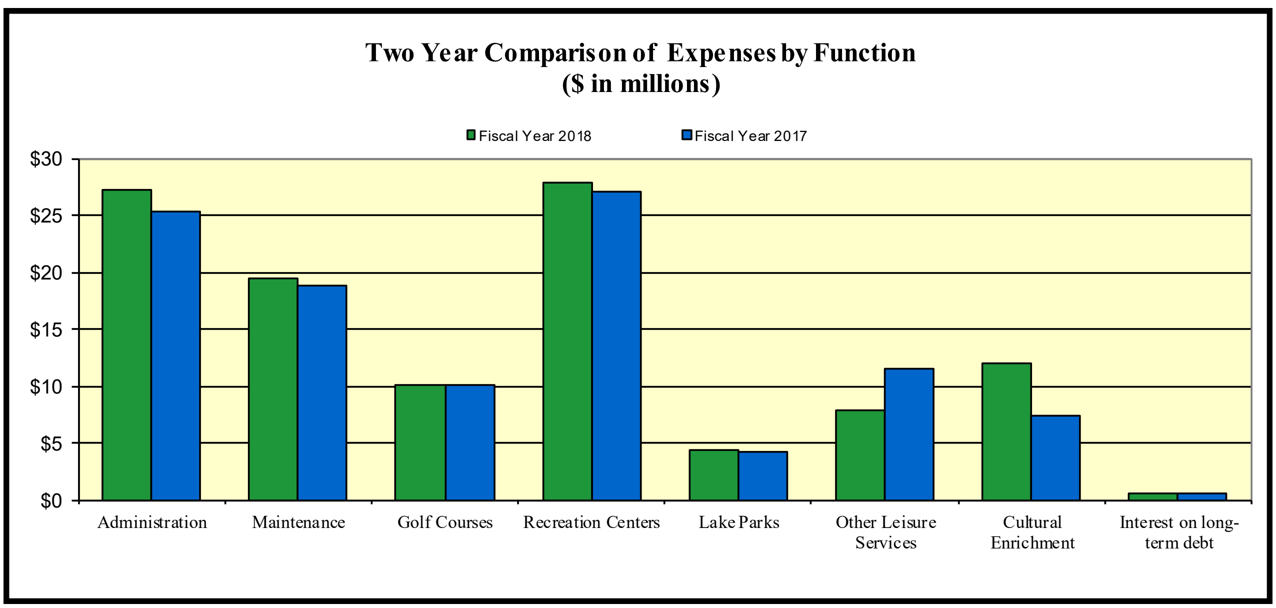




Expenses

For the fiscal year ended June 30, 2018, the Authority's expenses for governmental activities totaled $109.17 million. The Authority's overall expenses have increased by $1.91 million, or 1.8%, from fiscal year 2017. 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 2018 and 2017 for the purpose of this analysis.

	Financed from County General Fund	Park Revenue and Operating Fund	Financed from Construction Contributions Fund	Park Bond Construction Fund	Park Improvement Fund	Total Major Funds
Fund balances, 6/30/2016	$ -	$ 4,042,461	$ -	$ 3,211,604	$ 20,478,843	$ 27,732,908
Revenues	33,835,730	47,285,314	13,065,302	17,833,179	3,317,381	115,336,906
Expenditures	(33,835,730)	(46,949,976)	(13,065,302)	(16,073,652)	(3,809,536)	(113,734,196)
Transfers (In/Out)	-	(580,000)	-	-	580,000	-
Net change in fund balance	-	(244,662)	-	1,759,527	87,845	1,602,710
Increase in revenue for inventory	-	310,169	-	-	-	310,169
Fund balances, 6/30/2017	-	4,107,968	-	4,971,131	20,566,688	29,645,787
Revenues	34,819,886	47,843,766	14,968,773	20,272,763	4,856,327	122,761,515
Expenditures	(34,819,886)	(47,531,385)	(14,968,773)	(18,518,930)	(5,115,716)	(120,954,690)
Transfers (In/Out)	-	(350,000)	-	-	350,000	-
Net change in fund balance	-	(37,619)	-	1,753,833	90,611	1,806,825
Increase in revenue for inventory	-	18,612	-	-	-	18,612
Fund balances, 6/30/2018	$ -	$ 4,088,961	$ -	$ 6,724,964	$ 20,657,299	$ 31,471,224

For the fiscal year ended June 30, 2018, the Authority's governmental funds reported a combined fund balance of $31.47 million, an increase of $1.83 million compared to fiscal year 2017.

The fund balance of the Park Revenue and Operating Fund decreased by $0.04 million in fiscal year 2018 due to an increase in overall expenses. Of the total fund balance of $4.09 million in the Park Revenue and Operating Fund, $0.56 million is committed for debt service, $2.18 million is committed for revenue and operating fund stabilization reserve, and $1.35 million is committed for donation and deferred revenue.

The fund balance of the Park Bond Construction Fund increased $1.75 million due to grant reimbursement of $0.02 million and a decrease in expenditures for the completion of the on-going and new capital projects. The total fund balance of $6.72 million is restricted for capital projects.

The fund balance of the Park Improvement Fund increased $0.09 million mainly due to a transfer in of $0.35 million from the Park Revenue and Operating Fund. Of the total fund balance of $20.66 million in the Park Improvement Fund, $1.51 million is nonspendable for E.C. Lawrence Trust, $0.70 million is restricted for repair and replacement, and $11.25 million is restricted for capital projects. The remaining fund balance of $7.20 million is committed for other capital projects.

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

VI. CAPITAL ASSETS

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

Park Authority Capital Assets

		June 30, 2018		June 30, 2017
Land	$	369,530,431	$	360,484,406
Easement		17,016,009		17,016,009
Buildings and improvements		243,073,388		234,532,879
Equipment		4,628,311		4,503,344
Construction in progress		7,892,729		8,207,888
Total	$	642,140,868	$	624,744,526

Major capital asset events during fiscal year 2018 included the following:

- Land increased to $369.53 million, an increase of $9.05 million, or 2.51%, primarily due to the acquisition of the Confederate Fortifications Historic Site for 47.09 acres and a total of 11.39 acres of the same property dedicated by Ausable, LLC, and Mr. David Hunter. The County Board of Supervisors, transferred about 27.83 acres of land (7.33 acres of Chantilly Library Park, 12.91 acres of Rolling Wood School Site, 1.22 additional acreage to Dogue Creek SV and 6.37 acres of additional of Loftridge Park) in Fiscal Year 2018. L & F Darby Lane, LLC donated 8.06 acres of land near Loisdale Park.

- Buildings and improvements, net of depreciation, increased $8.54 million, or 3.64%, as various projects were completed. Some of the complete capital projects included the Lake Fairfax Restroom B and Bath House C for $1.78 million, $3.78 million was expensed to maintain, renovate and upgrade turf fields of South Run Park, Lake Fairfax Park, Great Falls Nike, Braddock Park and Pine Ridge. A total of $2.7 million in completion of Burke Lake Golf Course club houses, $1.93 million for Huntley Meadow Wetland and $0.78 million for the replacement of aged elevators at various locations and pool filtration.

- Equipment balance net of depreciation, increased by $0.12 million, or 2.77%, due to installation of security cameras at various park locations.

- A decrease of $0.31 million in construction in progress, or 3.84%, was mainly due to completion of various construction maintenance and repairs projects at park locations.

Additional information on the Authority's capital assets can be found in Note E, page 40, 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, 2018		June 30, 2017
Revenue bonds payable	$	2,220,000	$	2,900,000
Loan payable		11,182,600		11,604,900
Total outstanding debt	$	13,402,600	$	14,504,900

Revenue Bonds

As of June 2018, Revenue Bonds Series 2013 Bonds had an outstanding principal balance of $2,220,000. The county's sale of General Obligation Bonds in January 2013 yielded one of the lowest interest rates in recent history. As a result, the Authority and the county took this opportunity to refinance the Series 2001 debt at a lower rate and provided debt service savings to the Authority.

On June 5, 2013, the Virginia Resources Authority successfully closed the Virginia Pooled Financing Program Spring Series 2013A bond issue and the Authority's local loan. Refunding of the remaining Series 2001 bonds presented a Net Present Value Savings of $784,460 at the rate of 1.2%. The Authority paid $119,273 in interest during fiscal year 2018.

Loan Payable to the County

On June 24, 2003, the Authority entered into a long-term agreement with the county to provide funding of $15,530,000 to finance the costs of the development and construction of a public golf course in the Laurel Hill area of southern Fairfax County. The Laurel Hill Golf Club began operating in fiscal year 2006 and opened its clubhouse in fiscal year 2007. The Laurel Hill revenue bonds Series 2003 were refunded in April 2012 with the outstanding loan payable amount of $13,042,200. The Laurel Hill Series 2012 has an outstanding loan payable amount of $11,182,600. Principal payments of $422,300 and interest payments of $438,069 were made in fiscal year 2018.

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 $221,009 in fiscal year 2018.

As the county is responsible, under the related documents and subject to appropriation, to pay the principal and interest on the related debt, the related transactions, including the liability for the notes, have been recorded in the county's financial statements and not in those of the Authority. As of June 30, 2018, $4,837,500 of this related debt are outstanding. The easement is recorded on the Authority's financial statements.

Bond Rating

The county has the highest credit ratings possible for a local government for its general obligation bonds: Aaa from Moody's Investors Service, Inc., AAA from Standard and Poor's Corporation, and AAA from Fitch Investors Service. The Authority maintains an "AA+" rating from Standard and Poor's for its revenue bond debt.

Additional information on the Authority's long-term obligations can be found in Note F, pages 39-41, of the Notes to the Financial Statements.

VIII. GENERAL BUDGET HIGHLIGHTS

The original and final budgeted amounts are shown in the Budgetary Comparison Schedules on pages 52 and 53. Revisions that alter the total appropriations of the budgets must be approved by the Board.

Financed from County General Fund

The Authority's revenue for the leisure services programs (charges for services) continues to be impacted by lower than expected actual revenue due to consolidation of the RecPAC centers, a shift of programs to Park Revenue and Operating Fund, and more scholarship requests. Intergovernmental revenues increased from the original Adopted Budget Plan to offset expenditure increases. Total expenditures appropriation for 2018 Adopted Budget Plan was $24.60 million, which consists of $0.20 million carryover for operating and capital equipment.

Budgetary Trends

The county has experienced many consecutive years of slow revenue growth due to the sluggish economy. Based on a fairly slow economic recovery, complicated by increased needs in services and programs and the revenue shortfalls that the Commonwealth is experiencing, there is limited flexibility to provide required resources. At the current tax rates, The County's General Fund revenues are expected to grow only minimally over the next several years. The approved FY 2018 County General Fund totals $4,106.62 million, an increase of $94.08 million, or 2.34%, over the FY 2017 Adopted Budget Plan. The increase over the Adopted Budget Plan is primarily attributable to requirements to transfer $2.17 billion to Fairfax County Public Schools (FCPS), an increase of $52.66 million for FCPS to support operating and debt expenses, and $46.91 million for county government operating and personnel expenses.

IX. ECONOMIC FACTORS AND TRENDS

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

Fairfax County is rated a top place to live in the U.S according to a new ranking by 24/7 Wall Street. The county has attractive places to work, play, live and raise a family. Home to a thriving business community, vibrant recreation and entertainment opportunities, shopping locations, one of the best public school systems in the nation, a world class university and a nationally recognized park system, Fairfax County attracts new residents and businesses yearly. Last year, there was growth "across the board — federal, private, service, IT, growth from within, growth from without," according to Gerald L. Gordon, president and CEO of the county's economic development authority. While, federal government jobs remain a pillar of Northern

Virginia's economy, Fairfax County found a number of ways to diversify with expansion in cybersecurity, health care, pharmaceuticals, biotechnology, aviation and drone technology, retail, and the growing local beer brewery industry.

The county is well-positioned to lead the nation as economic growth continues within the country. For those who live and work here, the benefits of a thriving and diversified business base include: high paying, rewarding job opportunities and a strong tax base that allows the Board to fund high-quality services that support the quality of life enjoyed in the county. Fairfax County is one of the few U.S. counties with a median household income over $115,717. Another factor that influences the quality of life in Fairfax County is that 63% of the population exercises regularly. As a result of all these factors, the county has an average life longevity expectancy of 83.01 years. Fairfax County also boasts of a world class school system, thanks to high test scores, advanced academic programs, language emersion and more.

The Fairfax County unemployment rate increased slightly between May 2018 and June 2018. The number of unemployed residents rose from 15,168 to 17,330, an unemployment rise of 0.3 percent. Despite that, the county's unemployment rate remained under 3 percent at 2.7% which is down 0.5 percent compared with 2017.

The Consumer Confidence Index decreased in June, following an increase in May and now stands at 126.4 (1985=100), down from 128.8 a month ago. The present situation was flat, while the expectations component decreased. Lynn Franco, Director of Economic Indicators at the Conference Board, said that, "Consumers' assessment of present-day conditions was relatively unchanged, suggesting that the level of economic growth remains strong." She added that, "While expectations remain high by historical standards, the modest curtailment in optimism suggests that consumers do not foresee the economy gaining much momentum in the months ahead."

Sales Tax receipts distributed to Fairfax County in July for retail purchases made in May were $16.1 million, an increase of 6.9 percent over July 2017. Total FY 2018 Sales Tax receipts are $182.1 million, an increase of 3.2 percent over total FY 2017 receipts.

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. In June 2018, the number of homes sold in the county decreased 4.3 percent compared to June 2017 (1,878 vs 1,963). Despite the drop in sales, the average sales price of all homes that sold in June 2018 in Fairfax County was $591,537. An increase of 1.4 percent over the June 2017 average sales price of $583,620. The average June price was up 4.2 percent compared to the annual 2017 average home sales price of $567,829.

The Authority provides critical amenities that enhance the quality of life and provide a wide range of cultural and recreational amenities for the residents of Fairfax County, and Northern Virginia more broadly. However, this only tells part of the story as the Authority's operating and capital expenditures generate substantial economic activity within the county economy. The ability of the Authority to leverage its relatively modest, but important, public resources into critical social and cultural infrastructures is a major contributor to the county's overall economy and quality of life.

X. FAIRFAX COUNTY PARK AUTHORITY HIGHLIGHTS

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

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

Parks make vital contributions to urban communities. They are important contributors to their community's overall quality of life by providing recreational amenities, neighborhood beautification, and improved air and water quality brought by urban tree canopies and better storm-water management.

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

In 1951, the Authority received its first land donation which later became Eakin Park. Four years later it owned nine parks on 92 acres of land. The Authority continues to acquire land throughout Fairfax County via purchases, donations, and a host of other mechanisms and criteria. As of the end of Fiscal Year 2018, the Authority owns or cares for 23,512 acres, or approximately 46% of the open space in Fairfax County. Approximately 73% of Authority land holdings remain in their natural state.

In FY 2018, the cumulative level of parkland increased primarily due to the land transfer by the County Board of Supervisors. The Authority received 27.83 acres of land (7.33 acres of Chantilly Library Park, 12.91 acres of Rolling Wood School Site, 1.22 additional acreage to Dogue Creek SV and 6.37 acres of additional of Loftridge Park) in Fiscal Year 2018. L & F Darby Lane, LLC donated 8.06 acres of land near Loisdale Park. The Authority also purchased Confederate Fortifications Historic Site for 47.09 acres and 11.39 acres of the same property was dedicated by Ausable, LLC, and Mr. David Hunter.

New facilities completed includes Burke Lake Golf Course Club House , Chessie's trail at Lee District Park Gerry Connolly Cross County Trail between Braddock Road and Accotink Park. Renovated and upgraded turf fields at various park sites such as: South Run Park, Lake Fairfax Park, Great Falls Nike, Braddock Park and Pine Ridge. The Authority also developed new outdoor community playgrounds and picnic shelters, a fun place for kids to play and family outdoor recreations, i.e. South Run, Hidden Pond, Lisle Park, Backlick Park and Huntsman 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 deceased in fiscal year 2018 to 15.77 million visitors compared to 17.74 million visitors in fiscal year 2017. This decrease is due to very wet spring and early summer, caused wet golf course and fields.

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

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

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

XI. CONTACTING THE AUTHORITY'S MANAGEMENT

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

Basic Financial Statements

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

Fairfax County Park Authority
A Component Unit of the County of Fairfax, Virginia
Statement of Net Position
For the Fiscal Year Ended June 30, 2018

Exhibit A

		Governmental Activities
ASSETS		
Equity in pooled cash and temporary investments	$	32,868,274
Cash with fiscal agents		556,499
Receivables:		
Accounts		28,227
Accrued interest		64,223
Prepaid		194,002
Resale inventory		328,782
Due from Primary Government		2,883,245
Due from intergovernmental units		413,049
Restricted assets:		
Equity in pooled cash and temporary investments		10,444,139
Total current assets		47,780,440
Capital assets:		
Non-depreciable:		
Land		369,530,431
Easement		17,016,009
Construction in progress		7,892,729
Depreciable:		
Equipment		13,346,343
Building and improvements		477,917,228
Accumulated depreciation		(243,561,872)
Total capital assets, net		642,140,868
Total assets		689,921,308
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding bonds		155,968
Deferred outflow related to pensions		19,477,607
Deferred outflow related to other postemployment benefits		1,059,149
Total deferred outflows of resources		20,692,724
Total assets and deferred outflows of resources		710,614,032
LIABILITIES		
Accounts payable and other accrued liabilities		5,041,857
Accrued salaries and benefits		3,790,289
Contract retainages		140,816
Due to Primary Government		24,422
Unearned revenue:		
Unused passes		6,055,268
Other		294,728
Performance and other deposits		961,836
Accrued interest payable		25,578
Total current liabilities		16,334,794
Long-term liabilities:		
Portion due or payable within one year:		
Compensated absences payable		2,338,774
Loans payable		471,400
Bonds payable		705,000
Premium on bonds payable		63,578
Portion due or payable after one year:		
Compensated absences payable		2,360,303
Loans payable		10,711,200
Bonds payable		1,515,000
Premium on bonds payable		53,406
Net pension liability		56,701,964
Net liability of other postemployment benefits		1,668,459
Total liabilities		92,923,878
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension		4,342,787
Deferred inflows related to other postemployment benefits		2,081,899
Total deferred inflows of resources		6,424,686
Total liabilities and deferred inflows of resources		99,348,564
NET POSITION		
Net Investment in capital assets		628,777,252
Restricted for:		
Certain capital projects		17,977,741
Restricted reserve for:		
E.C. Lawrence Trust - Nonexpendable reserve		1,507,926
Repair and replacement		700,000
Unrestricted (deficit)		(37,697,451)
Total net position	$	611,265,468

See accompanying notes to the financial statements.

Fairfax County Park Authority
A Component Unit of the County of Fairfax, Virginia
Statement of Activities
For the Fiscal Year Ended June 30, 2018

Exhibit B

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
Functions/Programs	**Expenses**	Charges for services	Capital grants and contributions	Governmental activities
Governmental activities:				
Administration	$ 27,229,506	$ 1,584,328	$ 4,963,071	$ (20,682,107)
Maintenance/Renovation	19,429,720	-	380,952	(19,048,768)
Golf courses	10,085,648	9,413,511	2,527,732	1,855,595
Recreation centers	27,798,579	28,967,460	5,233,547	6,402,428
Lake parks	4,299,321	3,837,120	1,953,968	1,491,767
Other leisure services	7,850,894	664,705	6,472,681	(713,508)
Cultural enrichment	11,933,654	2,884,213	2,604,985	(6,444,456)
Interest on long-term debt	543,959	-	-	(543,959)
Total governmental activities	$ 109,171,281	$ 47,351,337	$ 24,136,936	$ (37,683,008)

General revenues:	
Intergovernmental	$ 48,701,098
Investment earnings	247,225
Operating grants not restricted to specific programs	867,319
Capital contributions not restricted to specific programs	6,358,111
Total general revenues	56,173,753
Change in net position	18,490,745
Net position, June 30, 2017, as restated (Note I)	**592,774,723**
Net position, June 30, 2018	**$ 611,265,468**

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
For the Fiscal Year Ended June 30, 2018

	Financed from County General Fund	Park Revenue and Operating Fund	County Construction and Contribution Fund	Park Bond Construction Fund	Park Improvement Fund	Total Governmental Funds
ASSETS						
Equity in pooled cash and temporary investments	$ -	$ 12,620,482	$ -	$ -	$ 20,247,792	$ 32,868,274
Cash with fiscal agents	-	556,499	-	-	-	556,499
Receivables:						
Accounts	-	28,227	-	-	-	28,227
Accrued interest	-	-	-	-	64,223	64,223
Prepaid	134,374	-	59,628	-	-	194,002
Resale inventory	-	328,782	-	-	-	328,782
Due from Primary Government	1,793,044	-	1,090,201	-	-	2,883,245
Due from intergovernmental units	-	16,868	-	396,181	-	413,049
Restricted assets:						
Equity in pooled cash and temporary investments	-	-	-	8,236,213	2,207,926	10,444,139
Total assets	1,927,418	13,550,858	1,149,829	8,632,394	22,519,941	47,780,440
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	312,139	1,140,909	1,149,829	1,766,614	672,366	5,041,857
Accrued salaries and benefits	1,590,857	2,199,432	-	-	-	3,790,289
Contract retainages	-	-	-	140,816	-	140,816
Due to Primary Government	24,422	-	-	-	-	24,422
Unearned revenue:						
Unused Park passes	-	6,055,268	-	-	-	6,055,268
Other	-	-	-	-	294,728	294,728
Performance and other deposits	-	66,288	-	-	895,548	961,836
Total liabilities	1,927,418	9,461,897	1,149,829	1,907,430	1,862,642	16,309,216
Fund balances:						
Nonspendable:						
Prepaid	134,374	-	59,628	-	-	194,002
Inventory	-	328,782	-	-	-	328,782
E.C. Lawrence Trust	-	-	-	-	1,507,926	1,507,926
Restricted for:						
Repair and replacement	-	-	-	-	700,000	700,000
Capital projects	-	-	-	6,724,964	11,252,777	17,977,741
Committed for:						
Debt service	-	556,499	-	-	-	556,499
Revenue and Operating Fund Stabilization Reserve	-	2,182,462	-	-	-	2,182,462
Donation/Deferred revenue	-	1,350,000	-	-	-	1,350,000
Other capital projects	-	-	-	-	7,196,596	7,196,596
Unassigned	(134,374)	(328,782)	(59,628)	-	-	(522,784)
Total fund balances	-	4,088,961	-	6,724,964	20,657,299	31,471,224

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
For the Fiscal Year Ended June 30, 2018

Fund balance - Total governmental funds		$ 31,471,224
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Capital assets:		
Non-depreciable:		
Land	$ 369,530,431	
Easement	17,016,009	
Construction in progress	7,892,729	
Depreciable:		
Equipment	13,346,343	
Building and improvements	477,917,228	
Accumulated depreciation	(243,561,872)	642,140,868
For debt refundings resulting in defeassance of debt, the difference between the reqcquisition price and carrying amount of the old debt should be reported as deferred outflow of resources:		
Deferred loss amount on refunding		155,968
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds:		
Accrued interest payable	$ (25,578)	
Compensated absences payable	(4,699,077)	
Loan payable	(11,182,600)	
Bonds payable due within one year	(705,000)	
Bond payable due in more than one year	(1,515,000)	
Bonds payable premium	(116,984)	
		(18,244,239)
Pension and other postemployment benefit liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Deferred outflows of resources related to pensions		19,477,607
Net pension liability		(56,701,964)
Deferred inflows of resources related to pensions		(4,342,787)
Deferred outflows of resources related to OPEB		1,059,149
Net OPEB liability		(1,668,459)
Deferred inflows of resources related to OPEB		(2,081,899)
Net position of governmental activities		$ 611,265,468

See accompanying notes to the financial statements.

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, 2018

	Financed from County General Fund	Park Revenue and Operating Fund	Financed from County Construction and Contributions	Park Bond Construction Fund	Park Improvement Fund	Total Governmental Funds
REVENUES						
Intergovernmental	$ 34,155,181	$ -	$ 14,545,917	$ 20,272,763	$ 12,654	$ 68,986,515
Charges for services	664,705	44,132,966	-	-	-	44,797,671
Revenue from the use of money and property	-	2,593,876	-	-	1,259,480	3,853,356
Gifts, donations, and contributions	-	867,319	422,856	-	335,408	1,625,583
Developers' contributions	-	-	-	-	3,248,785	3,248,785
Other	-	249,605	-	-	-	249,605
Total revenues	34,819,886	47,843,766	14,968,773	20,272,763	4,856,327	122,761,515
EXPENDITURES						
Current:						
Administration	10,158,002	1,317,929	17,463	179,457	518,840	12,191,691
Maintenance	11,609,841	-	7,473,490	16,224	112,673	19,212,228
Golf courses	-	9,839,077	-	6,673	86,400	9,932,150
Recreation centers	23,684	26,416,926	-	89,992	390,995	26,921,597
Lake parks	776,384	2,599,422	-	-	63,068	3,438,874
Other leisure services	4,131,560	2,559,099	314,042	26,777	265,526	7,297,004
Cultural enrichment	7,917,224	2,148,328	410,422	409,777	297,093	11,182,844
Intergovernmental expenditures	-	820,000	-	-	-	820,000
Capital outlay	203,191	167,960	6,753,356	17,790,030	3,381,121	28,295,658
Debt service:						
Principal retirement	-	1,102,300	-	-	-	1,102,300
Interest and other charges	-	560,344	-	-	-	560,344
Total expenditures	34,819,886	47,531,385	14,968,773	18,518,930	5,115,716	120,954,690
Excess (deficiency) of revenues over (under) expenditures	-	312,381	-	1,753,833	(259,389)	1,806,825
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	-	350,000	350,000
Transfers Out	-	(350,000)	-	-	-	(350,000)
Total other financing sources (uses)	-	(350,000)	-	-	350,000	-
Net change in fund balances	-	(37,619)	-	1,753,833	90,611	1,806,825
Fund balances, June 30, 2017	-	4,107,968	-	4,971,131	20,566,688	29,645,787
Increase in reserve for Inventories	-	18,612	-	-	-	18,612
Fund balances, June 30, 2018	$ -	$ 4,088,961	$ -	$ 6,724,964	$ 20,657,299	$ 31,471,224

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, 2018

Net change in fund balances - Total governmental funds		$ 1,806,825
Increase in fund balance reserve		18,612
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	$ 28,295,658	
Depreciation expense	(15,068,510)	13,227,148
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.		4,900,511
In the Statement of Activities, the gain or loss on the disposition of capital assets is reported. However, in the governmental funds only the proceeds from sales are reported, which increase fund balance. Thus, the difference is the depreciated cost of the capital assets dispositions		(731,317)
Repayment of bond principal is reported as an expenditure or as an other financing use when debt is refunded in governmental funds, and, thus, reduces fund balance. However, the principal payments reduce the liabilities in the Statement of Net Positon and do not result in an expense in the Statement of Activities		
Principal payment to refunding bonds	$ 680,000	1,102,300
Principal payment of notes	422,300	
Interest on long-term debt is reported as an expenditure in the governmental funds when it is due. In the Statement of Activities, however, interest expense is affected as this interest accrues and as bond-related items are amortized. This difference in interest reported is as follows:		
Interest expense	$ 8,155	
Amortized premium and deferred loss	8,230	16,385
Under the modified accrual basis of accounting used in the governmental funds, expenditures for the following are not recognized until they mature. In the Statement of Activities, however, they are reported as expenses and liabilities as they accrue. The timing differences are as follows:		
Compensated absences	$ (4,403)	
		(4,403)
Pension and postemployement benefited related liability does not require the use of current financial resources and, therefore, is not reported in the governmental funds:		
Pension expense		$ (1,574,055)
Other postemployment expense		(271,261)
Change in net position of governmental activities		$ 18,490,745

See accompanying notes to the financial statements.

Fairfax County Park Authority
A Component Unit of the County of Fairfax, Virginia
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

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

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

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

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

3. Measurement Focus and Basis of Accounting

The basis of accounting determines when transactions are reported in the financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions where the Authority either gives or receives value without directly receiving or giving equal value in exchange include grants and donations. On an accrual basis, revenue from use of money and property and program revenue is recognized in the fiscal year for which services were rendered. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Program revenues consist primarily of charges to customers who purchase, use or directly benefit from goods, services, or privileges provided by a given function such as recreational classes, tours, golf lessons and green fees, and camps.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenue from the use of money and property and from intergovernmental reimbursement grants is recorded as earned. Other revenues are considered available to be used to pay liabilities of the current period if they are collectible within the current period or within 45 days thereafter. The Authority recognizes budget appropriation at the time of approval by the Board for the Financed from County General Fund and the Financed from County General Construction and Contributions Fund. Expenditures are recorded when the related liability is incurred and payment is due, except for principal and interest on long-term debt, which are recorded only when payment is due, and certain other general long-term obligations, such as compensated absences and net pension liability.

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

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. This is financed by county tax dollars to provide operating and maintenance dollars for non-revenue producing sites and programs, agency overhead, planning, mowing, ball field maintenance, trails, natural and cultural management and protection. This fund also accounts for the operations of the park facilities that are financed by the county that generally serve to benefit the community overall.

Special Revenue Fund:

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

Capital Projects Funds:

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

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

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

4. Equity in Pooled Cash and Temporary Investments

The Authority maintains its cash in the county treasury. As of June 30, 2018, $43,312,413 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. Resale Inventories

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

6. Prepaid Items

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

7. 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.

8. Capital Assets

Capital assets, including land purchased, donated and transferred, easements, buildings, improvements, equipment and construction in progress, are reported in the Statement of Net

Position. Purchased property and equipment are recorded at historical cost or at estimated historical cost based on appraisals or on other acceptable methods when historical cost is not available. Donated capital assets are stated at their acquisition value as of the date of donation. Transferred capital assets are stated at the transferor's carrying value at the date of transfer.

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

9. Compensated Absences

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

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

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

10. 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. Currently, the Authority reports unearned revenue for all categories except program fee for summer camps and classes for which services are rendered within 45 days after the fiscal year end. Due to the nature of timing and immateriality, the Authority does not recognize unearned revenue on proceeds from program fee for summer camps and classes and plans to continue with the existing practice. The balance of unearned revenue, exclusive of summer classes and camps, at June 30, 2018 was $6.35 million.

11. Net Position

Net Position is comprised of three categories: net investment in capital assets, restricted, and unrestricted. The first category reflects the portion of net position associated with non-liquid capital assets, less related outstanding debt (net). The related debt (net) is the debt less the outstanding liquid assets and any associated unamortized costs. Restricted net position are restricted assets, net of related debt. As of June 30, 2018, the Authority had $20.19 million in restricted net position. Net position which is neither restricted nor related to capital assets is reported as unrestricted.

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

12. 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.

13. Fund Balance Classification

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

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

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

Nonspendable:

E.C. Lawrence Trust - In January 1997, the Authority's Board received $1.31 million from the E.C. Lawrence Trust. In accordance with the Authority's Board resolution, $1.28 million is to remain in perpetuity with interest to be spent on the E.C. Lawrence Park. On June 12, 2002, the Authority's Board took action to increase the portion of the fund held in perpetuity to $1.51 million, which includes $1.28 million plus a portion of the accumulated interest. As of June 30, 2018, the fund balance of the Park Improvement Fund includes a combined principal investment and interest amount of $1.51 million is nonspendable.

Inventory - As of June 30, 2018, the Park Revenue and Operating fund has a nonspendable resale inventory balance of $0.33 million.

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 $0.70 million is determined by the Authority to be necessary in any fiscal year for repairs and replacements to these facilities. Amounts on deposit in the balance may also be used to pay debt service on the bonds, if necessary.

Restricted for Capital Projects:

At the year end, the unspent fund balance of $6.72 million, but committed to bond projects in the Park Bond Construction Fund is funded by county general obligation bond proceeds and is restricted for capital projects to improve recreational facilities such as playgrounds, picnic areas, trails and recreation center/swimming pool complexes or to acquire new land and develop and improve park facilities.

The fund balance of $11.25 million in the Park Improvement Fund is funded through grants, proffers and contributions and is restricted for specific park capital improvements.

Committed to Debt Service:

The Park Revenue and Operating Fund's committed fund balance for debt service of $0.56 million as of June 30, 2018 was adopted by the Authority's Board in fiscal year 2018 and it represents a prepayment of principal and interest on the Revenue Refunding Bonds Series 2013.

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

The Park Revenue and Operating Fund's committed fund balance for the stabilization reserve is $2.18 million, which is $0.15 million less than the $2.33 million amount that the Authority's board adopted in the Park Revenue and Operating Fund in fiscal year 2018. Three specific criteria must be met to draw from this fund. Projected revenue must reflect a decrease greater than 1.5% from the current year estimate, withdrawals must not exceed one-half of the fund balance in any fiscal year, and withdrawals must be used in conjunction with spending cuts or other measures. Permission to use the stabilization reserve must be given by the Authority's board who has fiduciary oversight of the Park Authority Revenue & Operating Fund. The reserve is maintained at a minimum of 5.0% of the approved annual expenditure budget minus debt of the fund.

Committed to Donation Reserve:

The Park Revenue and Operating Fund's committed fund balance for the donation reserve of $1.35 million was adopted by the Authority's Board in fiscal year 2018 and includes donations and as a set aside to cover any unexpected delay in revenue from sold but unused park passes.

Committed to Other Capital Projects:

The Park Improvement Fund's committed fund balance for other capital projects of $7.20 million was adopted by the Authority's board in fiscal year 2018 to provide capital improvements to the revenue-generating facilities and parks, as well as to various park sites.

Unassigned fund balance:

The Park Revenue and Operating fund has an unassigned fund balance of ($0.33) million to record resale inventory reported as a component of asset in the government-wide statements.

14. Encumbrances

The Authority uses encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve that portion of the applicable appropriation. Encumbrances represent the estimated amount of expenditures ultimately to result if unperformed contracts and open purchase orders are completed. Encumbrances for the capital projects funds do not lapse until the completion of the projects and are reported as reservations of fund balance at year end. Funding for all other encumbrances lapses at year end and requires re-appropriation by the Board.

Significant encumbrances by function as of June 30, 2018 are as follows:

Function		Encumbrances Balances
Administration	$	3,553,032
Maintenance/Renovation		3,002,387
Golf courses		1,405,391
Cultural enrichment		1,167,592
Other leisure services		5,584,548
Lake Parks		486,509
Recreation center		1,141,631
Total Encumbrances	**$**	**16,341,090**

Significant encumbrances by fund as of June 30, 2018 are as follows:

Fund		Encumbrances Balances
Financed from County General Fund	$	193,046
Financed from County General Construction and Contributions Fund		5,432,176
Park Bond Construction Fund		9,340,067
Park Revenue and Operating Fund		186,852
Park Improvement Fund		1,188,949
Total	$	16,341,090

15. Pensions and OPEB

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

16. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources representing an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows for pension and OPEB activities result from changes in actuarial proportions, changes in actuarial assumptions, differences between projected and actual earnings on pension and OPEB investments and differences between expected and actual experience. Deferred inflows related to investment differences are deferred and amortized over a closed five-year period and all other deferred inflows are amortized over the remaining service life of all participants.

17. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

18. 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 Investment Committee, which is comprised of the chief financial officer and certain key management and investment staff.

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

The Code of Virginia (Code), authorized the county and the Authority to purchase the following investments:

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

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

2. Fair Value Measurement

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

The reporting entity categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the source and type of information used to determine the fair value of the asset. The hierarchy gives the highest level to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest level to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 Information is unadjusted quoted prices for identical instruments in active markets that the County has the ability to access.

Level 2 Information is quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, quoted prices that are observable, either directly or indirectly from a source other than an active market.

Level 3 Includes unobservable information to arrive at the valuation.

The value of the investment for the county as of June 30, 2018 can be located in the County's *Comprehensive Annual Financial Report* (CAFR) Notes under Note B—Deposits and Investments of the Basic Financial Statements section. Investments held by the county are associated with the county policy for investing fund and are not allocated as investments of the Authority.

Virginia Investment Pool is invested in high-quality corporate and government securities with average duration of between 1 to 3 year. The asset value of the Portfolio is determined by calculating the fair market value of all securities and assets held Portfolio, including accrued interest and amounts owed to the Portfolio for securities sold or principal and income not collected as of the Portfolio Valuation date, less any liabilities of the Portfolio. The value of each Participant's account is determined by dividing the net asset value of the Portfolio by the total number of shares of beneficial interest, multiplied by the number of shares owned by the Participant. Prices for securities held in the Portfolio shall be valued at the most recent bid price or yield equivalent as obtained from one or more market makers for such securities, except that any securities designated as money market securities may be valued using the amortized cost method based upon the Portfolio's acquisition of the security.

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

3. Interest Rate Risk

The Authority's investment within the county's pooled investment portfolio is covered by the county's policy to minimize the risk that the market value of securities in its portfolio will fall due to changes in market interest rates. To achieve this minimization of risk, the county structures the pooled investment portfolio so that sufficient securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Pooled investments that are purchased to meet liquidity needs shall have a target weighted average maturity of 90 days or less. All other pooled funds are invested primarily in shorter-term securities.

4. Credit Risk

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

The policy specifies the following acceptable credit ratings for specific types of investments in the pooled portfolio:

- ♦ U.S. government agencies and GSE instruments should have a rating of Prime-1 by Moody's and A-1 by S&P. In those instances when a GSE does not have a rating, a thorough credit and financial analysis will be conducted by county investment staff.

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

- ♦ Mutual funds must have a rating of AAA or better by S&P, Moody's, or another nationally recognized rating agency.

- ♦ Negotiable certificates of deposit must have a rating of at least A-1 by S&P and P-1 by Moody's if less than 1 year, and a rating of AA by S&P if more than 1 year.

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

- ♦ Corporate notes must have a rating of at least Aa by Moody's and a rating of at least AA by S&P.
- ♦ LGIP bond fund must have a rating of AAA by S&P, and "AAAm" by S&P for VIP Stable NAV Liquidity Pool.

- ♦ Supranatioals must have a rating of AAA by S&P or Moody's.

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

5. Concentration of Credit Risk

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

U.S. Treasury securities and agencies	100% maximum
Negotiable certificates of deposit	40% maximum
Banker's acceptances	35% maximum
Commerical paper	35% maximum
Repurchases agreements	30% maximum
Mutual funds	30% maximum
Virginia investment pool - daily liquidity	30% maximum
Corporate notes	25% maximum
Non-negotiable certificates of deposit	25% maximum
Virginia investment pool - LGIP Bond Fund	25% maximum
Insured certificates of deposits	15% maximum
Bank demand deposit	15% maximum
Supranationals	10% 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, corporate notes, negotiable certificates of deposits, banker's acceptance and supranationals.

6. Custodial Credit Risk

For deposits, custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the Virginia Security for Public Deposits Act (Act), all of the county's deposits are covered by federal depository insurance or collateralized in accordance with the Act, which provides for the pooling of collateral pledged by financial institutions with the Treasurer of Virginia to secure public deposits as a class. No specific collateral can be identified as security for one public depositor, and public depositors are prohibited from holding collateral in their name as security for deposits. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. If the value of the pool's collateral is inadequate to cover a loss, additional amounts are assessed on a pro rata basis to the member of the pool. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirement of the Act and for notifying local government of compliance by participating financial institutions. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance; therefore, funds deposited in accordance with the requirements of the Act are considered to be fully insured.

For investments, custodial credit risk is the risk that, in the event of the failure of a counterparty, the county will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Per policy, all of the pooled investments purchased by the county are insured or registered or are securities held by the county or its agent in the county's name.

Certain investments of the Authority are separately held by its fiscal agent, U.S. Bank National Association, in the Authority's name. These investments are held in Fidelity Treasury Funds through money market accounts. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost, which approximates fair value. The Authority follows the County's Policy with respect to acceptable credit ratings for its investments. Cash with fiscal agents in the amount of $556,499 is committed for debt service requirements related to the 2013 Park Facilities Revenue Refunding Bonds.

7. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of the investment. Per the county's policy, pooled investments are limited to U.S. dollar denominated instruments; however, the pension trust funds of the county are allowed to invest in foreign currency denominated instruments.

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, 2018 consist of the following:

	Park Revenue and Operating Fund	Park Improvement Fund
Receivables:		
Accounts	$ 28,227	$ -
Accrued interest	-	64,223
Total receivables	$ 28,227	$ 64,223

D. Interfund Balances and Transfers

Due from/to Primary/Other Government and Intergovernmental Units

The Authority's revenues in certain funds consist of a transfer from the county to offset actual expenditures incurred during the fiscal year. Consistent with the Authority's funding mechanism, the amount due to and from the Primary Government and intergovernmental units are equal to the Authority's total outstanding liabilities in these funds on the modified accrual basis of accounting. As of June 30, 2018, the amount due from the county and intergovernmental units was $3.30 million. Of this amount, $1.79 million is due from the County General Fund and represents accrued salaries, accrued fringe benefits, accounts payable and accrued liabilities, $1.09 million is due from the County General Construction and Contributions Fund and represents accounts payable and accrued liabilities.

The Authority owes the Primary Government $0.02 million which consists of the Department of Human Administration (Health Department) and the Department of Information Technology for rabies testing and postage respectively. Due from intergovernmental units are $0.40 million for grant reimbursement from National Park Services, and $0.02 million due from Public Links Incorporation.

Amounts due to the Authority from the Primary Government as of June 30, 2018 include the following:

Payable Entity	Receiving Entity		Amount
Primary Government	**Component Unit**		
General Fund	Park Authority	$	1,793,044
County Construction and Contribution Fund	Park Authority		1,090,201
Total		$	2,883,245

Amounts due from Authority to the Primary Government as of June 30, 2018 include the following:

Payable Entity	Receiving Entity		Amount
Fairfax County Park Authoirty	**Receiving Entity**		
General Fund	DIT	$	23,662
General Fund	Health Dept.		760
Total		$	24,422

Amounts due to the Authority from other intergovernmental units as of June 30, 2018 include the following:

		Park Revenue and Operating Fund		Park Bond Construction Fund
Non-Profit entity	$	16,868	$	-
Federal Government		-		396,181
Total	$	16,868	$	396,181

Inter-fund Transfers

Inter-fund transfers are used to finance construction projects, capital purchases, and capital improvements. Inter-fund transfers for the year ended June 30, 2018, are as follows:

		Transfers In		Transfers Out
Park Improvement Fund	$	350,000	$	-
Park Revenue and Operating Fund		-		350,000
Total Transfer In/Out	$	350,000	$	350,000

E. Capital Assets

The following is a summary of the changes in capital assets for fiscal year 2018:

	Balances June 30, 2017	Additions	Deletions	Balances June 30, 2018
Capital assets, not being depreciated:				
Land	$ 360,484,406	$ 9,598,751	$ (552,726)	$ 369,530,431
Easement	17,016,009	-	-	17,016,009
Construction in progress	8,207,888	5,868,563	(6,183,722)	7,892,729
Total capital assets, not being depreciated	385,708,303	15,467,314	(6,736,448)	394,439,169
Capital assets, being depreciated:				
Buildings and improvements	455,150,214	23,545,511	(778,497)	477,917,228
Equipment	13,291,721	833,427	(778,805)	13,346,343
Total capital assets, being depreciated	468,441,935	24,378,938	(1,557,302)	491,263,571
Less accumulated depreciation for:				
Buildings and improvements	(220,617,335)	(14,676,535)	450,030	(234,843,840)
Equipment	(8,788,377)	(391,975)	462,320	(8,718,032)
Total accumulated depreciation	(229,405,712)	(15,068,510)	912,350	(243,561,872)
Total capital assets, being depreciated, net	239,036,223	9,310,428	(644,952)	247,701,699
Total capital assets, net	$ 624,744,526	$ 24,777,742	$ (7,381,400)	$ 642,140,868

Depreciation Expense by Function:	
Administration	$ 11,619,984
Maintenance/Renovation	237,696
Golf courses	531,940
Recreation centers	861,425
Lake parks	885,072
Other leisure services	183,607
Cultural enrichment	748,786
Total depreciation expense	$ 15,068,510

F. Long-term Obligations

The following is a summary of changes in the government-wide long-term obligations of the Authority for fiscal year 2018:

	Balance* June 30, 2017	Additions	Reductions	Balance June 30, 2018	Due within One Year
Revenue bonds payable:					
Principal amount of bonds payable	$ 2,900,000	$ -	$ (680,000)	$ 2,220,000	$ 705,000
Premium on bonds payable	203,198	-	(86,214)	116,984	63,578
Long-term loan payable	11,604,900	-	(422,300)	11,182,600	471,400
Compensated absences payable	4,694,674	2,301,867	(2,297,464)	4,699,077	2,338,774
Net pension liability	52,081,396	10,482,660	(5,862,092)	56,701,964	-
Net OPEB liability	3,511,639	-	(1,843,180)	1,668,459	-
Total	$ 74,995,807	$ 12,784,527	$ (11,191,250)	$ 76,589,084	$ 3,578,752

*Beginning balance was restated due to the implementation of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions;* See Note I on page 50.

Compensated absences payable, Laurel Hill debt from GO Bonds, and obligations from the primary government are liquidated by the General Fund and other governmental funds. Park Revenue and Operating Fund is used to liquidate pay off revenue bond debt and obligations related with pension and other postemployment benefits.

Bonds Payable

In February 1995, the Authority issued $13,870,000 of Park Facilities Revenue Bonds, Series 1995, to fund the construction of additional golf facilities for county residents and patrons. On September 15, 2001, the Authority issued $13,015,000 of Park Facilities Revenue Refunding Bonds, Series 2001, with an average interest rate of 4.36%, to advance refund $11,670,000 of the outstanding Series 1995 Bonds with an average interest rate of 6.62%. Proceeds of $12,615,112 were used to purchase U.S. Government securities, which were deposited in an irrevocable escrow fund to provide for the resources to redeem the Series 1995 Bonds on July 15, 2003. The outstanding $7.02 million of Revenue Bonds Series 2001 was refunded on June 5, 2013 through the Virginia Resources Authority bond sale of Series 2013, which resulted in a total debt service savings of $1.92 million. These bonds are solely the obligations of the Authority and are payable from the Park Revenue Fund's revenues from operations, earnings from investments, and certain fund balance reserves.

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

The debt service requirements to maturity for the outstanding bonds Series 2013 as of June 30, 2018 are:

Fiscal Year	Interest Rate	Principal	Interest	Total
2019	4.23	$ 705,000	$ 87,959	$ 792,959
2020	4.82	740,000	55,206	795,206
2021	4.82	775,000	18,684	793,684
	Totals	$ 2,220,000	$ 161,849	$ 2,381,849

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

Loan Payable to the county

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

The debt service requirements to maturity for the outstanding loan as of June 30, 2018 are:

Fiscal Year	Interest Rate		Principal	Interest	Total
2019	5.00 %	$	471,400	$ 416,954	$ 888,354
2020	5.00		526,100	393,384	919,484
2021	5.00		585,700	367,079	952,779
2022	5.00		645,300	337,794	983,094
2023	5.00		714,100	305,529	1,019,629
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	$	11,182,600	$ 3,455,777	$ 14,638,377

Conduit Debt

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

As the county is responsible, under the related documents and subject to appropriation, to pay the principal and interest on the notes, the related transactions, including the liability for the notes, have been recorded in the county's financial statements and not in those of the Authority. As of June 30, 2018, $4,837,500 of these notes are outstanding.

Bond Rating

The county has the highest credit ratings possible for a local government for its general obligation bonds: Aaa from Moody's Investors Service, Inc., AAA from Standard and Poor's Corporation, and AAA from Fitch Investors Service. The Authority maintains an "AA" rating from Standard and Poor's for its revenue bond debt.

G. Commitments and Contingencies

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

H. Other Information

1. Retirement Plans

Plan Description

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

Benefits Provided

Benefit provisions are established and may be amended by county ordinances. All benefits vest at five years of creditable service. Members who were hired before January 1, 2013, may elect to join Plan A or Plan B, and members who were hired on or after January 1, 2013, may elect to join Plan C or Plan D. To be eligible for normal retirement, an individual must meet the following criteria: (a) attain the age of 65 with five years of creditable service, (b) for Plans A and B, attain the age of 50 with age plus years of creditable service being greater than or equal to 80, or (c) for Plans C and D, attain the age of 55 with age plus years of service being greater than or equal to 85. The normal retirement benefit is calculated using average final compensation (i.e., the highest 78 consecutive two week pay periods or the highest 36 consecutive monthly pay periods) and years (or partial years) of creditable service at date of termination. In addition, if normal retirement occurs before Social Security benefits are scheduled to begin, an additional monthly benefit is paid to retirees. Plan provides that unused sick leave credit may be used in the calculation of average final compensation by projecting the final salary during the unused sick leave period. Those who commenced employment on or after January 1, 2013, may not use more than 2,080 hours of accrued sick leave toward service credit for retirement or DROP entry. The benefit for early retirement is actuarially reduced and payable at early termination.

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

Funding Policy

All contribution requirements for ERS are established and may be amended by county ordinances, including member contribution rates. Plan A and Plan C require member contributions of 4.0% of compensation up to the Social Security wage base and 5.33% of compensation in excess of the wage base. Plan B and Plan D require member contributions of 5.33% of compensation.

The Authority is required to contribute at an actuarially determined rate; the rate for the year ended June 30, 2018, was 25.29%. Since the ERS's adjusted funded ratio (the ratio of the sum of the actuarial value of assets and commitments already made to fund changes to the actuarial accrued liability) fell below 90%, the contribution rate includes a margin to amortize this shortfall back to the 90% level. For fiscal year 2018, the amortization target was increased to 98%. The employer contribution made during the measurement period of the liability was $5,862,091. The 2018 employer contribution totaled to $6,464,209.

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

At June 30, 2018, the Authority reported a liability of $56,701,964 for its proportionate share of the net pension liability. The ERS calculated Total Pension Liability was based on participant data collected as of December 31, 2016 and an actuarial valuation as of June 30, 2017, using the entry age actuarial cost method, with a measurement date of June 30, 2017. At June 30, 2017, the Authority's proportion was 3.50%, an increase of 0.09% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Authority recognized pension expense of $8,038,264. At June 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,100,760	$ 2,556,072
Changes of assumptions	1,601,735	-
Net difference between projected and actual earnings on pension plan investments	8,292,138	-
Change in proportion applicable to Authority	1,018,765	1,786,715
Authority contributions subsequent to the measurement date	6,464,209	-
Total	$ 19,477,607	$ 4,342,787

$6,464,209 reported as deferred outflows of resources related to the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2019	$	2,061,327
2020		3,668,486
2021		2,456,172
2022		484,626
Total	$	8,670,611

Actuarial Assumptions

The ERS calculated Total Pension Liability was based on participant data collected as of December 31, 2016 and an actuarial valuation as of June 30, 2017, using the entry age actuarial cost method with a measurement date of June 30, 2017.

Significant actuarial assumptions used in the valuation include:

Inflation	2.75%
Salary increases, including inflation	2.75%
Investment rate of return, net of plan investment expenses	7.25%
Projected period of unfunded benefit payments	None
Mortality	Health and Disabled Annuity RP-2014
Combined Mortality projected using RDEC-2015	

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015.

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

Best estimates of arithmetic real rates of return for each major asset class included in the ERS's target asset allocation as of June 30, 2017, are summarized below.

Long–term Expected Rate of Return/Target Allocation

Asset Class	Long Term Expected Real Rate of Return	Target Allocation*
U.S. Equities	5.6%	16.0%
U.S. small Cap Equity	7.8%	4.0%
International Dev.	5.6%	7.0%
International EM	10.1%	3.0%
Private Equities	14.4%	2.0%
Core Bonds	2.1%	25.0%
High Yield	4.6%	10.0%
Global Bonds	0.9%	5.0%
Emerging Markets Debt	4.8%	2.0%
Real Estate	6.8%	8.0%
Absolute Return	11.3%	20.0%
Risk Parity	6.5%	15.0%
Commodities	5.9%	5.0%
Cash	1.0%	3.0%

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

Discount Rate

The discount rate used to measure the Total Pension Liability (TPL) was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that county contributions will be made according to the county's stated policy. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Total Pension Liability	$ 210,742,428	$ 188,069,023	$ 169,078,729
Plan Fiduciary Net Position	(131,367,059)	(131,367,059)	(131,367,059)
Net Pension Liability	$ 79,375,369	$ 56,701,964	$ 37,711,670
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62%	70%	78%

Pension Plan Fiduciary Net Position

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

Information concerning the ERS as a whole, including pension plan's fiduciary net position, is available in the county CAFR for the fiscal year ended June 30, 2018. Additionally, the ERS issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Employee's Retirement System, 12015 Lee Jackson Memorial Highway, Suite 350, Fairfax, VA 22033, or by calling (703) 279-8200. The county and ERS CAFRS may be accessed online.

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

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

2. Risk Management

The Authority is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and residents, and natural disasters. For all of these risks, the Authority participates in the county's self-insurance program. The Authority is charged "premiums", which are computed based on relevant data coupled with actual loss experience applied on a retrospective basis. There were no claims settlements in excess of insurance coverage in any of the past three fiscal years. Information regarding the county's insurance program is available in the county CAFR for the fiscal year ended June 30, 2018.

3. Other Postemployment Benefits (OPEB)

The Fairfax County OPEB Plan (the Plan) is a single-employer defined benefit plan administered by county presented as a cost-sharing plan in the authority's statements. The Plan provides the opportunity to continue participation in medical/dental, vision, and life insurance benefits for eligible retirees and their spouses. The plan benefits correspond with benefits available to active employees. The benefit provisions are established and may be amended by the Board. Fiduciary oversight is provided by the members of the Local Finance Board for OPEB and deferred compensation. The members of this finance board are the CFO/Director of Management and Budget, Director of Finance, Director of Human Resources, and the Executive Director of the Retirement Agency. The Plan does not issue a stand-alone financial report. Financial information about the Plan and its fiduciary net position is available in the county's annual financial report available online at:
http://www.fairfaxcounty.gov/finance/financialreporting/comprehensiveannualfinancialreport

In order to participate in the Plan, an Authority employee must meet retirement criteria for the ERS. The retiree must have the applicable benefit(s) in place as an active employee, and must maintain continuous participation in the benefit plan into retirement. Upon retirement, the county no longer contributes to the premium payments and the participant becomes responsible for 100% of applicable premiums less any applicable subsidies.

Beginning in fiscal year 2006, the amount of monthly medical subsidy provided by the County is based on years of service and ranges from $30 per month to $220 per month. Employees who retired prior to July 1, 2003 are eligible for the greater of the amount based on the current subsidy structure and an amount calculated based on the subsidy structure in place prior to July 2003. In addition, the Board has established a program to subsidize the continuation of term life insurance at reduced coverage amounts, for retirees. Retirees generally pay for 50 percent of their coverage amounts at age-banded premium rates, with the County incurring the balance of the cost. In order to receive these subsidies, retirees must be 55 or older and have a minimum of five years of service credit. If participation in any of the benefit areas is discontinued, eligibility is lost and a retiree may not re-enroll into the Plan benefit. Consequently, all inactive employees are considered to be receiving benefits.

Contributions to the plan are made by appropriation from the Board based on their commitment to fund actuarially determined amount. The employer contributions made during the measurement period of the liability was $1,091,692. The authority's contribution for fiscal year June 30, 2018 was $926,978. Plan members are not required to contribute to the OPEB Trust Fund.

Assumptions

Total OPEB Liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Salary Increases	3.00%
Investment Rate of Return	7.00%, net of OPEB plan invesment expense, including inflation
Retirement Age	Varies by age and pension plan
Mortality	RP-2014 Mortality Table fully generational projected using scale MP-2015. Disabled mortality is assumed to be RP-2014.
Healthcare Cost Trend Rate	7.2% - 9.0% decreasing to 4.5%

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

Investments

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class and target allocations as of June 30, 2017 are as follows:

Long Term Expected Real Rate of Return/Target Allocation

Asset Class	Expected Real Rate of Return	Target Allocation
Domestic Equity (Large Cap)	6.50%	26.00%
Domestic Equity (Small Cap)	7.00%	10.00%
International Equity	7.30%	13.00%
Emerging Markets Equity	7.80%	5.00%
Core US Fixed Income	3.50%	7.00%
Corporate Fixed Income	4.20%	14.00%
Hedge Funds	4.20%	10.00%
Real Estate	5.50%	7.00%
Private Equity	9.00%	5.00%
Commodities	5.30%	3.00%

There are no concentrations in any one organization that represent 5 percent or more of the fiduciary net position in the Plan.

The Plan's funds are invested in domestic and international equity and fixed income funds through the Virginia Pooled OPEB Trust Fund established as the investment vehicle for participating employers. County is not involved in the administration of these funds. Further information about the Virginia Pooled OPEB Trust Fund sponsored by VML/VACo., including financial statements, can be obtained by writing to VML/VACo Finance Program, 919 East Main Street, Suite 1100, Richmond, Virginia 23219.

Discount Rate

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

Net OPEB Liability

At June 30, 2018, the Authority reported a liability of $1,668,459 for its proportionate share of the net OPEB liability. The Actuary calculated Total OPEB Liability was based on participant data collected as of July 1, 2016 and an actuarial valuation as of June 30, 2017, using the entry age actuarial cost method with a measurement date of June 30, 2017, the Authority's proportion was 3.90%.

Net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. Authority's net OPEB liability is determined by Authority's proportional share of the OPEB plan participation. The components of the net OPEB liability at June 30, 2018 are as follows:

Total OPEB Liability	$	12,571,444
Plan Fiduciary Net Position (Market Value of Assets)		(10,902,985)
Net OPEB Liability	$	1,668,459
Plan fiduciary net position as a percentage of the OPEB liability		86.73%

Sensitivity Analysis

The following represents net OPEB liability using the 7% discount rate, as well as what the liability would be if the discount rate were decreased or increased by one percent.

	1% Decrease 6%		Current Rate 7%		1% Increase 8%	
Total OPEB Liability	$	14,597,218	$	12,571,444	$	10,976,227
Plan Fiduciary Net Position		(10,902,985)		(10,902,985)		(10,902,985)
Net OPEB Liability	$	3,694,233	$	1,668,459	$	73,242

The following represents net OPEB (asset) liability calculated using the healthcare trend rates (7.20%- 9.00% decreasing to 4.50%), as well as the impacts of calculating the rates at one percentage point lower (6.20%-8.00% decreasing to 3.50%) or one percentage point higher (8.20%-10.00% decreasing to 5.50%):

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

	1% Decrease (Varied decreasing to 3.5%)	Trend Rate (Varied decreasing to 4.5%)	1% Increase (Varied decreasing to 5.5%)
Total OPEB Liability	$ 10,868,197	$ 12,571,444	$ 14,970,759
Plan Fiduciary Net Position	(10,902,985)	(10,902,985)	(10,902,985)
Net OPEB Liability	$ (34,788)	$ 1,668,459	$ 4,067,774

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

For the year ended June 30, 2018, the Authority recognized OPEB expense of $1,198,239. At June 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 132,171	$ -
Change in assumptions	-	884,170
Net Difference between projected and actual earnings on OPEB plan	-	1,197,729
Contributions subsequent to the Measurement Date	926,978	-
Total	$ 1,059,149	$ 2,081,899

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

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

Year Ended June 30	
2019	$ 370,616
2020	370,616
2021	370,616
2022	370,616
2023	179,162
Thereafter	288,102
	$ 1,949,728

4. On-behalf Payments

On-behalf payments for salaries and fringe benefits are direct payments made by one entity (the County) to a third-party recipient for the employees of another, legally separate entity (the Authority). On-behalf payments include salaries, pension plan contributions, employee health and life insurance premiums, and salary supplements. The county expended

$28,196,965 in on-behalf payments for the Authority for fiscal year 2018. This amount consisted of $18,381,702 in salaries; $3,348,001 in health, life, catastrophic loss and unemployment insurance premiums; $1,241,144 in Federal Insurance Contributions Act (FICA); $4,220,410 in pension plan contributions; and $1,005,708 in liability insurance premium payments. The Authority is not required to reimburse the county for these payments, therefore, the Authority recognized revenues and expenditures for the amounts paid on behalf of the Authority by the County General Fund for fiscal year 2018.

5. Related Parties

The Park Foundation (the Foundation) is related to the Authority through common support. For fiscal year 2018, the Authority made in-kind donations of salaries and benefits, rent and office expense to the Foundation totaling $366,490. The Foundation's fundraising efforts are directed towards granting funding to support the parks and open spaces under the management of the Authority. For fiscal year 2018, the Foundation made payments totaling $811,803 to the Authority.

During fiscal year 2018, the Authority purchased, in the ordinary course of business, services from the county under a Memorandum of Understanding. These included office services, transportation, and communications. Also, a county-owned building serves as the Authority's administrative headquarters. No rent is charged to the Authority by the county.

I. Implementation of New Accounting Pronouncements:

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

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

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

To facilitate the implementation of this change in accounting requirements, restated net position as of July 1, 2017 has been restated as follows:

2017 Total net position	Include Net OPEB Liability	Deferred Outflow-Contributions made after the measurement date	2017 net position, as restated
$ 595,194,670	(3,511,639)	1,091,692	592,774,723

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, No.85, *Ominibus 2017*, and No. 86, *Certain Debt Extinguishment Issues* are effective for the fiscal year ended June 30, 2018. GASB Statement No. 89**,** *Accounting for Interest Cost Incurred before the End of a Construction Period* is effective the fiscal year end June 30, 2021. The Authority adopted the provisions of these statements for the fiscal year ended June 30, 2018. The implementation of these new standards did not have a material impact on the Authority's financial statements.

Required Supplementary Information

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

Fairfax County Park Authority
A Component Unit of the County of Fairfax, Virginia
Budgetary Comparison Schedule - General Fund (Financed from County General Fund) (Budget Basis)
For the Fiscal Year June 30, 2018 *(Unaudited)*

RSI - 1

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final	(Budget Basis)	Positive (Negative)
REVENUES				
Charges for services	$ 807,981	$ 705,800	$ 664,705	$ (41,095)
Intergovernmental	23,796,700	24,510,940	24,339,918	(171,022)
Total revenues	24,604,681	25,216,740	25,004,623	(212,117)
EXPENDITURES				
Administration	5,826,934	7,146,934	7,218,204	(71,270)
Maintenance	9,541,272	8,687,139	8,874,213	(187,074)
Other leisure services	4,221,165	4,275,022	3,565,091	709,931
Cultural enrichment	5,015,310	5,107,645	5,347,115	(239,470)
Total expenditures	24,604,681	25,216,740	25,004,623	212,117
Net change in fund balance	$ -	$ -	$ -	$ -

See accompanying notes to the required supplementary information

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

Fairfax County Park Authority **RSI - 2**
A Component Unit of the County of Fairfax, Virginia
Budgetary Comparison Schedule - Park Revenue and Operating Fund
For the Fiscal Year June 30, 2018 ***(Unaudited)***

	Budgeted Amounts			
	Original	Final	Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
REVENUES				
Charges for services	$ 45,569,454	$ 45,569,454	$ 44,074,056	$ (1,495,398)
Revenue from the use of money and property	2,653,276	2,653,276	2,538,184	(115,092)
Gifts and donations	945,611	945,611	1,141,170	195,559
Other	32,459	32,459	90,356	57,897
Total revenues	49,200,800	49,200,800	47,843,766	(1,357,034)
EXPENDITURES				
Administration	2,904,114	2,904,232	3,026,153	(121,921)
Golf courses	9,794,679	9,794,679	9,916,732	(122,053)
Recreation centers	32,878,897	32,878,779	31,637,897	1,240,882
Cultural enrichment	2,229,406	2,229,406	2,148,328	81,078
Laurel Hill debt	802,508	802,508	802,275	233
Total expenditures	48,609,604	48,609,604	47,531,385	1,078,219
Excess of revenues over expenditures	591,196	591,196	312,381	(278,815)
OTHER FINANCING USES				
Transfers out	-	(350,000)	(350,000)	-
Total other financing uses	-	(350,000)	(350,000)	-
Net change in fund balance	$ 591,196	$ 241,196	$ (37,619)	$ (278,815)

See accompanying notes to the required supplementary information

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

Fairfax County Park Authority **RSI - 3**
A Component Unit of the County of Fairfax, Virginia
Schedule of Proportionate Share of the Net Pension Liability
ERS Pension Plan - Last 10 Fiscal Years*
For the Fiscal Year June 30, 2018 *(Unaudited)*

Schedule of Proportionate Share of the Net Pension Liability
ERS Pension Plan
Last 10 Fiscal Year*

	2018	2017	2016	2015
Authority's proportion of the net pension liability	3.5037%	3.4122%	3.4914%	3.7218%
Authority's proportion share of the net pension liability	$56,701,964	$52,081,396	$44,910,210	$38,774,320
Authority's covered payroll	$25,598,651	$24,172,428	$23,996,881	$24,995,514
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	221.5%	215.5%	187.2%	155.1%
Plan fiduciary net position as a percentage of the total pension liability	69.9%	70.2%	74.2%	78.3%

*The schedule is intended to show information for 10 years. As 2015 is the first year implemented, additional years will be displayed as they become available. The amounts presented for each fiscal year were determined as of 6/30, year shown is Fiscal Year of presentation.

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

Fairfax County Park Authority **RSI - 4**
A Component Unit of the County of Fairfax, Virginia
Schedule of Contributions
ERS Pension Plan - Last 10 Fiscal Years*
For the Fiscal Year June 30, 2018 *(Unaudited)*

	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Authority's Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	$ 6,464,209	$ 6,464,209	$ -	$ 25,560,336	25.3 %
2017	5,862,091	5,862,091	-	25,598,651	22.9 %
2016	5,315,517	5,315,517	-	24,172,428	22.0 %
2015	4,835,372	4,835,372	-	23,996,881	20.2 %
2014	4,824,145	4,824,145	-	24,995,514	19.3 %

*The schedule is intended to show information for 10 years. 2014 is first year implemented, additional years will be displayed as they become available.

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

Fairfax County Park Authority **RSI - 5**
A Component Unit of the County of Fairfax, Virginia
Schedule of Contributions—OPEB
Last Ten Fiscal Years*
For the Fiscal Year June 30, 2018 (Unaudited)

Schedule of Conbtribution -OPEB
Dollar amount in thousands

	Fiscal Year Ending	
	2017	**2018**
Actuarially determined contribution	$ 791	$ 824
Contributions made in relation to the actuarially determined contribution	1,092	927
Contribution excess	(301)	(103)
Covered employee payroll	35,418	34,691
Contributions as a percentage of covered employee payroll	3.08%	2.67%

*These schedules are intended to show information for 10 years. 2017 is the first year the information is prepared, and under GASB requirements 2018 is the first year for component units to report. Additional years will be displayed as they become available.
"Unaudited" - See accompanying independent auditor's report.

Fairfax County Park Authority **RSI - 6**
A Component Unit of the County of Fairfax, Virginia
Schedule of Proportionate Share of the Net OPEB Liability
Last Ten Fiscal Years*
For the Fiscal Year June 30, 2018 (Unaudited)

	Fisal Year Ending 2018
Authority's proportion of the net OPEB liability	3.90%
Authority's proportionate share of the net OPEB liability	1,668,459
Authority's covered employee payroll	35,418,330
Authority's proportionate share of the net OPEB liability as a percentage of covered employee payroll	4.71%
Plan fiduciary net position as a percentage of the total OPEB liability	86.73%

*These schedules are intended to show information for 10 years. 2017 is the first year the information is prepared, and under GASB requirements 2018 is the first year for component units to report. Additional years will be displayed as they become available.
(The amounts presented for each fiscal year were determined as of June 30 of the previous year as the year shown is the Fiscal Year of presentation)
"Unaudited" - See accompanying independent auditor's report.

Fairfax County Park Authority
A Component Unit of the County of Fairfax, Virginia
Notes to the Required Supplementary Information *(unaudited)*
For the Fiscal Year Ended June 30, 2018

A. Budget Data

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

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

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

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

Annual operating budgets are adopted for all appropriated governmental funds, except for the capital projects funds in which budgetary control is achieved on a project-by-project basis. The budgets are on a basis consistent with GAAP for all governmental funds with the following exceptions:

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

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

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

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

Ten-year historical trend information of the retirement systems administered by the County is presented as required supplementary information. Currently, the Pension Schedules (RSI-3 and RSI-4) do not present ten years. Prior to the implementation of GASB 68 in fiscal year 2015, the Authority information was not extrapolated from the county data; therefore, no information is prior to that period is presented. This information is intended to help users assess the system's funding status on a going concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

B. Pension Trend Data

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

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

The Schedule of Employer Contributions provides historical context for the amount of contributions in the current period. The actuarially determined contribution rates are calculated as of June 30, one year prior to the beginning of the fiscal year in which contributions are reported. Significant methods and assumptions used to determine the contributions for county administered systems include salaries increase plus 2.75% in inflation, and investments rate of return, net of plan investment expenses of 7.25%.

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

C. OPEB Trend Data

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

For the year ended June 30, 2018, the Authority recognized OPEB expense of $1,198,239.

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

	General Fund (Financed from County General Fund)	Park Revenue and Operating Fund
Actual Revenue (Budget Basis)	$ 25,004,623	$ 47,843,766
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 an expenditure by the Authority under U.S. GAAP	9,815,263	-
Actual Revenue (U.S. GAAP Basis)	34,819,886	47,843,766
Actual Expenditure (Budget Basis)	25,004,623	47,531,385
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 an expenditure by the Authority under U.S. GAAP	9,815,263	-
Actual Expenditure (U.S. GAAP Basis)	$ 34,819,886	$ 47,531,385
Other Financing Uses (Budget Basis)	-	(350,000)
Other Financing Uses (U.S. GAAP Basis)	$ -	$ (350,000)

Statistical Section

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

LIST OF TABLES

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

Financial Trends

These schedules contain comparisons of financial statement information to assess the financial performance of the Authority.

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 2009 to 2018 *(Unaudited)*
(accrual basis of accounting)

	Fiscal Year				
	2018	**2017****	**2016**	**2015**	**2014***
Governmental activities:					
Net investment in capital assets	$ 628,777,252	610,270,380	596,765,661	594,047,486	573,420,490
Restricted	20,185,667	17,601,697	15,516,101	11,577,600	14,282,422
Unrestricted (deficit)	(37,697,451)	(35,097,354)	(32,004,867)	(34,801,619)	(31,697,058)
Total governmental activities net position	$ 611,265,468	592,774,723	580,276,895	570,823,467	556,005,854

Source: Fairfax County Park Authority, Financial Management Branch

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

**Fiscal Year 2017 amounts restated due to the implementation of the Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benfits Other Than Pension, See Note I on p. 52 for more information.*

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

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

Fairfax County Park Authority
Table 2 – Changes in Net Position
Fiscal Years 2009 to 2018 *(Unaudited)*
(accrual basis of accounting)

	Fiscal Year				
	2018	**2017**	**2016**	**2015**	**2014**
Expenses					
Governmental activities:					
Administration	$ 27,229,506	25,361,554	17,414,501	17,414,644	17,362,236
Maintenance	19,429,720	18,784,000	21,038,576	20,851,415	24,084,272
Golf courses	10,085,648	10,066,692	9,666,636	9,418,648	9,405,205
Recreation centers	27,798,579	27,132,051	27,010,588	25,629,281	25,327,192
Lake parks	4,299,321	4,140,460	3,958,340	4,389,120	3,984,548
Other leisure services	7,850,894	11,448,431	12,274,226	16,687,299	7,347,617
Cultural enrichment	11,933,654	7,332,175	6,974,721	7,015,854	10,764,788
Interest on long-term debt	543,959	572,823	595,040	617,618	659,215
Total governmental activities expenses	109,171,281	104,838,186	98,932,628	102,023,879	98,935,073
Program Revenues [1)]					
Governmental activities:					
Charges for services					
Administration	1,584,328	1,659,068	1,740,543	1,496,663	1,204,404
Golf courses	9,413,511	9,765,942	9,850,453	9,609,835	9,755,040
Recreation centers	28,967,460	28,359,833	27,874,085	26,948,141	25,831,086
Lake parks	3,837,120	3,927,638	3,499,536	2,945,257	2,798,220
Other leisure services	664,705	705,800	814,879	1,013,164	1,314,874
Cultural enrichment	2,884,213	2,721,950	2,588,485	2,741,743	2,598,193
Capital grants and contributions	24,136,936	19,228,339	18,281,842	19,911,841	14,151,467
Total revenues	71,488,273	66,368,570	64,649,823	64,666,644	57,653,284
Net (expense) - governmental activities	($37,683,008)	($38,469,616)	(34,282,805)	(37,357,235)	(41,281,789)
General revenues and other changes in net position					
Governmental activities:					
Intergovernmental	48,701,098	46,077,722	41,467,246	42,714,813	40,881,155
Investment earnings	247,225	97,228	79,134	30,194	30,515
Operating grants not restricted to specific programs	867,319	627,106	608,017	746,244	678,644
Capital contributions not restricted to specific programs	6,358,111	6,585,334	1,581,836	8,683,597	4,279,090
Total governmental general revenues and other changes	56,173,753	53,387,390	43,736,233	52,174,848	45,869,404
Change in net position					
Change in net position - governmental activities	18,490,745	14,917,774	9,453,428	14,817,613	4,587,615
Total change in net position [2)]	$ 18,490,745	14,917,774	9,453,428	14,817,613	4,587,615

Source: Fairfax County Park Authority, Financial Management Branch

Notes:
1) Beginning in fiscal year 2009, bond proceeds are reclassified from Intergovernmental to Program Revenue.
2) Change in net position - governmental activities, adjusted for change in accounting principle in FY2014.
3) Changes in net position—to facilitate the impletion of changes in accounting principle in FY2017.
“Unaudited” - See accompanying independent auditor’s report

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

Fairfax County Park Authority
Table 3 – Fund Balances, Governmental Funds
Fiscal Years 2009 to 2018 *(Unaudited)*
(modified accrual basis of accounting)

	Fiscal Year				
	2018	2017	2016	2015	2014
General Fund					
Reserved	$ -	-	-	-	-
Unreserved	-	-	-	-	-
Total General Fund*	-	-	-	-	-
All Other Governmental Funds					
Reserved	-	-	-	-	-
Unreserved, reported in:					
Revenue fund	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Total unreserved	-	-	-	-	-
Nonspendable, reported in:					
Park Revenue and Operating Fund	328,782	310,169	-	-	-
Capital projects funds	1,507,926	1,507,926	1,507,926	-	-
Restricted, reported in:					
Park Revenue and Operating fund	-	-	-	-	-
Capital projects funds	18,677,741	16,093,772	13,374,921	11,269,952	13,481,359
Committed, reported in:					
Park Revenue and Operating fund	4,088,961	4,107,968	4,042,461	3,902,340	3,812,237
Capital projects funds	7,196,596	7,936,121	8,807,600	8,981,293	12,035,451
Assigned, reported in:					
Park Revenue and Operating fund		-	-	712,916	302,936
Unassigned reported in:					
Capital projects funds		-	-	(2,800,759)	-
Inventory	(328,782)	(310,169)	-	-	-
Total Governmental Funds	$ 31,471,224	29,645,787	27,732,908	22,065,742	29,631,983

Source: Fairfax County Park Authority, Financial Management Branch

Notes:

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

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

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

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

Fairfax County Park Authority
Table 4 – Changes in Fund Balances, Governmental Funds
Fiscal Years 2009 to 2018 ***(Unaudited)***
(modified accrual basis of accounting)

	Fiscal Year				
	2018	**2017**	**2016**	**2015**	**2014**
Revenues					
Intergovernmental	$ 68,986,515	63,921,421	58,470,746	62,085,627	54,039,922
Charges for services	44,797,671	44,559,737	43,901,750	42,347,540	41,056,459
Revenue from the use of money and property	3,853,356	3,663,832	3,492,695	3,232,850	3,238,489
Gifts, donations, and contributions	4,874,368	2,940,467	1,881,095	1,439,712	1,974,296
Other	249,605	251,450	209,614	247,235	252,711
Total revenues	122,761,515	115,336,906	107,955,900	109,352,964	100,561,877
Expenditures					
Administration	12,191,691	12,487,902	11,389,563	9,797,277	8,751,358
Maintenance	19,212,228	18,561,625	16,913,220	18,004,301	20,740,313
Golf courses	9,932,150	10,076,218	9,430,079	9,226,050	9,170,210
Recreation centers	26,921,597	26,353,658	26,136,719	24,896,636	24,570,799
Lake parks	3,438,874	3,262,062	3,309,548	3,687,413	3,288,472
Other leisure services	7,297,004	7,491,838	7,245,413	6,540,166	6,142,834
Cultural enrichment	11,182,844	10,247,965	9,372,402	9,685,703	9,541,711
Intergovernmental expenditures	820,000	820,000	2,320,000	7,216,692	2,060,000
Capital outlay	28,295,658	22,798,746	14,566,708	26,285,077	26,996,547
Debt service:					
Principal	1,102,300	1,027,600	957,900	898,100	243,700
Interest and other charges	560,344	606,583	647,182	681,790	679,640
Total expenditures	120,954,690	113,734,196	102,288,734	116,919,205	112,185,584
(Deficiency)/Excess of revenues over (under) expenditures	1,806,825	1,602,710	5,667,166	(7,566,241)	(11,623,707)
Other financing sources (uses)					
Refunding bonds issued	-	-	-	-	-
Premium on refunding revenue bonds	-	-	-	-	-
Payments to escrow agent	-	-	-	-	-
Transfers in	350,000	580,000	1,170,349	-	1,500,000
Transfers out	(350,000)	(580,000)	(1,170,349)	-	(1,500,000)
Total other financing, net	-	-	-	-	-
Net change in fund balances	$ 1,806,825	1,602,710	5,667,166	(7,566,241)	(11,623,707)
Debt service as a percentage of noncapital expenditures	1.79%	1.80%	1.83%	1.74%	1.08%

Source: Fairfax County Park Authority, Financial Management Branch

Notes:

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

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

Fairfax County Park Authority
Table 5 - User Fee Revenue by Source, Park Revenue & Operating Fund
Fiscal Years 2009 to 2018 *(Unaudited)*
(modified accrual basis of accounting)

Fiscal Year	Admissions	Classes/Lessons	Golf Fees	Sales	Rentals	Total
2018	$ 15,976,983	19,756,661	5,644,155	1,521,823	4,282,725	47,182,347
2017	16,349,576	18,789,298	5,906,132	1,607,788	4,407,779	47,060,573
2016	15,357,431	18,901,342	6,220,269	1,544,761	4,184,518	46,208,321
2015	14,395,771	18,519,606	6,106,081	1,509,667	3,667,820	44,198,945
2014	14,019,745	17,401,421	6,351,098	1,545,384	4,065,640	43,383,288
2013	14,207,886	17,246,671	6,529,863	1,638,286	3,817,056	43,439,762
2012	14,177,947	16,457,496	6,964,454	1,690,986	3,896,499	43,187,382
2011	13,625,076	15,099,789	6,639,157	1,687,540	3,552,361	40,603,923
2010	13,400,561	14,239,873	7,078,965	1,683,163	3,611,887	40,014,449
2009	12,985,816	14,139,145	7,248,308	1,763,024	3,449,932	39,586,225

Source: Fairfax County Park Authority, Financial Management Branch

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

Fairfax County Park Authority
Table 6 - Outstanding Debt by Type
Fiscal Years 2009 to 2018 *(Unaudited)*

Fiscal Year End		Revenue Bonds(1)	Notes Payable County/EDA(1)	Total	Percentage of Personal Income (2)	Debt Per Capita (2)
2018	$	2,336,984	11,182,600	13,927,406	0.02 %	14
2017		3,103,198	11,604,900	14,708,098	0.02	14
2016		3,864,369	11,977,500	15,841,869	0.02	14
2015		4,618,033	12,305,400	16,923,433	0.02	15
2014		5,371,480	12,588,500	17,959,980	0.02	16
2013		5,501,735	12,832,200	18,333,935	0.02	16
2012		7,305,315	13,042,200	20,347,515	0.03	18
2011		8,440,000	15,000,000	23,440,000	0.03	22
2010		9,110,000	15,150,000	24,260,000	0.03	23
2009		9,760,000	15,275,000	25,035,000	0.03	24

Source: Fairfax County Park Authority, Financial Management Branch

Notes:

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

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

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

Fairfax County Park Authority
Table 7 - Demographic and Economic Statistics
Last Ten Years *(Unaudited)*

Calendar Year	Estimated Population(1)	Personal Income (2) (000s)	Per Capita Personal Income(2)	Median Age(3)	Bachelor's or Higher Degree and 25 Years of Age or Older %(3)	School Enrollment(4)	Unemployment Rates %(5)
2017	1,142,888	$ 86,834,344	$ 75,978	38.1	60.3	187,484	3.0
2016	1,138,652	85,311,224	74,923	38.0	59.9	185,979	3.2
2015	1,142,234	85,675,546	75,007	37.7	59.2	185,914	3.1
2014	1,137,538	81,620,627	71,752	37.6	58.6	183,895	3.5
2013	1,130,924	80,982,075	71,607	37.3	58.2	181,259	3.7
2012	1,118,602	77,012,392	68,847	37.6	59.3	177,918	4.4
2011	1,100,692	71,145,429	64,637	37.6	58.0	174,933	4.7
2010	1,081,726	72,577,324	67,094	37.5	56.1	172,391	5.1
2009	1,074,227	74,380,758	69,241	37.3	58.1	169,538	4.9
2008	1,050,315	74,385,409	70,822	39.4	58.5	166,307	2.8

Notes:

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

2) Personal income data is obtained from the Bureau of Economic Analysis, U.S. Department of Commerce and includes the Cities of Fairfax and Falls Church. Data for only Fairfax County is not available, however, it is believed that the inclusion of these Cities does not significantly affect the county's data. Fairfax County data for 2017 is estimated using percent change in per capita personal income from 2016.

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

4) Public school enrollment is obtained from Fairfax County Public Schools.

5) Unemployment rates are obtained from the Virginia Employment Commission, Annual Unemployment Statistics for the calendar year, not seasonally adjusted.

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

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

Fiscal Year 2018 (1)				Fiscal Year 2009 (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	Fairfax County Public Schools	24,715	3.92 %	1	Fairfax County Public Schools	23,014	4.02 %
2	Federal Government	24,080	3.82	2	Federal Government	15,393	2.69
3	Fairfax County Government	12,552	1.99	3	Fairfax County Government	11,393	1.99
4	Inova Health System	7,000-10,000	1.35	4	Inova Health System	7,000-10,000	1.49
5	George Mason University	5,000-9,999	1.19	-	George Mason University	-	-
6	Booz-Allen Hamilton	5,000-9,999	1.19	5	Booz-Allen Hamilton	7,000-10,000	1.49
7	Federal Home Loan Mortgage	5,000-9,999	1.19	9	Federal Home Loan Mortgage	4,000-6,999	0.96
8	Capitol One	5,000-9,999	1.19	-	Capitol One	-	-
9	General Dynamics	5,000-9,999	1.19	10	General Dynamics	1,000-3,999	0.44
10	Northrop Grumman	2,500-4,999	0.56	6	Northrop Grumman	7,000-10,000	1.49
-	(4)	2,500-4,999	0.56	7	Science Applications International Corporation	4,000-6,999	0.96
-	Lockheed Martin	1,000-1,499	0.20	8	Lockheed Martin	4,000-6,999	0.96
	Totals		18.35 %				16.49 %

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 2018, excluding data for Fairfax County Government and Fairfax County Public Schools, is from the 1st quarter of calendar year 2018 VEC. Employment information for fiscal year 2009 is as was presented in 2009 Fairfax County CAFR.

2) Employment estimates for separate facilities of the same firm have been combined to create company totals. Employment ranges for the private sector are given to ensure confidentiality.

3) Percentages are based on the midpoint of the employment range. Average total County employment for fiscal year 2018 is estimated at 629,698, based on Virginia Employment Commission. Average total county employment for fiscal year 2009 was estimated at 572,000.

4) Science Applications International Corporation employment reported prior to the September 2013 split into two independent companies (SAIC and Leidos).

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

Fairfax County Park Authority
Table 9 - Full-Time Equivalent Employees, by Division
Fiscal Years 2009 to 2018 *(Unaudited)*

Fiscal Year	Administration	Resource Management	Park Operations	Park Services	Planning and Development	Total
2018	**58**	**84**	**158**	**238**	**36**	**574**
2017	57	90	164	239	32	582
2016	58	97	166	240	33	594
2015	58	100	163	240	34	595
2014	60	102	166	238	34	600
2013	59	101	163	240	35	598
2012	61	102	167	241	34	605
2011	60	103	168	240	34	605
2010	62	88	175	244	31	600
2009	62	98	184	244	32	620

Source: Fairfax County Department of Management and Budget.

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

Fairfax County Park Authority
Table 10 - Park Amenities
Fiscal Years 2009 to 2018 *(Unaudited)*

Function	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Parks, Recreation and Cultural										
Park Acreage	23,512	23,418	23,372	23,346	23,310	23,265	23,196	22,894	22,524**	22,600*
Parks, Recreation and Cultural	427	427	426	426	425	421	420	418	415	417
Athletic Fields	269	263	268	268	275	272	274	273	284	289
Aquatic & Fitness Center	9	9	9	9	9	9	9	9	9	9
Dog Parks	9	9	9	8	8	8	8	7	7	7
Historic Sites	68	68	68	68	68	68	68	68	67	67
Hiking & Fitness Trails (in miles)	327	326	324	324	324	320	320	317	314	312
Indoor Gymnasiums	3	3	3	3	2	2	2	2	2	2
Indoor Ice Rinks	1	1	1	1	1	1	1	1	1	1
Marinas	3	3	3	3	3	3	3	3	3	3
Miniature Golf Course	4	4	4	4	4	5	5	5	5	5
Multi-Use Courts	131	120	124	124	124	124	132	132	132	132
Nature Areas	7	7	7	7	7	7	7	7	7	7
Outdoor Swimming Pools	1	1	1	1	1	1	1	1	1	1
Outdoor Volleyball Courts	17	17	17	17	17	17	16	13	13	13
Picnic Shelters	44	62	54	54	41	41	40	40	38	31
Playgrounds	209	210	212	210	205	205	205	204	201	201
Regulation Golf Courses	9	9	9	9	9	9	9	9	9	9
BMX/Skateparks	2	2	2	2	2	2	1	1	1	1
Tennis & Raquetball Courts	254	254	254	254	252	252	227	229	229	229
Waterparks	2	2	2	2	2	2	1	1	1	1

Source: Fairfax County Park Authority, Financial Management Branch

Notes:

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

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

Fairfax County Park Authority
Table 11 - Additional Facts
Fiscal Years 2009 to 2018 *(Unaudited)*

Fiscal Year	Acres of Park Land Acquired, Dedicated, Transferred or Proffered During the Year	Cumulative Acres of Park Land Acquired, Dedicated, or Proffered	Recreation Center Attendance	Golf Course Rounds	Visits to Natural, Cultural, Historic, and Interpretive Sites	Maintainable Linear Feet of Trail	Number of Park Athletic Fields Maintained
2018	84	23,512	1,756,187	235,287	1,798,157	1,755,072	262
2017	46	23,418	1,837,807	259,094	1,997,855	1,718,746	263
2016	26	23,372	1,851,595	268,801	1,813,942	1,712,357	268
2015	36	23,346	1,817,882	259,313	1,601,690	1,711,829	268
2014	45	23,310	1,796,905	268,151	1,324,432	1,710,192	272
2013	69	23,265	1,919,684	276,759	791,038	1,691,342	272
2012	302	23,196	2,006,294	294,828	881,510	1,690,128	274
2011	370	22,894	1,988,830	281,930	723,351	1,673,971	273
2010	(76) **	22,524	1,868,390	289,384	616,441	1,657,920	284
2009	114	22,600*	1,847,391	298,631	606,411	1,647,360	289

Source: Fairfax County Park Authority, Financial Management Branch

Notes:

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

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

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