



# Fairfax County Park Authority Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2019



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.

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For the Fiscal Year Ended June 30, 2019



**Financial Management Branch**  
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**Fairfax County Park Authority  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2019**

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## *Introductory Section*

**T**he Introductory Section contains the letter of transmittal, which provides an overview of the Authority's finances, economic prospects, and achievements. It also provides general information on the Authority's structure and personnel.



# FAIRFAX COUNTY PARK AUTHORITY

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November 19, 2019

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, 2019 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 (the 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, 2019.

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 or Fairfax 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 (the PAB), 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 six funds to include County General Fund, Park Revenue and Operating Fund, County General Construction and Contributions Fund, County Capital Renewal Construction 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 23,550 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, a three-time National Gold Medal Award winner and a nationally accredited agency, is one of the largest most diverse park systems in the nation offering leisure and recreational opportunities through an array of programmed and un-programmed resources which enrich the quality of life for all County residents. The Authority strives for a workforce that is representative of the public we serve, and we are committed to establishing and maintaining an inclusive environment that is welcoming to all, both in our workplace and in the facilities and programs we offer. All level of the Authority shares the dedication to the accomplishment of diversity goals, for both employees and customers.

In addition, the Authority continues to work diligently to continuously comply with the American with Disabilities Act (ADA) per the Department of Justice audit as well as the self-assessment/transition plan to ensure compliance and equitable access for all residents and visitors.

Full-time merit staff for all funds in fiscal year 2019 totaled 574, 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, 2,430 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 0.32% in the past year according to the most recent United States Census data. Fairfax County, Virginia is the most populous 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.

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. "The wide diversity of the industry sectors represented here—everything from our traditional strengths in IT and aerospace to financial services, hospitality, and, now, construction materials—shows the value of a Fairfax County headquarters to corporations of all kinds," according to Catherine W. Riley, Vice President of Business Investment, Fairfax County Economic Development Authority (the FCEDA). While, federal government jobs remain a pillar of Northern Virginia's economy, Fairfax County is also home to innovative startups, more than 430 foreign-owned or affiliated companies, and vibrant communities of minority-, woman-, and veteran-owned firms.

## **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 2019, the number of homes sold in the county decreased 6.0 percent compared to June 2018 (1,765 vs 1,878). Despite the drop-in sales, the average sales price of all homes that sold in June 2019 in Fairfax County was \$619,363, an increase of 4.7 percent over the June 2018 average sales price of \$591,537. The average June 2019 price was up 7.0 percent compared to the annual 2018 average home sales price of \$578,723.

In addition homes were on the market for an average of 31 days in June 2019 which is 13 days fewer than the 44-day average in June 2018. The number of active listings of homes for sale in the county decreased 17.8 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, and 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 2019 totaled \$17.0 million, an increase of 5.7 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 May. Through June 2019, tax receipts distributed to Fairfax County were up 2.7 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 keep and attract businesses, new residents and visitors to the county.

## **Employment**

The Fairfax County unemployment rate increased slightly between April 2019 and May 2019. The number of unemployed residents rose from 13,041 to 15,313, an unemployment rise of 0.4 percent. Despite that, the county's unemployment rate remained under 3 percent at 2.4% which is up 0.1 percent compared with 2018.

Fortune Magazine's 2019 list of the 500 largest U.S. Companies by revenue includes 16 companies that are based in the D.C. region and Fairfax County dominates the local List. New to the list is Herndon-based Beacon Roofing Supply, which distributes residential and non-residential roofing.

Ten Fairfax County-based companies, in industries ranging from defense and technology consulting to financial services and hospitality, hold spots in Fortune magazine's 2019 list of the 500 largest publicly traded companies in the United States.

The current Fortune 500 companies, and their ranking on the list, headquartered in Fairfax County are:

- Freddie Mac (40)
- General Dynamics (92)
- Capital One Financial (98)
- Northrop Grumman (108)
- DCX Technology (122)
- Leidos Holdings (311)
- Hilton Worldwide Holdings (345)
- NVR Corp (424)
- Beacon Roofing Supply (464)
- Booz Allen Hamilton (475)

The county has all the important components of a dynamic business environment including excellent location advantages, a highly skilled workforce and extraordinary education systems at all levels. The FCEDA promotes the county as one of the premier centers of commerce and technology in the United States. Fairfax County is connected to global markets through Washington Dulles International Airport and has a close proximity to international financial institutions as well as the diplomatic community and embassies. In addition to its headquarters in Tysons, the FCEDA has permanent offices in Bangalore/Mumbai, 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. Fairfax County's vibrant workforce includes one of the largest numbers of millennial-generation workers in the region. Educational attainment is nearly twice the national average and 61% of adults have a bachelor's degree or higher. The county also boasts the 10th largest public-school system in the nation.

## MAJOR INITIATIVES AND ACCOMPLISHMENTS

### Strengthen Financial Sustainability

- **Financial Sustainability** - The Golf Enterprises Division completed renovations on the indoor training facility known as the Valis Family Golf Learning Center at Pinecrest Golf Course. The updated facility's expanded hitting bays and golf simulator allow for enhanced, year-round practice and play opportunities. Additional upgrades include improved lighting and more natural light via skylights and windows. The Golf Enterprises Division also completed renovations on the driving range at Oak Marr Golf Complex. The fully lit 78 hitting station range with 30 covered and/or heated stations has been upgraded both functionally and aesthetically to enhance the overall golfer practice experience and environmental standards.
- **System-Wide RECenter Sustainability Plan** - The Parks Authority's Parks County! Needs Assessment results revealed that residents place a high priority on recreation facilities and see a need for updates across the park system. In response, the Park Authority hired a consultant to develop a system-wide sustainability plan for the nine Park Authority RECenters newly completed plan serves as a strategic for future capital improvements.
- **Laurel Hill Central Green Phase I Underway** - The Central Green is envisioned as a vast maintained lawn suitable for a wide range of activities such as fairs, markets, and special events. Within the Central Green are opportunities for pavilions, an amphitheater for community events and picnic grounds. The picnic grounds will have reservable shelters that can be used for large gatherings such as family reunions or corporate picnics as well as other special events. In addition to the shelters there are a network of asphalt trails that meander through the meadow area that also will connect back into the Laurel Hill Greenway. Once completed, the Central Green will be the main hub for Laurel Hill Park.



- **Park Strategic Plan** - The PAB approved a new Strategic Plan for Fiscal Years 2019-2023. 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 Strategic Plan is essential to ensure the Park Authority achieves world class standards as required for accreditation by the Commission for Accreditation of Park and Recreation Agencies (the CAPRA).

### **Manage and Protect Property**

- **Natural Resource Management Plan (the NRMP)**- The Natural Resources staff completed the fifth year of the Natural Resource Management Plan adopted in 2014, including activities in all four management themes: Inventory and Planning, Protecting Natural Capital, Managing Wild Populations and Restoring Ecosystems, and Fostering Stewardship and Expanding Natural Capital. Staff continued to populate the geodatabase model, finalize a new invasive vegetation management contract, start ecological restoration projects at five parks, complete the NRMP update for Huntley Meadows Park and start development of the West Area NRMP.
- **Environmental Stewardship** - Approval was granted for an ecosystem restoration project at Laurel Hill Park to restore the native forest community. The project scope calls for the removal of existing infestations of invasive Kudzu on approximately 5 acres of land and replanting with desired community species to restore the Acidic Oak Hickory Forest community type. In its current condition, the overgrowth of Kudzu on the land is preventing the growth of trees and advancing into the adjacent forest and stream valley. The project works toward achieving four of the Recommended Actions in the agency-wide Natural Resource Management Plan.
- **Developing Partnerships** - Partnerships with other public, private and county agencies leverage public tax investments and provide efficient ways of sustaining the park system and delivering park services. The Park Authority continued its commitment to stream valley restoration located on sensitive parkland. The Department of Public Works and Environmental Services (the DPWES) joined the Authority in restoring the Dead Run Stream Valley. The existing degraded stream was improved using natural channel design and riparian corridor enhancements to stabilize the stream banks, protect private and county property, reduce erosion and tree loss, and improve water quality and habitat. Cleaner water, with less sediment and fewer nutrients, now flows into the Potomac River and the Chesapeake Bay beyond. Additionally, the City of Falls Church has partnered with the Authority to make improvements to Larry Graves Park. Project work will include the conversion of existing grass Field #1 to a synthetic turf field, storm drainage facilities, landscaping, and related improvements.

### **Improve Business Practice**

- **Asset Information Management System (AIMS)** - The Asset Information Management System Replacement Project is intended to replace the current Tririga system. This project involves identifying and documenting Authority business needs, requirements and processes. Based on the needs we will identify a technical solution and implement the new integration software. The new system will enable the agency to capture the Total Cost of Ownership by capturing life cycle data.
- **Public Information and Education Portal** - The Authority has rolled out a new Information and Education Portal to provide a one-stop source for facts, reports, infographics, and videos that tell the story of parks and recreation in the county. This portal is a tool for the public to learn new information about parks and to share it with others.

- **Internal Idea Portal** - A new internal portal for facilitating ideas to improve business practice from all levels of the Park Authority was developed. Employees can suggest new approaches or processes for consideration that match the Authority's mission and vision. Ideas are available for peers to review and will be shared with the Leadership Team and the Director's Office. From there, ideas will be moved to the next steps of research and possible action.

Park Authority continued its commitment to stream valley restoration located on sensitive parkland. The DPWES joined the Authority in restoring the Dead Run Stream Valley. The existing degraded stream was improved using natural channel design and riparian corridor enhancements to stabilize the stream banks, protect private and county property, reduce erosion and tree loss, and improve water quality and habitat. Cleaner water, with less sediment and fewer nutrients, now flows into the Potomac River and the Chesapeake Bay beyond. Additionally, the City of Falls Church has partnered with the Authority to make improvements to Larry Graves Park. Project work will include the conversion of existing grass Field #1 to a synthetic turf field, storm drainage facilities, landscaping, and related improvements.

## 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 Generally Accepted Accounting Principles (the 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, 2018. 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.

### **The National Recreation and Park Association (NRPA)**

- **National Gold Medal Award in Parks and Recreation, Finalist** - This is the Park Authority's seventh selection as a finalist. The Agency has received the Gold Medal three times previously, in 1983, 2002 and most recently, 2010.

Agencies are judged on their ability to address the needs of those they serve through the collective energies of community members, staff and elected officials.



### **The American Alliance of Museums (AAM)**

- **Accreditation** - The Park Authority's Resource Management Division (the RMD) and four of its sites have received AAM Accreditation. AAM established the standards through which museums are recognized for their commitment to excellence, accountability, and professionalism.

Colvin Run Mill Historic Site, Sully Historic Site and RMD's Historic Artifact Collections were first accredited in 1979, and they were all reaccredited in 1990 and 2002. Green Spring Gardens was included for the first time in 2002. This year, Frying Pan Farm Park has been added to the accreditation list.

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

- **Outstanding Support Organization Winner** - Friends of Green Spring (the FROGS), for their financial, operational, programmatic, facility, and volunteer support to Green Spring Gardens
- **Outstanding Volunteer Winner** - Michael Applegate, for his work maintaining trails at Laurel Hill Park as well as the area's Apple Orchard and Equestrian Center
- **Historical/Cultural Facility Winner** - The Resident Curator Program, for fostering community partnerships and preserving our historic past
- **Removing Barriers Initiative Nominee** - The Adapted Aquatics Program, for providing swimming and water safety programs designed for individuals with disabilities
- **Professional Lifetime Nominee** - David Bowden, for his 35 years of public service planning, designing and constructing recreational facilities for the FCPA and the US Military
- **Park and Recreation Facility Class II Nominee** - Burke Lake Golf center, for the renovation to the driving range and enhanced programming and promotion of the range and features
- **Outstanding Contributor Nominee** - The Lazar family, for their establishment of the Lazar Family Fund to create an endowment to support natural resource stewardship efforts on parkland
- **Environmental Conservation Nominee** - The Stream Restoration Project, for its efforts to prevent erosion and improve parkland

### **National Association of Government Communicators (NAGC)**

- **Writers Portfolio Award of Excellence** - Karen Thayer, for feature stories written in Parktakes designed to increase awareness of seasonal park programs and activities and to educate the reader about stewardship and volunteer opportunities
- **Brand Identity, Second Place** - Women Golf Fairfax, for the brand launch celebrating and introducing the game of golf to women of all ages and playing levels
- **Magazine, Second Place** - Parktakes, for excellence in a chief marketing publication
- **Award of Excellence** - Healthy Strides, for its annual calendar designed to help people make healthy lifestyle changes over the course of a year

**Virginia Recreation and Park Society (VRPS)**

- **Best New Facility Parks, Playgrounds, Blueways, Greenways and Trails in a Population Area Greater than 100,000** - Chessie's Trail, a 2,160 foot child friendly trail designed for children of all abilities and includes features such as a sound garden, spinning rocks, a unique nest seating area, and wildlife figures found in the Chesapeake Bay region.
- **Snapshot Moment in a Population Area Greater than 100,000** - A photo of a dog taking a dip at the Water Mine during the 2017 Dog Daze event taken by Deputy Public Information Office Cristin Bratt
- **Distinguished Volunteer Service Award** - Shannon Dart, for her work monitoring amphibian species and vernal pools in Huntley Meadows Park

**The Northern Virginia Soil Water Conservation District (NVSWCD)**

- Frying Pan was honored for its implementation of effective agricultural best management practices and diverse educational and outreach programs with the 2018 Clean Water Farm Award

**Golf Range Magazine, a Publication of the Golf Range Association on America (GRAA)**

- **Top 50 Public Ranges** - Burke Lake Golf Center

**Aquatics International**

- **Best of Aquatics 2018 Programming Award** - Park Authority aquatics, for excellence and innovation in aquatics programs and facilities

**Ellis and Associates, International Aquatics Safety and Risk Management Consulting**

- **Golden Guard** - James Johnson, for exemplifying professionalism rescue readiness, environmental protection, and overall role model of on-duty expectations

**Northern Virginia Magazine**

- **2019 Best Summer Camps** - Fairfax County Park Authority Summer Camps, for ranking among the best summer programs for children in Northern Virginia

**Virginia Living Magazine**

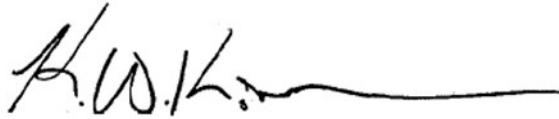
- **Best Farmers Market in Northern Virginia** - Fairfax County Park Authority's Reston Farmers Market, for excellence as a producer only local vendor market

**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



**FAIRFAX COUNTY PARK AUTHORITY**  
A Component Unit of the County of Fairfax, Virginia  
As of June 30, 2019

**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

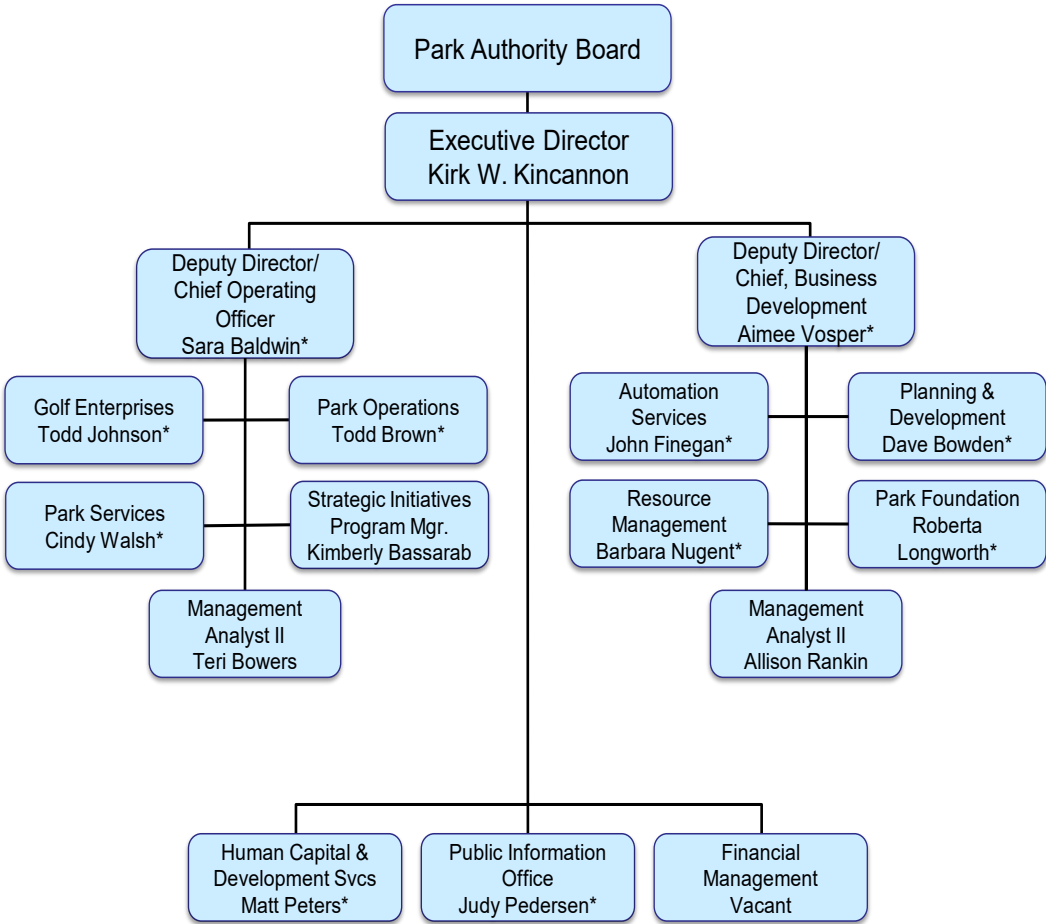
**Resource Management Division**

Barbara Nugent, Director

**Planning and Development Division**

David Bowden, Director

# Fairfax County Park Authority



\*Leadership Team

This report was prepared by:

**FAIRFAX COUNTY PARK AUTHORITY**

**FINANCIAL MANAGEMENT BRANCH**

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Shashi Dua, Financial Reporting  
Betty Barnuevo, Internal Revenue Site Audits  
Michael Baird, Budget Capital Projects  
Tram Bui, Accounts Payable  
Nicole Varnes, Revenue, Accounts Receivable

With the support and assistance of many others.

Special thanks to John Rodgers, Graphic Designer, for cover design.





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**Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO



## *Financial Section*

**T**he 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.



## 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, 2019, 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, 2019, 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 Matter

#### *Correction of an Error*

As discussed in Note 1 to the financial statements, the net position of the governmental activities and the fund balance of the Park Revenue and Operating Fund as of June 30, 2018 have been restated from the previously issued financial statements to reflect the correction of an error. 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.



Tysons Corner, Virginia  
November 19, 2019

## *Management's Discussion and Analysis*

**T**he 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, 2019

**I. INTRODUCTION**

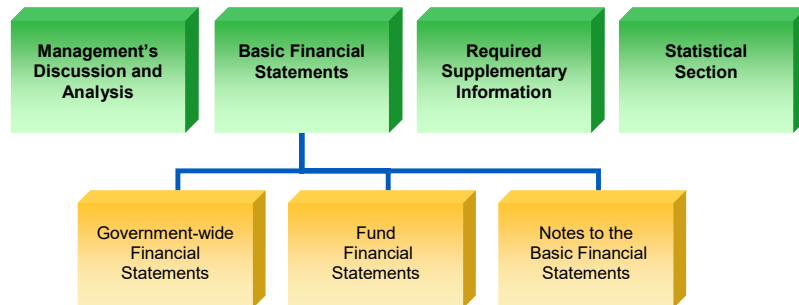
This section of the Fairfax County Park Authority's (the Authority) Comprehensive Annual Financial Report (the CAFR) presents a discussion and analysis of the Authority's financial performance during the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to give perspective on the Authority's fiscal year 2019 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 revenues, expenses, and net position for the fiscal year ended June 30, 2019 and includes a comparative analysis to the fiscal year ended June 30, 2018.

**II. OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Components of the Financial Report**



## **Government-wide Financial Statements**

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

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

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

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

## **Fund Financial Statements**

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

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

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

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental funds, Balance Sheet and Statement of Revenues and 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 25-51 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.

- ◆ Assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources by \$625.84 million. Of this amount, \$41.64 million is unrestricted deficit, \$23.30 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 \$70.14 million while intergovernmental and other amounted to \$57.53 million. Expenses amounted to \$108.03 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 \$32.92 million, an increase of \$6.52 million in comparison to the prior year due to slight increase of fee for charges for services and the Authority's cost cut initiative.
- ◆ Due to inclement weather situations, the Authority projected a deficit of \$4.00 million in Park Revenue and Operating fund, to offset projected revenue decrease, the Revenue and Operating Fund Stabilization Reserve was reduced by \$1.00 million and a transfer for \$2.00 million from the County Debt Service Fund. Both the loan and the reserve liquidation were repaid at FY19 carry over.
- ◆ Revenues of the Authority's governmental funds amounted to \$123.47 million and expenses amounted to \$116.82 million.

### **General Financial Highlights**

- ◆ As of June 30, 2019, the Authority's cash of \$51.20 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, 2019, the amount due from the county was \$2.77 million.
- ◆ Total capital assets, net, as of June 30, 2019, amounted to \$654.17 million compared to \$642.14 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, 2019 and 2018:

<b>Summary of Net Position As of June 30</b>				
	<b>2019</b>	<b>2018*</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Assets</b>				
Current and other assets	\$ 55,441,084	\$ 47,780,440	\$ 7,660,644	16.0
Capital assets, net	654,174,575	642,140,868	12,033,707	1.9
<b>Total assets</b>	<b>709,615,659</b>	<b>689,921,308</b>	<b>19,694,351</b>	<b>2.9</b>
<b>Deferred outflows of resources</b>				
Total deferred outflows of resources	22,255,236	20,692,724	1,562,512	7.6
<b>Total assets and deferred outflows of resources</b>	<b>731,870,895</b>	<b>710,614,032</b>	<b>21,256,863</b>	<b>3.0</b>
<b>Liabilities</b>				
Current liabilities	22,536,735	21,405,079	1,131,656	5.3
Long-term	78,051,462	76,589,084	1,462,378	1.9
<b>Total liabilities</b>	<b>100,588,197</b>	<b>97,994,163</b>	<b>2,594,034</b>	<b>2.6</b>
<b>Deferred inflows of resources</b>				
Total deferred inflows of resources	5,440,815	6,424,686	(983,871)	(15.3)
<b>Total liabilities and deferred inflows of resources</b>	<b>106,029,012</b>	<b>104,418,849</b>	<b>1,610,163</b>	<b>1.5</b>
<b>Net Position</b>				
Net investment in capital assets	641,972,953	628,777,252	13,195,701	2.1
Restricted for:				
Certain capital projects	23,296,112	17,977,741	5,318,371	29.6
E.C. Lawrence trust:				
Nonexpendable	1,507,926	1,507,926	-	-
Repair and replacement	700,000	700,000	-	-
Unrestricted deficit	(41,635,108)	(42,767,736)	1,132,628	(2.6)
<b>Net position</b>	<b>\$ 625,841,883</b>	<b>\$ 606,195,183</b>	<b>\$ 19,646,700</b>	<b>3.2</b>

\*Fiscal Year 2018 amounts restated due to recognition of unearned revenue related to classes paid in FY2018, but rendered FY2019. See Note I on p.51 for more information.

## Analysis of Net Position

The largest portion of the Authority's net position is its investment of \$641.97 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 2019, the Authority reported a deferred outflow of resources of \$22.26 million related to a loss on refunding bonds, Other Post Employment Benefits (OPEB) and pension. The majority of the deferred outflows of resources reported are comprised of current year contributions to the retirement system and other postemployment benefits. However, there may be some deferred outflow of resources attributable to the various components that impact pension expenses, changes due to actuarial assumptions, and differences between expected or actual experience.

For fiscal year 2019, the Authority reported a deferred inflow of resources of \$5.44 million, which represents a net amount attributable to the various components that impact pension and other postemployment benefit obligations.

The Authority's overall total net position has increased by \$19.65 million, or 3.2%, during fiscal year 2019 primarily due to the increase in net investment in capital assets and restricted net position.

- ◆ Current and other assets have increased by \$7.66 million, or 16.0%, primarily due to completion or substantial completion of new capital projects and renovation of existing facilities.
- ◆ Capital assets, net, have increased by \$12.03 million, or 1.9%, mainly due to a \$0.90 million increase in land acquisition, \$2.97 million increase in easement, a \$8.05 million increase in building and improvements, a \$0.17 million increase in equipment and system-wide depreciation of equipment and a \$0.08 million decrease in construction in progress balance as more capital projects were completed in fiscal year 2019.
- ◆ Long-term liabilities increased by \$1.46 million, or 1.9%, primarily due to a decrease of \$0.13 million in net pension and an increase of \$2.39 million in other postemployment benefits liability, which was offset by a decrease of \$1.18 million in bonds payable and loans payable.
- ◆ Net investment in capital assets, net of related debt, increased by \$13.20 million, or 2.1%, reflecting an increase mainly in land, building and improvements.
- ◆ Net position restricted for certain capital projects increased by \$5.32 million, or 29.6%, 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, 2019 and 2018:

<b>Summary of Changes in Net Position For the Fiscal Years Ended June 30</b>					
	<b>2019</b>		<b>2018*</b>		
					<b>Change      % Change</b>
<b>Revenues:</b>					
Program revenues:					
Charges for services	\$ 46,698,699	\$ 42,281,052	\$ 4,417,647		10.4
Capital grants and contributions	23,444,103	24,136,936	(692,833)		(2.9)
General revenues:					
Intergovernmental	50,521,420	48,701,098	1,820,322		3.7
Investment earnings	382,908	247,225	135,683		54.9
Operating grants not restricted to specific programs	738,021	867,319	(129,298)		(14.9)
Capital contributions not restricted to specific programs	5,890,143	6,358,111	(467,968)		(7.4)
<b>Total revenues</b>	<b>127,675,294</b>	<b>122,591,741</b>	<b>5,083,553</b>		<b>4.1</b>
<b>Expenses:</b>					
Administration	26,202,287	27,229,506	(1,027,219)		(3.8)
Maintenance/renovation	18,291,319	19,429,720	(1,138,401)		(5.9)
Golf courses	9,897,649	10,085,648	(187,999)		(1.9)
Recreation centers	28,504,359	27,798,579	705,780		2.5
Lake parks	4,461,687	4,299,321	162,366		3.8
Other leisure services	8,394,414	7,850,894	543,520		6.9
Cultural enrichment	11,761,677	11,933,654	(171,977)		(1.4)
Interest on long-term debt	515,202	543,959	(28,757)		(5.3)
<b>Total expenses</b>	<b>108,028,594</b>	<b>109,171,281</b>	<b>(1,142,687)</b>		<b>(1.0)</b>
Increase in net position	19,646,700	13,420,460	6,226,240		46.4
Beginning net position	606,195,183	592,774,723	13,420,460		2.3
<b>Ending net position</b>	<b>\$ 625,841,883</b>	<b>\$ 606,195,183</b>	<b>\$ 19,646,700</b>		<b>3.2</b>

\*Net position as of June 30, 2018 as restated due to recognition of unearned revenue related to classes paid in FY2018, but rendered in FY2019. See note I on page 51 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 2019, revenues from governmental activities totaled \$127.68 million, an increase of \$5.08 million, or 4.1%, from fiscal year 2018. This increase is primarily due to increase in intergovernmental and charges for services.

Explanations of these changes include the following:

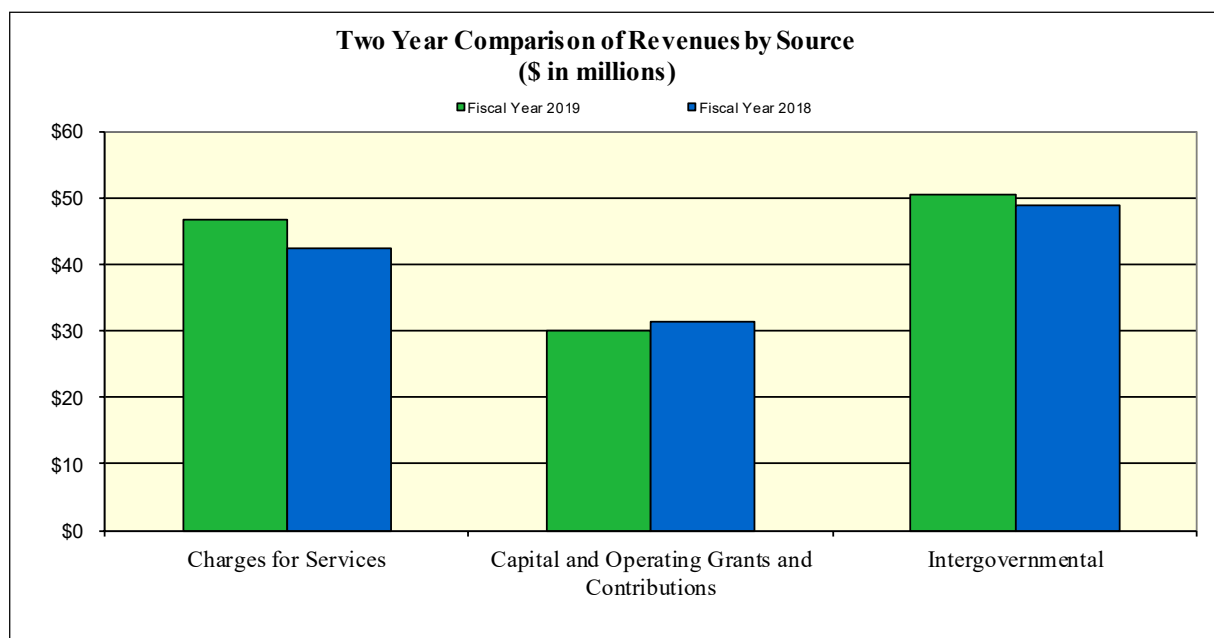
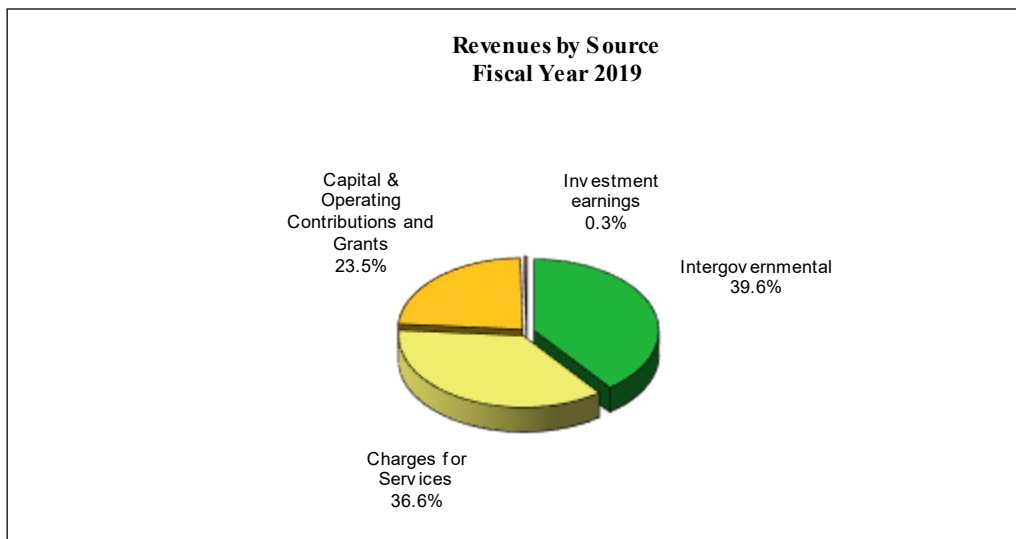
- ◆ Charges for services increased by \$4.42 million, or 10.4%, due to increase in fee and revenues from programs.
- ◆ Capital grants and contributions from program revenues decreased by \$0.69 million, or 2.9%, primarily due to lack of public contribution towards capital construction.
- ◆ Intergovernmental revenue increased by \$1.82 million, or 3.7%, mainly due to county allocation of \$1.51 million in the Capital Renewal Construction Fund for energy projects and \$0.87 million of contribution from City of Falls Church to build Larry Grave Athletic Field.
- ◆ Unrestricted Operating grants decreased by \$0.13 million, or 14.9%, primarily because of a decrease in public private contributions in Park Revenue and Operating Fund and Park Capital Improvement Fund.
- ◆ Unrestricted capital contributions decreased by \$0.47 million, or 7.4%, primarily due to decrease in developers contributions.

#### **Expenses**

The total expenses of the Authority for fiscal year 2019 were \$108.03 million representing a decrease of \$1.14 million, or 1.0%, compared to fiscal year 2018. This decrease is associated with operation costs savings initiatives and reductions in seasonal staff hours.

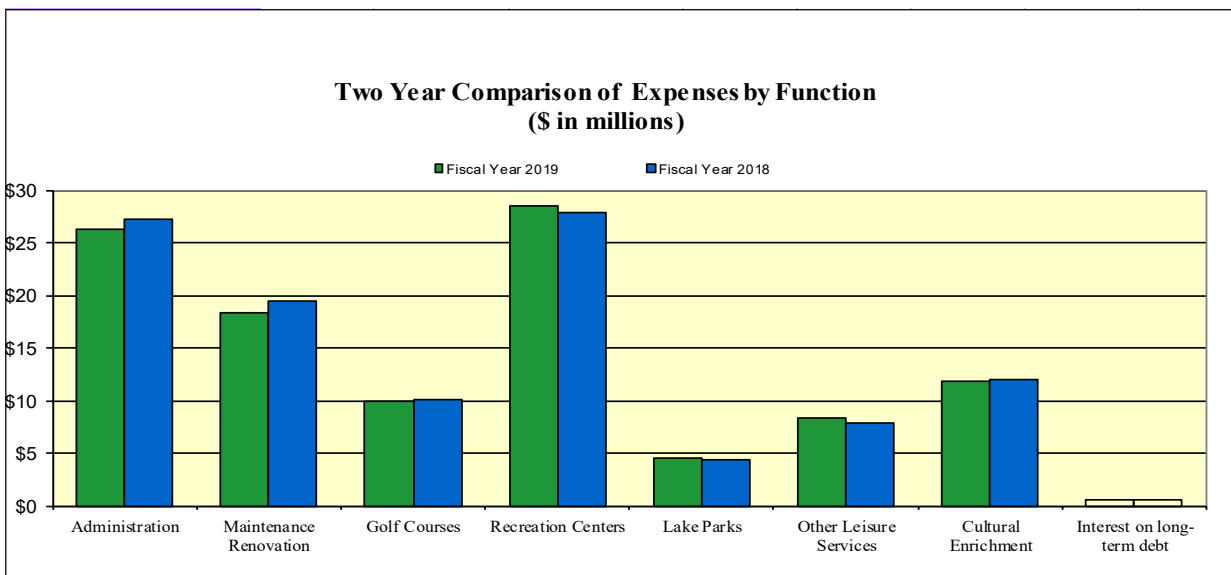
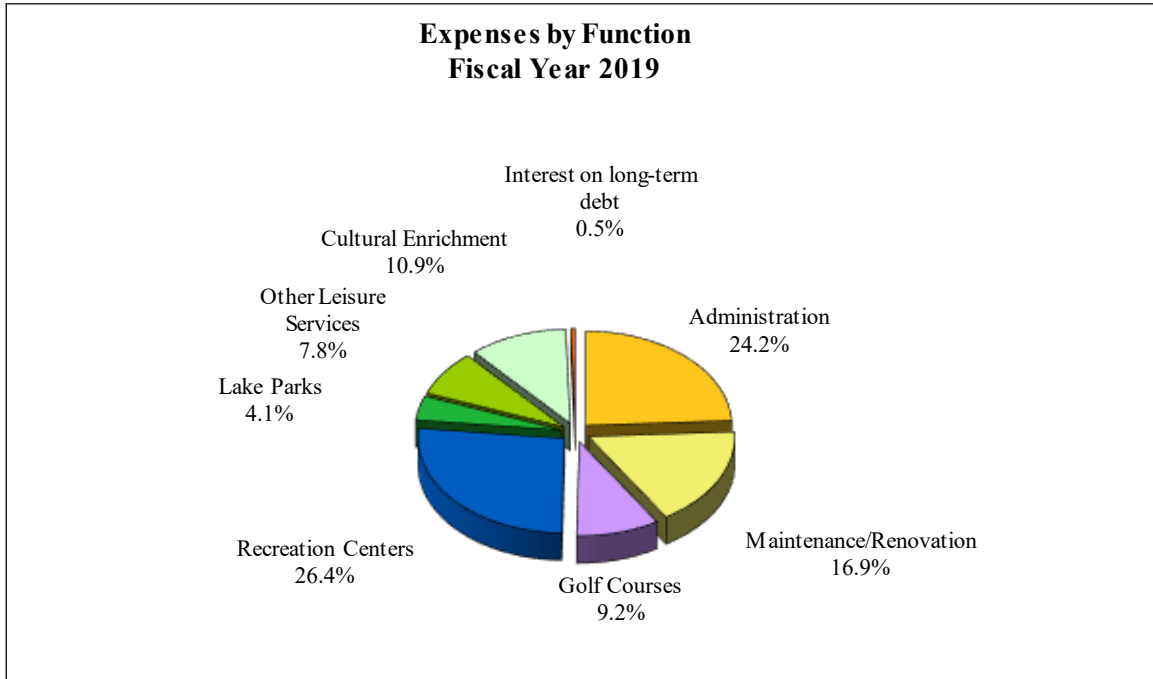
**Revenues**

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, 2019:



**Expenses**

For the fiscal year ended June 30, 2019, the Authority's expenses for governmental activities totaled \$108.03 million. The Authority's overall expenses have been decreased by \$1.14 million, or 1.0%, from fiscal year 2018. 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 2019 and 2018 for the purpose of this analysis.

	Financed from County General Fund	Park Revenue and Operating Fund*	Financed from Construction Contributions Fund	Financed from County Capital Renewal Construction Fund	Park Bond Construction Fund	Park Improvement Fund	Total Major Funds
Fund balances, 6/30/2017	\$ -	\$ 4,107,968	\$ -	\$ -	\$ 4,971,131	\$ 20,566,688	\$ 29,645,787
Revenues	34,819,886	42,773,481	14,968,773	-	20,272,763	4,856,327	117,691,230
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	-	(5,107,904)	-	-	1,753,833	90,611	(3,263,460)
Increase in revenue for inventory	-	18,612	-	-	-	-	18,612
Fund balances, 6/30/2018	-	(981,324)	-	-	6,724,964	20,657,299	26,400,939
Revenues	36,347,452	47,045,724	12,515,798	1,514,606	20,000,000	6,050,530	123,474,110
Expenditures	(36,347,452)	(46,219,546)	(12,515,798)	(1,514,606)	(16,798,193)	(3,424,245)	(116,819,840)
Transfers (In/Out)	-	(160,000)	-	-	-	160,000	-
Net change in fund balance	-	666,178	-	-	3,201,807	2,786,285	6,654,270
Decrease in revenue for inventory	-	(132,699)	-	-	-	-	(132,699)
Fund balances, 6/30/2019	\$ -	\$ (447,845)	\$ -	\$ -	\$ 9,926,771	\$ 23,443,584	\$ 32,922,510

\*Fiscal Year 2018 amounts restated due to recognition of unearned revenue related to classes paid in FY2018, but rendered FY2019. See Note 1 on p.51 for more information.

For the fiscal year ended June 30, 2019, the Authority’s governmental funds reported a combined fund balance of \$32.92 million, an increase of \$6.52 million compared to fiscal year 2018 due to slight increase of fee for charges for services and the Authority’s cost cut initiative.

The fund balance of the Park Revenue and Operating Fund increased by \$0.53 million in fiscal year 2019 due to operation cost savings initiatives by Authority’s staff and cuts in seasonal hours. Of the total fund balance of (\$0.45) million in the Park Revenue and Operating Fund, \$0.58 million is committed for debt service, \$1.18 million is committed for revenue and operating fund stabilization reserve, and \$1.35 million is committed for donation and and (\$3.77) million is unassigned fund balance. The (\$3.77) million unassigned fund balance is due to \$0.20 million to record resale inventory, \$0.02 million as prepaid assets, a \$1.00 million reduction to the stabilization reserve, \$0.80 million associated with operational cost saving initiatives implemented, and (\$5.79) million due to the recognition of unearned revenue related to classes paid in fiscal year 2019 but rendered in fiscal year 2020.

The fund balance of the Park Bond Construction Fund increased \$3.20 million due to a decrease in expenditures for the completion of the on-going and new capital projects. The total fund balance of \$9.93 million is restricted for capital projects.

The fund balance of the Park Improvement Fund increased \$2.8 million mainly due to a transfer in of \$0.16 million from the Park Revenue and Operating Fund, a decrease of \$0.09 million in developers contributions, a decrease of \$1.7 million in expenditure and \$0.2 million in budgetary transfer. Of the total fund balance of \$23.44 million in the Park Improvement Fund, \$1.51 million is non-spendable for E.C. Lawrence Trust, \$0.70 million is restricted for repair and replacement, and \$13.37 million is restricted for capital projects. The remaining fund balance of \$7.87 million is committed for other capital projects.

The fund balances of the Financed from County General Fund, Financed from County General Construction and Contributions Fund, and Financed from County Capital Renewal Construction 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):

<b>Park Authority Capital Assets</b>				
	June 30, 2019		June 30, 2018	
Land	\$	370,442,420	\$	369,530,431
Easement		19,990,111		17,016,009
Buildings and improvements		251,124,863		243,073,388
Equipment		4,800,418		4,628,311
Construction in progress		7,816,763		7,892,729
<b>Total</b>	<b>\$</b>	<b>654,174,575</b>	<b>\$</b>	<b>642,140,868</b>

Major capital asset events during fiscal year 2019 included the following:

- ◆ Land increased to \$370.44 million, an increase of \$0.91 million, or 0.25%, primarily due to the acquisition of an acre of Ragland Road Park in Hunter Mill District.
- ◆ A permanent donated easement to Quantum state-of-the-art synthetic turf field at Tysons Corner by L.F. Jennings increased the easement value by \$2.97 million, or 17.48%, from \$17.02 million to \$19.99 million in FY19.
- ◆ Buildings and improvements, net of depreciation, increased \$8.05 million, or 3.31%, as various projects were completed. Some of the completed capital projects included the Clemyjontri parking lot for \$1.00 million, Oak Marr Golf Course driving range for \$2.10 million, Monticello dog park and playground for \$1.66 million, Greenbriar Park lighting project for tennis courts and athletic fields for \$0.94 million, synthetic fields for Springhill, Franconia Park and Patriot Park for \$1.81 million and Pinecrest Golf Indoor range for \$0.59 million.
- ◆ Equipment balance net of depreciation, increased by \$0.17 million, or 3.72%, due to the purchase of various capital equipment at park sites.
- ◆ A decrease of \$0.08 million in construction in progress, or 0.96%, 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 39, of the Notes to the Basic Financial Statements.



## VII. DEBT ADMINISTRATION

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

<b>Park Authority Outstanding Debt</b>			
		June 30, 2019	June 30, 2018
Revenue bonds payable	\$	1,515,000	\$ 2,220,000
Loan payable		10,711,200	11,182,600
Total outstanding debt	\$	12,226,200	\$ 13,402,600

### Revenue Bonds

As of June 2019, Revenue Bonds Series 2013 Bonds had an outstanding principal balance of \$1,515,000. 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 \$87,959 in interest during fiscal year 2019.

### 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 \$10,711,200 as of June 30, 2019. Principal payments of \$471,400 and interest payments of \$416,954 were made in fiscal year 2019.

### 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 \$195,145 in fiscal year 2019.

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, 2019, \$4,192,500 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 40-42, 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 54 and 55. 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 2019 Adopted Budget Plan was \$26.59 million, which consists of \$0.60 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 2019 County General Fund totals \$4,280.92 million, an increase of \$174.29 million, or 4.41%, over the FY 2018 Adopted Budget Plan. The increase over the Adopted Budget Plan is primarily attributable to requirements to transfer \$2.26 billion to Fairfax County Public Schools (FCPS), an increase of \$91.49 million for FCPS to support operating and debt expenses, and an increase of \$81.50 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. "The wide diversity of the industry sectors represented here—everything from our traditional strengths in IT and aerospace to financial services, hospitality, and, now, construction materials—shows the value of a Fairfax County headquarters to corporations of all kinds," according to

Catherine W. Riley, interim president and CEO of the Fairfax County Economic Development Authority. While, federal government jobs remain a pillar of Northern Virginia's economy, Fairfax County is also home to innovative startups, more than 430 foreign-owned or affiliated companies, and vibrant communities of minority-, woman-, and veteran-owned firms.

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 immersion and more.

The Fairfax County unemployment rate increased slightly between April 2019 and May 2019. The number of unemployed residents rose from 13,041 to 15,313, an unemployment rise of 0.4 percent. Despite that, the county's unemployment rate remained under 3 percent at 2.4% which is up 0.1 percent compared with 2018.

The Consumer Confidence Index decreased in June, following an increase in May and now stands at 134.1 (1985 100), down from 129.2 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 \$17.0 million, an increase of 5.7 percent over July 2018. Total FY 2019 Sales Tax receipts are \$187.0 million, an increase of 2.7 percent over total FY 2018 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 2019, the number of homes sold in the county decreased 6.0 percent compared to June 2018 (1,765 vs 1,878). Despite the drop in sales, the average sales price of all homes that sold in June 2019 in Fairfax County was \$619,363, an increase of 4.7 percent over the June 2018 average sales price of \$591,537. The average June 2019 price was up 7.0 percent compared to the annual 2018 average home sales price of \$578,723.

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 mission is to enrich the 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.

The Authority, a three-time National Gold Medal Award winner and a nationally accredited agency, is one of the largest, most diverse park systems in the nation offering leisure and recreational opportunities through an array of programmed and un-programmed resources. The Authority seeks to provide quality recreational opportunities through construction, development, operation, and maintenance of a wide variety of facilities to meet the varied needs and interests of the county's residents. The Authority strives to improve the quality of life for the residents of the county by keeping pace with residents' interests, by continually enhancing the park system, and by demonstrating stewardship for parkland.

The Authority oversees operation and management of a county park system with 23,550 acres of land, 427 parks, nine RECenters, eight golf courses, an ice skating rink, 209 playgrounds, 668 public garden plots, five nature centers, three equestrian facilities, 408 Fairfax County Public Schools athletic fields, 42 synthetic turf athletic fields, 266 Authority-owned athletic fields, 75 historic sites, two waterparks, a horticulture center, and more than 332.08 miles of trails.

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 decreased in fiscal year 2019 to 14.93 million visitors compared to 15.77 million visitors in fiscal year 2018. This decline in attendance is primarily attributed to inclement weather impacting golf course and lake front parks. Due to the continued downward trends in non-camp class, especially in the aquatic areas resulted decrease in RECenter attendance.

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.

Resident demand for services continues to grow with the rising population, changing needs and diversity of the community. The continuing urbanization of the county requires different types of parks and recreation 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 2019, 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 2019 - 2023 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](http://www.fairfaxcounty.gov/parks).





## ***Basic Financial Statements***

**T**he 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  
 June 30, 2019

Exhibit A

	Governmental Activities
<b>ASSETS</b>	
Equity in pooled cash and temporary investments	\$ 38,605,582
Receivables:	
Accounts	48,339
Accrued interest	76,255
Prepaid	141,565
Resale inventory	196,083
Due from Primary Government	2,766,497
Due from intergovernmental units	430,893
Restricted assets:	
Cash with fiscal agents	578,519
Equity in pooled cash and temporary investments	12,597,351
Total current assets	<u>55,441,084</u>
Capital assets:	
Non-depreciable:	
Land	370,442,420
Easement	19,990,111
Construction in progress	7,816,763
Depreciable:	
Building and improvements	501,905,849
Equipment	13,537,478
Accumulated depreciation	<u>(259,518,046)</u>
Total capital assets, net	<u>654,174,575</u>
Total Assets	<u>709,615,659</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred loss on refunding bonds	77,984
Deferred outflow related to pensions	17,616,047
Deferred outflow related to other postemployment benefits	<u>4,561,205</u>
Total deferred outflows of resources	<u>22,255,236</u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	3,692,307
Accrued salaries and benefits	3,817,594
Contract retainages	54,551
Due to Primary Government	2,003,395
Unearned revenues:	
Passes and classes	11,700,693
Other	309,037
Performance and other deposits	940,997
Accrued interest payable	18,161
<b>Long-term liabilities:</b>	
<b>Portion due or payable within one year:</b>	
Compensated absences payable	2,367,275
Loans payable	526,100
Bonds payable	740,000
Premium on bonds payable	39,904
<b>Portion due or payable after one year:</b>	
Compensated absences payable	2,774,769
Loans payable	10,185,100
Bonds payable	775,000
Premium on bonds payable	13,502
<b>Net pension liability</b>	56,569,917
<b>Net other postemployment benefits liability</b>	4,059,895
Total liabilities	<u>100,588,197</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pension	3,719,895
Deferred inflows related to other postemployment benefits	<u>1,720,920</u>
Total deferred inflows of resources	<u>5,440,815</u>
<b>NET POSITION</b>	
Net investment in capital assets	641,972,953
Restricted for:	
Certain capital projects	23,296,112
Restricted reserve for :	
E.C. Lawrence Trust - Nonexpendable reserve	1,507,926
Repair and replacement	700,000
Unrestricted (deficit)	<u>(41,635,108)</u>
Total net position	<u>\$ 625,841,883</u>

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, 2019

Exhibit B

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for services	Capital grants and contributions	Governmental activities
Governmental activities:				
Administration	\$ 26,202,287	\$ 1,662,646	\$ 4,872,758	\$ (19,666,883)
Maintenance/Renovation	18,291,319	-	603,912	(17,687,407)
Golf courses	9,897,649	9,336,919	2,250,916	1,690,186
Recreation centers	28,504,359	28,057,942	4,659,610	4,213,193
Lake parks	4,461,687	3,916,684	1,738,735	1,193,732
Other leisure services	8,394,414	690,614	6,857,403	(846,397)
Cultural enrichment	11,761,677	3,033,894	2,460,769	(6,267,014)
Interest on long-term debt	515,202	-	-	(515,202)
<b>Total governmental activities</b>	<b>\$ 108,028,594</b>	<b>\$ 46,698,699</b>	<b>\$ 23,444,103</b>	<b>\$ (37,885,792)</b>

General revenues:	
Intergovernmental	\$ 50,521,420
Investment earnings	382,908
Operating grants not restricted to specific programs	738,021
Capital contributions not restricted to specific programs	5,890,143
<b>Total general revenues</b>	<b>57,532,492</b>
Change in net position	19,646,700
<b>Net position, June 30, 2018, as restated (Note I)</b>	<b>606,195,183</b>
<b>Net position, June 30, 2019</b>	<b>\$ 625,841,883</b>

See accompanying notes to the financial statements.

Fairfax County Park Authority  
 A Component Unit of the County of Fairfax, Virginia  
 Balance Sheet-Governmental Funds  
 June 30, 2019

Exhibit C

	Financed from County General Fund	Park Revenue and Operating Fund	Financed from County Construction and Contribution Fund	Financed from County Capital Renewal Construction Fund	Park Bond Construction Fund	Park Improvement Fund	Total Governmental Funds
<b>ASSETS</b>							
Equity in pooled cash and temporary investments	\$ -	\$ 16,096,054	\$ -	\$ -	\$ -	\$ 22,509,528	\$ 38,605,582
Receivables:							
Accounts	-	47,414	-	-	-	925	48,339
Accrued interest	-	-	-	-	-	76,255	76,255
Prepaid	85,999	16,815	38,751	-	-	-	141,565
Resale inventory	-	196,083	-	-	-	-	196,083
Due from Primary Government	1,878,946	25,189	862,362	-	-	-	2,766,497
Due from intergovernmental units	-	-	32,996	-	396,181	1,716	430,893
Restricted assets:							
Cash with fiscal agents	-	578,519	-	-	-	-	578,519
Equity in pooled cash and temporary investments	-	-	-	-	10,389,425	2,207,926	12,597,351
Total assets	1,964,945	16,960,074	934,109	-	10,785,606	24,796,350	55,441,084
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable and accrued liabilities	300,564	1,489,680	934,109	-	804,284	163,670	3,692,307
Accrued salaries and benefits	1,664,286	2,153,308	-	-	-	-	3,817,594
Contract retainages	-	-	-	-	54,551	-	54,551
Due to Primary Government	95	2,003,300	-	-	-	-	2,003,395
Unearned revenues:							
Passes and classes	-	11,700,693	-	-	-	-	11,700,693
Other	-	-	-	-	-	309,037	309,037
Performance and other deposits	-	60,938	-	-	-	880,059	940,997
Total liabilities	1,964,945	17,407,919	934,109	-	858,835	1,352,766	22,518,574
Fund balances:							
Nonspendable:							
Prepaid	85,999	16,815	38,751	-	-	-	141,565
Inventory	-	196,083	-	-	-	-	196,083
E. C. Lawrence Trust	-	-	-	-	-	1,507,926	1,507,926
Restricted for:							
Repair and replacement	-	-	-	-	-	700,000	700,000
Capital projects	-	-	-	-	9,926,771	13,369,341	23,296,112
Debt service	-	578,519	-	-	-	-	578,519
Committed for:							
Park Revenue and Operating Fund stabilization reserve	-	1,182,462	-	-	-	-	1,182,462
Donation/Deferred revenue	-	1,350,000	-	-	-	-	1,350,000
Other capital projects	-	-	-	-	-	7,866,317	7,866,317
Unassigned	(85,999)	(3,771,724)	(38,751)	-	-	-	(3,896,474)
Total fund balances	-	(447,845)	-	-	9,926,771	23,443,584	32,922,510
Total liabilities and fund balances	\$ 1,964,945	\$ 16,960,074	\$ 934,109	\$ -	\$ 10,785,606	\$ 24,796,350	\$ 55,441,084

See accompanying notes to the financial statements.

**Fairfax County Park Authority**  
**A Component Unit of the County of Fairfax, Virginia**  
**Reconciliation of the Balance Sheet—Governmental Funds to the Statement of Net Position**  
**June 30, 2019**

**Exhibit C-1**

Fund balance - total governmental funds \$ 32,922,510

Amounts reported for governmental activities in the Statement of Net Position is 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	\$	370,442,420	
Easement		19,990,111	
Construction in progress		7,816,763	
Depreciable:			
Equipment		13,537,478	
Building and improvements		501,905,849	
Accumulated depreciation		<u>(259,518,046)</u>	654,174,575

For debt refundings resulting in defeasance of debt, the difference between the reacquisition price and carrying amount of the old debt should be reported as deferred outflow of resources:

Deferred loss amount on refunding bonds 77,984

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	\$	(18,161)	
Compensated absences payable		(5,142,044)	
Loan payable		(10,711,200)	
Bonds payable due within one year		(740,000)	
Bonds payable due in more than one year		(775,000)	
Bonds payable premium		<u>(53,406)</u>	(17,439,811)

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 related to pensions	\$	17,616,047	
Net pension liability		(56,569,917)	
Deferred inflows related to pensions		(3,719,895)	
Deferred outflows related to OPEB		4,561,205	
Net OPEB liability		(4,059,895)	
Deferred inflows related to OPEB		<u>(1,720,920)</u>	(43,893,375)

Net position of governmental activities \$ 625,841,883

See accompanying notes to the financial statements.



Fairfax County Park Authority  
 A Component Unit of the County of Fairfax, Virginia  
 Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds  
 For the Fiscal Year ended June 30, 2019

Exhibit D

	Financed from County General Fund	Park Revenue and Operating Fund	Financed from County Construction and Contributions Fund	Financed from County Capital Renewal Construction Fund	Park Bond Construction Fund	Park Improvement Fund	Total Governmental Funds
<b>REVENUES</b>							
Intergovernmental	\$ 35,656,838	\$ -	\$ 12,465,798	\$ 1,514,606	\$ 20,000,000	\$ 884,178	\$ 70,521,420
Charges for services	690,614	43,131,613	-	-	-	-	43,822,227
Revenue from the use of money and property	-	2,455,074	-	-	-	1,271,577	3,726,651
Gifts, donations, and contributions	-	636,667	50,000	-	-	733,741	1,420,408
Developers' contributions	-	-	-	-	-	3,161,034	3,161,034
Other	-	822,370	-	-	-	-	822,370
<b>Total revenues</b>	<b>36,347,452</b>	<b>47,045,724</b>	<b>12,515,798</b>	<b>1,514,606</b>	<b>20,000,000</b>	<b>6,050,530</b>	<b>123,474,110</b>
<b>EXPENDITURES</b>							
Current:							
Administration	10,903,233	1,185,755	15,894	-	237,711	524,623	12,867,216
Maintenance/Renovation	10,368,273	-	7,644,225	-	3,687	38,987	18,055,172
Golf courses	-	9,498,628	-	-	4,606	56,200	9,559,434
Recreation centers	-	27,055,970	-	-	4,539	389,535	27,450,044
Lake parks	1,071,292	2,500,154	-	-	3,895	22,740	3,598,081
Other leisure services	5,496,434	1,511,311	129,035	-	121,330	132,924	7,391,034
Cultural enrichment	8,296,596	1,910,822	181,899	-	489,182	265,947	11,144,446
Intergovernmental	-	820,000	-	-	-	-	820,000
Capital outlay	211,624	52,293	4,544,745	1,514,606	15,933,243	1,993,289	24,249,800
Debt service:							
Principal retirement	-	1,176,400	-	-	-	-	1,176,400
Interest and other charges	-	508,213	-	-	-	-	508,213
<b>Total expenditures</b>	<b>36,347,452</b>	<b>46,219,546</b>	<b>12,515,798</b>	<b>1,514,606</b>	<b>16,798,193</b>	<b>3,424,245</b>	<b>116,819,840</b>
<b>Excess of revenues over expenditures</b>	<b>-</b>	<b>826,178</b>	<b>-</b>	<b>-</b>	<b>3,201,807</b>	<b>2,626,285</b>	<b>6,654,270</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In	-	-	-	-	-	160,000	160,000
Transfers Out	-	(160,000)	-	-	-	-	(160,000)
<b>Total other financing sources (uses), net</b>	<b>-</b>	<b>(160,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>160,000</b>	<b>-</b>
Net change in fund balances	-	666,178	-	-	3,201,807	2,786,285	6,654,270
Fund balances, June 30, 2018, as restated (Note I)	-	(981,324)	-	-	6,724,964	20,657,299	26,400,939
Decrease in reserve for Inventories	-	(132,699)	-	-	-	-	(132,699)
<b>Fund balances, June 30, 2019</b>	<b>\$ -</b>	<b>\$ (447,845)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,926,771</b>	<b>\$ 23,443,584</b>	<b>\$ 32,922,510</b>

See accompanying notes to the financial statements.

**Fairfax County Park Authority**  
**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 ended June 30, 2019**

**Exhibit D-1**

Net change in fund balances - total governmental funds		\$ 6,654,270
Decrease in fund balance reserve		(132,699)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the current period.		
Capital outlay	\$ 24,249,800	
Depreciation expense	<u>(16,315,859)</u>	7,933,941
Donations of capital assets increase net position in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources.		
		4,201,184
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		
		(101,418)
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 Position and do not result in an expense in the Statement of Activities		
Principal payment to refunding bonds	\$ 705,000	
Principal payment of loans	<u>471,400</u>	1,176,400
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	\$ 7,417	
Amortized premium and deferred loss	<u>(14,406)</u>	(6,989)
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		(442,967)
Pension and other postemployment benefits related liabilities do not require the use of current financial resources and, therefore, are not reported in the governmental funds:		
Pension expense	\$ (1,106,621)	
Other postemployment expense	<u>1,471,599</u>	<u>364,978</u>
Change in net position of governmental activities		<u>\$ 19,646,700</u>

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, 2019

**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 or Fairfax 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 Fairfax County. The Authority's board appoints the Park Authority's Director to act as the administrative head of the Authority who serves at the pleasure of the Authority's board and 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, the Financed from County General Construction and Contributions Fund, and Financed from County Capital Renewal Construction Fund. Expenditures are recorded when the related liability is incurred and payment is due, except for principal and interest on long-term debt, which are recorded only when payment is due, and certain other general long-term obligations, such as compensated absences, net pension liability and the net OPEB 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.

*Financed from County Capital Renewal Construction Fund* - This fund accounts for Infrastructure Replacement and Upgrades, supports the long-term needs of the county's capital assets to maximize the life of county facilities, avoid their obsolescence, and provide for planned repairs, improvements and restorations to make them suitable for organizational needs. No annual operating budget is prepared for this fund, as it is budgeted as part of the county's Infrastructure Replacement and Upgrades fund.

*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, 2019, \$51,202,933 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 governmental-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 and from registration of summer camps and recreational classes in advance of usage, refundable deposits from developers for future services and advanced rental fees for monopoles. The balance of unearned revenue at June 30, 2019, was \$12.00 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, 2019, the Authority had \$25.50 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, 2019, 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, 2019, the Park Revenue and Operating fund has a nonspendable resale inventory balance of \$0.20 million.

Prepaid - As of June 30, 2019, the Authority has a non-spendable balance of \$0.14 million as prepaid in Financed from County General Fund, Park Revenue and Operating fund and Financed from County Construction and Contribution Fund.

**Park Improvement 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 \$9.93 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 \$13.37 million in the Park Improvement Fund is funded through grants, proffers and contributions and is restricted for specific park capital improvements.

**Restricted for Debt Service:**

The Park Revenue and Operating Fund's restricted fund balance for debt service of \$0.58 million as of June 30, 2019 was adopted by the Authority's Board in fiscal year 2019 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):**

Per the Authority's board adopted budget in the Park Revenue and Operating Fund in fiscal year 2019, the stabilization reserve was budgeted at \$2.36 million. 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 and Operating Fund. The reserve is maintained at a minimum of 5.0% of the approved annual expenditure budget minus debt of the fund. The Park Revenue and Operating Fund stabilization reserve was reduced by \$1.00 million to offset a projected revenue decrease in fiscal year 2019 which was approved by the board. This decline is primarily attributed to inclement weather impacting golf course and lake front park revenue. The Park Revenue and Operating Fund’s committed fund balance for the stabilization reserve is \$1.18 million, which is \$0.18 less than the \$1.36 million revised board adopted stabilization reserve.

Committed to Donation and Deferred Revenue Reserve:

The Park Revenue and Operating Fund’s committed fund balance for the donation and deferred revenue reserve of \$1.35 million was adopted by the Authority’s Board in fiscal year 2019. The Authority is obligated to return funds to donors in the event the donation cannot be used for its intended purpose.

Committed to Other Capital Projects:

The Park Improvement Fund’s committed fund balance for other capital projects of \$7.87 million was adopted by the Authority’s Board in fiscal year 2019 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 (\$3.77) million of which is \$0.20 million to record resale inventory, \$0.02 million as prepaid assets, a \$1.00 million reduction to park revenue and operating fund stabilization reserve, \$0.80 million associated operational cost savings initiatives implemented to partially offset declining revenue projections, and due to recognition of unearned revenue related to classes paid in FY 2019, but rendered in FY2020. Unassigned balance of (\$0.09) million and (\$0.04) million in Financed from County General Fund and County Construction and Contribution fund is due to prepaid vendor payments.

**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 lapse at year end and require re-appropriation by the Board.

Significant encumbrances by function as of June 30, 2019 are as follows:

Function	Encumbrances Balances
Administration	\$ 510,026
Maintenance/Renovation	4,028,358
Golf courses	108,036
Recreation center	2,304,714
Lake parks	382,211
Other leisure services	4,039,210
Cultural enrichment	1,122,898
<b>Total Encumbrances</b>	<b>\$ 12,495,453</b>

Significant encumbrances by fund as of June 30, 2019 are as follows:

Fund	Encumbrances Balances
Financed from County General Fund	\$ 386,626
Financed from County General Construction and Contributions Fund	4,111,541
Park Bond Construction Fund	6,426,502
Park Revenue and Operating Fund	3,511
Park Improvement Fund	1,567,273
<b>Total</b>	<b>\$ 12,495,453</b>

**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, their respective pension plans, and 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.

Deferred outflows on refund bond loss was resulted from refunding the outstanding balance of Revenue Bond Series 2001 through Virginia Resources Authority (Virginia Pooled Financing Program) bond sale of Park Facilities Revenue Refunding Bond – Series 2013, closing on June 5, 2013. This refunding resulted in a deferred loss of \$545,888 which is being amortized over 7 years.

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
- ◆ Banker's 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 county's 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, and 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, 2019 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 county 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 187 days or less. All other pooled funds are invested primarily in short-term securities with a maximum of five years or less from settlement date.

### **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. Based on county's investment policy, the pooled investments are limited to relatively low risk types of securities and are diversified so that potential losses on individual securities will be minimized. Also, new investments shall not be made in securities that are listed on Moody's Investors Service, Inc. (Moody's) Watch list or Standard Poor's, Inc. (S P) Credit Watch with a negative short-term rating. Moody's, S P, and Fitch Investor's Services, Inc. (the Fitch) are nationally recognized statistical rating organizations (NRSROs) serving investors, regulators, and issuers.

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 P-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 minimum rating of P-1; S P, with a minimum rating A-1; Fitch, F-1; or by Duff and Phelps Inc; with a minimum rating of D-1.
- ◆ Mutual funds must have a rating of AAA or better by S P, Moody's, or another

nationally recognized rating agency.

- ◆ 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.
- ◆ Banker’s acceptances must have a rating of at least A-1 by S P and P-1 by Moody’s.
- ◆ 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.
- ◆ Supranationals 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
Bankers acceptances	35% maximum
Commerical paper	35% maximum
Repurchase 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	10% 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, bankers’ 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 (the 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, 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 in the event of the failure of a counterparty. Per policy, all of the pooled investments purchased by the county are insured, collateralized, registered or are securities held by their 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 \$578,519 is restricted 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, 2019 consist of the following:

	Park Revenue and Operating Fund	Park Improvement Fund
Receivables:		
Accounts	\$ 47,414	\$ 925
Accrued interest	-	76,255
Total receivables	<u>\$ 47,414</u>	<u>\$ 77,180</u>

**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, 2019, the amount due from the county was \$2.77 million. Of this amount, \$1.88 million is due from the County General Fund and represents accrued salaries, accrued fringe benefits, accounts payable and accrued liabilities, \$0.02 million is due from Fairfax County Public Schools for usage of recreation centers, \$0.01 million is due from the Live Well program for reimbursement of recreation center passes, and \$0.86 million is due from the County General Construction and Contributions Fund and represents accounts payable and accrued liabilities.

The Authority owes the Primary Government \$2.00 million which consists of the Department of Human Administration (Health Department) and the County Debt Service Fund for rabies testing and reimbursement of one time transfer to offset the project deficit in Park Revenue and Operating Fund, respectively.

Amounts due to the Authority from the Primary Government as of June 30, 2019 include the following:

<u>Payable Entity</u>	<u>Receiving Entity</u>	<u>Amount</u>
<b><u>Primary Government</u></b>	<b><u>Component Unit</u></b>	
General Fund	Park Authority	\$ 1,878,946
Park Revenue and Operating Fund	Park Authority	
- Live Well Program		10,789
- Fairfax County Public Schools		14,400
County Construction and Contribution Fund	Park Authority	862,362
<b>Total</b>		<u>\$ 2,766,497</u>

Amounts due from Authority to the Primary Government as of June 30, 2019 include the following:

<u>Payable Entity</u>	<u>Receiving Entity</u>	<u>Amount</u>
<b><u>Fairfax County Park Authority</u></b>	<b><u>Receiving Entity</u></b>	
General Fund	Health Dept.	\$ 95
Park Revenue and Operating Fund	County Govt.	2,003,300
<b>Total</b>		<u>\$ 2,003,395</u>

Amount due to the Authority from intergovernmental units as of June 30, 2019 are \$0.40 million for grant reimbursement from National Park Services and Wholesome Wave Food, \$0.03 million reimbursement from City of Falls Church for maintenance of athletic fields.

Amounts due to the Authority from other intergovernmental units as of June 30, 2019 include the following:

	Financed from County		
	Construction and Contribution Fund	Park Bond Construction Fund	Park Improvement Fund
Federal Government	\$ -	\$ 396,181	\$ 1,716
City of Falls Church	32,996	-	-
<b>Total</b>	<b>\$ 32,996</b>	<b>\$ 396,181</b>	<b>\$ 1,716</b>

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, 2019, are as follows:

	Transfers In	Transfers Out
Park Improvement Fund	\$ 160,000	\$ -
Park Revenue and Operating Fund		160,000
<b>Total Transfer In/Out</b>	<b>\$ 160,000</b>	<b>\$ 160,000</b>

**E. Capital Assets**

The following is a summary of the changes in capital assets for fiscal year 2019:

	Balances			Balances June 30, 2019
	June 30, 2018	Additions	Deletions	
Capital assets, not being depreciated:				
Land	\$ 369,530,431	\$ 1,001,481	\$ (89,492)	\$ 370,442,420
Easement	17,016,009	2,974,102	-	19,990,111
Construction in progress	7,892,729	23,097,969	(23,173,935)	7,816,763
<b>Total capital assets, not being depreciated</b>	<b>394,439,169</b>	<b>27,073,552</b>	<b>(23,263,427)</b>	<b>398,249,294</b>
Capital assets, being depreciated:				
Buildings and improvements	477,917,228	23,988,621	-	501,905,849
Equipment	13,346,343	562,716	(371,581)	13,537,478
<b>Total capital assets, being depreciated</b>	<b>491,263,571</b>	<b>24,551,337</b>	<b>(371,581)</b>	<b>515,443,327</b>
Less accumulated depreciation for:				
Buildings and improvements	(234,843,840)	(15,937,146)	-	(250,780,986)
Equipment	(8,718,032)	(378,713)	359,685	(8,737,060)
<b>Total accumulated depreciation</b>	<b>(243,561,872)</b>	<b>(16,315,859)</b>	<b>359,685</b>	<b>(259,518,046)</b>
<b>Total capital assets, being depreciated, net</b>	<b>247,701,699</b>	<b>8,235,478</b>	<b>(11,896)</b>	<b>255,925,281</b>
<b>Total capital assets, net</b>	<b>\$ 642,140,868</b>	<b>\$ 35,309,030</b>	<b>\$ (23,275,323)</b>	<b>\$ 654,174,575</b>



<u>Depreciation Expense by Function:</u>	
Administration	\$ 12,668,349
Maintenance/Renovation	253,930
Golf courses	194,232
Recreation centers	913,132
Lake parks	855,087
Other leisure services	896,776
Cultural enrichment	534,353
Total depreciation expense	<u>\$ 16,315,859</u>

**F. Long-term Obligations**

The following is a summary of changes in the government-wide long-term obligations of the Authority for fiscal year 2019:

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Due within One Year
Revenue bonds payable:					
Principal amount of bonds payable	\$ 2,220,000	\$ -	\$ (705,000)	\$ 1,515,000	\$ 740,000
Premium on bonds payable	116,984	-	(63,578)	53,406	39,904
Loan payable	11,182,600	-	(471,400)	10,711,200	526,100
Compensated absences payable	4,699,077	2,882,145	(2,439,178)	5,142,044	2,367,275
Net pension liability	56,701,964	18,040,989	(18,173,036)	56,569,917	-
Net OPEB liability	1,668,459	5,089,764	(2,698,328)	4,059,895	-
Total	<u>\$ 76,589,084</u>	<u>\$ 26,012,898</u>	<u>\$ (24,550,520)</u>	<u>\$ 78,051,462</u>	<u>\$ 3,673,279</u>

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 \$13.87 million 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 \$13.02 million of Park Facilities Revenue Refunding Bonds, Series 2001, with an average interest rate of 4.36%, to advance refund \$11.67 million of the outstanding Series 1995 Bonds with an average interest rate of 6.62%. Proceeds of \$12.62 million 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 (the VRA) bond sale of Series 2013, which resulted in a total debt service savings of \$1.92 million. These bonds are solely the obligations of the Authority and are payable from the Park Revenue Fund’s revenues from operations, earnings from investments, and certain fund balance reserves.

The debt service requirements to maturity for the outstanding bonds Series 2013 as of June 30, 2019 are:

Fiscal Year	Interest Rate	Principal	Interest	Total
2020	4.82 %	\$ 740,000	\$ 55,206	\$ 795,206
2021	4.82	775,000	18,684	793,684
Totals		\$ 1,515,000	\$ 73,890	\$ 1,588,890

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.

In case of an event of default, the VRA may proceed to enforce payment of the principal, interest on the bonds and any other amounts due and payable. The principal of and interest on the bonds is not subject to acceleration upon the event of default.

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 \$15.53 million. 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 the Fairfax County Economic Development Authority in April 2012, the outstanding loan payable amount was reduced to \$13.22 million.

The debt service requirements to maturity for the outstanding loan as of June 30, 2019 are:

Fiscal Year	Interest Rate	Principal	Interest	Total
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	5.00	670,000	284,106	954,106
2025-2029	3.00-5.00	3,930,000	1,022,406	4,952,406
2030-2033	3.00-4.00	3,640,000	328,525	3,968,525
Totals		\$ 10,711,200	\$ 3,038,823	\$ 13,750,023

Conduit Debt

On December 27, 2005, the Authority issued two long-term notes to finance the acquisition of a permanent conservation easement totaling \$12.90 million. 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, 2019, \$4.19 million of these notes are outstanding.

The Authority is not obligated to pay the installments on these notes except from the county payments pledged for such purpose. Neither the faith and credit nor the taxing power of the county or Authority is pledged to the payment of installments on these notes. The Authority has no taxing power.

General Obligations Bonds

On May 22, 2012, the Board took action on a resolution requesting the Circuit Court of Fairfax County, Virginia to order an election on the question of contracting a debt, borrowing money and issuing bonds of the county. The 2012 Park Bond referendum was in the amount of \$75.00 million, with \$63.00 million coming to the Authority with the remaining balance to \$12.00 million allocated to the Northern Virginia Regional Park Authority (NVRPA). As part of the FY 2019 Bond Sale issued by the county, the final \$16.61 million from the 2012 Program was sold.

On June 21, 2016, the Board took action on the 2016 Park Bond referendum in the amount of \$107.00 million, with \$94.70 million for the Fairfax County Park Authority, and \$12.30 million for the NVRPA. As of June 30, 2019, a balance of \$94.42 million is authorized but unissued.

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 (the 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 (the VRS).

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 one of 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 Deferred Retirement Option Program (DROP) entry.

The benefit for early retirement is actuarially reduced and payable at early termination. Effective July 1, 2005, 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 social security 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, 2019, was 27.14%. 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 2019, the amortization target was increased to 99%. The employer contribution made during the measurement period of the liability was \$6,464,209. The 2019 employer contribution totaled to \$7,131,613.

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

At June 30, 2019, the Authority reported a liability of \$56,569,917 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, 2017 and an actuarial valuation as of June 30, 2018, using the entry age actuarial cost method, with a measurement date of June 30, 2018. At June 30, 2018, the Authority's proportion was 3.43%, a decrease of 0.07% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Authority recognized pension expense of \$8,238,234. At June 30, 2019, 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	\$ 2,675,754	\$ 1,846,025
Changes of assumptions	1,175,300	-
Net difference between projected and actual earnings on pension plan investments	5,933,290	-
Change in proportion applicable to Authority contributions subsequent to the measurement date	700,090	1,873,870
	7,131,613	-
Total	<u>\$ 17,616,047</u>	<u>\$ 3,719,895</u>

\$7,131,613 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, 2020. 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	\$	3,654,810
2020		2,481,053
2021		552,179
2022		<u>76,497</u>
Total	\$	<u>6,764,539</u>

Actuarial Assumptions

The ERS calculated Total Pension Liability was based on participant data collected as of December 31, 2017 and an actuarial valuation as of June 30, 2018, using the entry age actuarial cost method with a measurement date of June 30, 2018.

Significant actuarial assumptions used in the valuation include:

Inflation	2.75%
Salary increase, including inflation	2.75%+merit
Investment rate of return, net of plan investment expenses	7.25%
Mortality	Health and Disabled Annuity RP-2014 Combined Mortality projected using RPEC-2015

The actuarial assumptions used in the June 30, 2018 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, 2018, 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%
U.S. Small Cap Equity	7.8%	4%
International equity - developed market	5.6%	7%
International equity - emerging market	10.1%	3%
Private Equity	14.4%	2%
Core Bonds	2.1%	25%
High Yield	4.6%	10%
Global Bonds	0.9%	5%
Emerging Markets Debt	4.8%	2%
Real Estate	6.8%	8%
Absolute Return	11.3%	20%
Risk Parity	6.5%	15%
Commodities	5.9%	5%
*Target totals may exceed 100% due to futures and other derivatives		

Discount Rate

The discount rate used to measure the Total Pension Liability 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	Current Discount Rate	1% Increase
	6.25%	7.25%	8.25%
Total Pension Liability	\$ 214,567,785	\$ 191,659,471	\$ 172,466,773
Plan Fiduciary Net Position	135,089,554	135,089,554	135,089,554
Net Pension Liability	\$ 79,478,231	\$ 56,569,917	\$ 37,377,219
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.0%	70.5%	78.3%



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, 2019. 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:

<https://www.fairfaxcounty.gov/finance/financialreporting/comprehensiveannualfinancialreport>

Retirement system CAFR:

<https://www.fairfaxcounty.gov/retirement/financial-publications>

**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, 2019.

**3. Other Postemployment Benefits (OPEB)**

The Fairfax County OPEB Plan (the Plan) is a single-employer defined benefit plan administered by the 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 \$926,978. The authority’s contribution for fiscal year June 30, 2019 was \$1,105,885. Plan members are not required to contribute to the OPEB Trust Fund.

**Assumptions**

Total OPEB Liability was determined by an actuarial valuation as of July 1, 2017, rolled forward to June 30, 2018, 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 investment expense, including inflation
Retirement age	Varies by age and pension plan
Mortality	RP-2014 Mortality table fully generational projected using scale MP-2016 Disabled mortality is assumed to be RP-2014 generational projected using scale MP-2016
Healthcare cost trend rate	7.7% - 9.1% decreasing to 4.5%

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for fiscal years 2011 to 2015.

**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, 2018 are as follows:

Asset Class	Long Term Expected Real Rate of Return	Target Allocation
Domestic Equity (Large Cap)	6.30%	26.00%
Domestic Equity (Small Cap)	6.80%	10.00%
International Equity	7.30%	13.00%
Emerging Markets Equity	8.00%	5.00%
Core US Fixed Income	4.20%	7.00%
Corporate Fixed Income	5.00%	14.00%
Hedge Funds	4.90%	10.00%
Real Estate	5.30%	7.00%
Private Equity	8.40%	5.00%
Commodities	5.80%	3.00%

There are no concentrations in any one organization that represent 5% 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. The 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 plan member contributions will be made at the current contribution rate and that county contribution will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected county contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future OPEB payments for 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, 2019, the Authority reported a liability of \$4,059,895 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, 2017 and an actuarial valuation as of July 1, 2017, using the entry age actuarial cost method with a measurement date of June 30, 2018, the Authority's proportion was 4.40%.

Net OPEB liability was measured as of June 30, 2018, 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, 2019 are as follows:

Total OPEB liability	\$ 17,625,008
Plan fiduciary net position (market value of assets)	(13,565,113)
Net OPEB liability	<u>\$ 4,059,895</u>
Plan fiduciary net position as a percentage of the total OPEB liability	76.97%

**Sensitivity Analysis**

The following presents the Authority’s share of the net OPEB liability using the 7% discount rate, as well as what the liability would be if the discount rate was one percentage point higher and one percentage point lower.

	<b>1% Decrease 6%</b>	<b>Current Rate 7%</b>	<b>1% Increase 8%</b>
Total OPEB Liability	\$ 20,619,595	\$ 17,625,008	\$ 15,268,846
Plan Fiduciary Net Position	(13,565,113)	(13,565,113)	(13,565,113)
Net OPEB Liability	\$ 7,054,482	\$ 4,059,895	\$ 1,703,733

The following presents the Authority’s share of the net OPEB liability calculated using the healthcare trend rates (7.7%- 9.1% decreasing to 4.50%), as well as the impacts of calculating the rates at one percentage point lower (6.7%-8.1% decreasing to 3.50%) or one percentage point higher (8.7%-10.1% decreasing to 5.50%):

	<b>1% Decrease (Varied decreasing to 3.5%)</b>	<b>Trend Rate (Varied decreasing to 4.5%)</b>	<b>1% Increase (Varied decreasing to 5.5%)</b>
Total OPEB Liability	\$ 14,914,159	\$ 17,625,008	\$ 21,310,023
Plan Fiduciary Net Position	(13,565,113)	(13,565,113)	(13,565,113)
Net OPEB Liability	\$ 1,349,046	\$ 4,059,895	\$ 7,744,910

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

For the year ended June 30, 2019, the Authority recognized OPEB expense of \$652,867. At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between actual and expected experience	\$ 109,926	\$ 398,692
Changes of assumptions	2,993,499	735,353
Net difference between expected and actual earnings on OPEB plan investments	-	586,875
Change in proportion applicable to the Authority	351,895	-
Authority's contributions subsequent to the measurement date	1,105,885	-
Total	<u>\$ 4,561,205</u>	<u>\$ 1,720,920</u>

Authority contributions of \$1,105,885 subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Other 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	
2020	\$ 124,528
2021	124,528
2022	124,528
2023	274,117
2024	345,985
Thereafter	740,714
	<u>\$ 1,734,400</u>

**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 \$29,664,249 in on-behalf payments for the Authority for fiscal year 2019. This amount consisted of \$19,393,676 in salaries; \$3,403,581 in health, life, catastrophic loss and unemployment insurance premiums; \$1,262,332 in Federal Insurance Contributions Act (FICA); \$4,669,145 in pension plan contributions; and \$935,515 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 2019.

**5. Related Parties**

The Park Foundation (the Foundation) is related to the Authority through common support. For the fiscal year 2019, the Authority made in-kind donations of salaries and benefits, and office rent expense to the Foundation totaling \$395,838. 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 2019, the Foundation made payment totaling to \$484,398 to the Authority.

During fiscal year 2019, the Authority purchased, 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. Recognition of Unearned Revenue**

In fiscal year 2018, the Authority did not recognize unearned revenue related to classes paid in that year, but rendered in fiscal year 2019.

To facilitate the implementation of this correction of an error, the Authority restated fund balance for the Park Revenue and Operating Fund and net position as of July 1, 2018 as follows:

<b>Statement of Net Position</b>			
2018 total net position	Unearned revenue Classes		2018 net position as restated
\$ 611,265,468	\$ (5,070,285)	\$	606,195,183
<b>Balance Sheet - Park Revenue and Operating Fund</b>			
2018 Fund Balance	Unearned revenue Classes		2018 Fund Balance as restated
\$ 4,088,961	\$ (5,070,285)	\$	(981,324)

**J. Implementation of New Accounting Pronouncements**

In Fiscal Year 2019 the Authority implemented the following GASB Standards:

- ◆ No. 83, *Certain Asset Retirement Obligations*
- ◆ No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- ◆ No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*

The implementation of these standards did not have a material impact on the Authority’s financial statements.





## *Required Supplementary Information*

**T**he 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) and Park Revenue and Operating Fund, schedule of proportionate share of the net pension and OPEB liability, schedule of contributions ERS Pension Plan and OPEB, 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 ended June 30, 2019 (Unaudited)**

RSI - 1

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Charges for services	\$ 705,800	\$ 616,707	\$ 690,614	\$ 73,907
Intergovernmental	25,884,785	25,923,320	25,386,265	(537,055)
Total revenues	26,590,585	26,540,027	26,076,879	(463,148)
<b>EXPENDITURES</b>				
Administration	6,465,789	7,785,853	7,756,674	29,179
Maintenance/Renovation	10,194,399	8,982,287	7,941,292	1,040,995
Other leisure services	4,322,660	4,411,098	4,767,097	(355,999)
Cultural enrichment	5,607,737	5,360,789	5,611,816	(251,027)
Total expenditures	26,590,585	26,540,027	26,076,879	463,148
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

See accompanying notes to the required supplementary information

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

Fairfax County Park Authority  
 A Component Unit of the County of Fairfax, Virginia  
 Budgetary Comparison Schedule - Park Revenue and Operating Fund (Budget Basis)  
 For the Fiscal Year ended June 30, 2019 (Unaudited)

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Charges for services	\$ 46,102,604	\$ 42,102,604	\$ 43,843,813	\$ 1,741,209
Revenue from the use of money and property	2,695,597	2,695,597	2,454,192	(241,405)
Gifts, donations, and contributions	900,434	900,434	1,277,777	377,343
Other	27,238	27,238	182,142	154,904
Total revenues	49,725,873	45,725,873	47,757,924	2,032,051
<b>EXPENDITURES</b>				
Administration	2,961,132	3,015,090	2,891,709	123,381
Golf courses	10,533,487	10,553,409	9,538,434	1,014,975
Recreation centers	32,941,397	32,610,640	31,079,923	1,530,717
Cultural enrichment	2,485,243	1,795,672	1,913,221	(117,549)
Laurel Hill debt	792,959	796,259	796,259	-
Total expenditures	49,714,218	48,771,070	46,219,546	2,551,524
Excess of revenues over expenditures	11,655	(3,045,197)	1,538,378	4,583,575
<b>OTHER FINANCING USES</b>				
Transfer out	-	(160,000)	(160,000)	-
Total other financing uses	-	(160,000)	(160,000)	-
Net change in fund balance	\$ 11,655	\$ (3,205,197)	\$ 1,378,378	\$ 4,583,575

See accompanying notes to the required supplementary information

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

**Fairfax County Park Authority**  
**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 ended June 30, 2019 (Unaudited)**

RSI - 3

	2019	2018	2017	2016	2015
Authority's proportion of the net pension liability	3.4279%	3.5037%	3.4122%	3.4914%	3.7218%
Authority's proportionate share of the net pension liability	\$ 56,569,917	\$ 56,701,964	\$ 52,081,396	\$ 44,910,210	\$ 38,774,320
Authority's covered payroll	\$ 25,560,336	\$ 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	221.3%	221.5%	215.5%	187.2%	155.1%
Plan fiduciary net position as a percentage of the total pension liability	70.5%	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 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**  
**Schedule of Contributions**  
**ERS Pension Plan - Last 10 Fiscal Years\***  
**For the Fiscal ended Year June 30, 2019 (Unaudited)**

RSI - 4

	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
2019	\$ 7,131,613	\$ 7,131,613	\$ -	\$ 26,277,130	27.1 %
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  
A Component Unit of the County of Fairfax, Virginia  
Schedule of Contributions—OPEB Plan  
Last Ten Fiscal Years\*  
For the Fiscal Year ended June 30, 2019 (Unaudited)**

RSI - 5

	2017	2018	2019
Actuarially determined contribution	\$ 791	\$ 824	\$ 983
Contributions made in relation to the actuarially determined contribution	1,092	927	1,106
Contribution excess	(301)	(103)	(123)
Covered employee payroll	35,418	34,691	40,202
Contributions as a percentage of covered employee payroll	3.08%	2.67%	2.75%

\*These schedules are intended to show information for 10 years. 2017 is the first year the information is prepared. 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  
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 ended June 30, 2019 (Unaudited)**

RSI - 6

	2018	2019
Authority's proportion of the net OPEB liability	3.90%	4.40%
Authority's proportionate share of the net OPEB liability	1,668,459	4,059,895
Authority's covered payroll	35,418,330	34,691,484
Authority's proportionate share of the net OPEB liability as a percentage of covered payroll	4.71%	11.70%
Plan fiduciary net position as a percentage of the total OPEB liability	86.73%	76.97%

\*These schedules are intended to show information for 10 years. 2017 is the first year the information is prepared. 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, 2019

### 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 fund 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 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 prior 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.
- ◆ The revenue for summer camps and recreational classes fees are budgeted and collected on cash basis, but have not met the criteria for recognition under GAAP and therefore are reported as unearned revenue.

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 functions are budgeted in the Park Revenue and Operating Fund.

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)	\$ 26,076,879	\$ 47,757,924
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 GAAP	10,270,573	-
The revenue for certain fees are budgeted and collected on a cash basis, but have not met the criteria for recognition under GAAP and therefore are reported as unearned	-	(712,200)
Actual Revenue (GAAP Basis)	36,347,452	47,045,724
Actual Expenditure (Budget Basis)	26,076,879	46,219,546
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 GAAP	10,270,573	-
Actual Expenditure (GAAP Basis)	36,347,452.00	46,219,546.00
Other Financing Uses (Budget Basis)	-	(160,000)
Other Financing Uses (GAAP Basis)	\$ -	\$ (160,000)

**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 salary increases plus 2.75% in inflation, and investments rate of return, net of 7.25% of plan investment expenses.

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 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.

For the year ended June 30, 2019, the Authority recognized pension expense of \$8,238,234.

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 healthcare trends. 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.

Ten-year historical trend information of the retirement systems administered by the county is presented as required supplementary information. Currently, the OPEB Schedules (RSI-5 and RSI-6) do not present ten years. Prior to the implementation of GASB 75 in fiscal year 2018, the Authority information was not extrapolated from the county data; therefore, no information 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.

For the year ended June 30, 2019, the Authority recognized OPEB expense credit of \$652,867.

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

## *Statistical Section*

**T**he 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.

- Table 1 - Net Position by Component
- Table 2 - Changes in Net Position
- Table 3 - Fund Balances, Governmental Funds
- Table 4 - Changes in Fund Balances, Governmental Funds

### Revenue Capacity

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

- Table 5 - User Fee Revenue by Source, Park Revenue and Operating Fund

### Debt Capacity

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

- Table 6 - Outstanding Debt by Type

### Demographic and Economic Information

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

- Table 7 - Demographic and Economic Statistics
- Table 8 - Principal Employers

### Operating Information

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

- Table 9 - Full-Time Equivalent Employees, By Division
- Table 10 - Park Amenities
- Table 11 - Additional Facts

**Fairfax County Park Authority**  
**Table 1 – Net Position by Component**  
**Fiscal Years 2010 to 2019 (Unaudited)**  
*(accrual basis of accounting)*

	Fiscal Year				
	2019	2018***	2017**	2016	2015
Governmental activities:					
Net investment in capital assets	\$ 641,972,953	628,777,252	610,270,380	596,765,661	594,047,486
Restricted	25,504,038	20,185,667	17,601,697	15,516,101	11,577,600
Unrestricted (deficit)	(41,635,108)	(42,767,736)	(35,097,354)	(32,004,867)	(34,801,619)
Total governmental activities net position	\$ 625,841,883	606,195,183	592,774,723	580,276,895	570,823,467

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 Benefits Other Than Pension*.

\*\*\*Fiscal Year 2018 amounts restated due to recognition of unearned revenue related to classes paid in FY2018, but rendered FY2019. See Note I on p.51 for more information.

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



Fiscal Year					
2014*	2013	2012	2011	2010	
					Governmental activities:
573,420,490	556,761,316	549,502,057	536,126,640	516,804,325	Net investment in capital assets
14,282,422	9,615,008	8,763,485	5,952,792	9,381,937	Restricted
(31,697,058)	26,965,438	21,692,892	21,079,786	31,656,512	Unrestricted (deficit)
556,005,854	593,341,762	579,958,434	563,159,218	557,842,774	Total governmental activities net position

**Fairfax County Park Authority**  
**Table 2 – Changes in Net Position**  
**Fiscal Years 2010 to 2019 (Unaudited)**  
*(accrual basis of accounting)*

	Fiscal Year				
	2019	2018 <sup>***</sup>	2017 <sup>**</sup>	2016	2015
<b>Expenses</b>					
<b>Governmental activities:</b>					
Administration	\$ 26,202,287	27,229,506	25,361,554	17,414,501	17,414,644
Maintenance	18,291,319	19,429,720	18,784,000	21,038,576	20,851,415
Golf courses	9,897,649	10,085,648	10,066,692	9,666,636	9,418,648
Recreation centers	28,504,359	27,798,579	27,132,051	27,010,588	25,629,281
Lake parks	4,461,687	4,299,321	4,140,460	3,958,340	4,389,120
Other leisure services	8,394,414	7,850,894	11,448,431	12,274,226	16,687,299
Cultural enrichment	11,761,677	11,933,654	7,332,175	6,974,721	7,015,854
Interest on long-term debt	515,202	543,959	572,823	595,040	617,618
<b>Total governmental activities expenses</b>	<b>108,028,594</b>	<b>109,171,281</b>	<b>104,838,186</b>	<b>98,932,628</b>	<b>102,023,879</b>
<b>Program Revenues</b>					
<b>Governmental activities:</b>					
Charges for services:					
Administration	1,662,646	1,365,572	1,659,068	1,740,543	1,496,663
Golf courses	9,336,919	9,364,863	9,765,942	9,850,453	9,609,835
Recreation centers	28,057,942	25,110,990	28,359,833	27,874,085	26,948,141
Lake parks	3,916,684	3,570,168	3,927,638	3,499,536	2,945,257
Other leisure services	690,614	664,705	705,800	814,879	1,013,164
Cultural enrichment	3,033,894	2,204,754	2,721,950	2,588,485	2,741,743
Capital grants and contributions	23,444,103	24,136,936	19,228,339	18,281,842	19,911,841
<b>Total revenues</b>	<b>70,142,802</b>	<b>66,417,988</b>	<b>66,368,570</b>	<b>64,649,823</b>	<b>64,666,644</b>
<b>Net (expense) - governmental activities</b>	<b>(\$37,885,792)</b>	<b>(\$42,753,293)</b>	<b>(\$38,469,616)</b>	<b>(34,282,805)</b>	<b>(37,357,235)</b>
<b>General revenues and other changes in net position</b>					
<b>Governmental activities:</b>					
Intergovernmental	50,521,420	48,701,098	46,077,722	41,467,246	42,714,813
Investment earnings	382,908	247,225	97,228	79,134	30,194
Operating grants not restricted to specific programs	738,021	867,319	627,106	608,017	746,244
Capital contributions not restricted to specific programs	5,890,143	6,358,111	6,585,334	1,581,836	8,683,597
<b>Total governmental general revenues and other changes</b>	<b>57,532,492</b>	<b>56,173,753</b>	<b>53,387,390</b>	<b>43,736,233</b>	<b>52,174,848</b>
<b>Change in net position</b>					
Change in net position - governmental activities	19,646,700	13,420,460	14,917,774	9,453,428	14,817,613
<b>Total change in net position</b>	<b>\$ 19,646,700</b>	<b>13,420,460</b>	<b>14,917,774</b>	<b>9,453,428</b>	<b>14,817,613</b>

Source: Fairfax County Park Authority, Financial Management Branch

Notes:

\* Change in net position - governmental activities, adjusted for change in accounting principle in FY2014.

\*\* Changes in net position - to facilitate the impletion of changes in accounting principle in FY2017.

\*\*\* Change in net position - to facilitate the implementation of unearned revenue correction of error in F2018.

“Unaudited” - See accompanying independent auditor’s report

Fiscal Year					
2014 <sup>1</sup>	2013	2012	2011	2010	
					<b>Expenses</b>
					<b>Governmental activities:</b>
17,362,236	15,052,999	17,143,757	10,640,173	19,314,041	Administration
24,084,272	20,574,333	18,097,262	20,216,277	19,708,858	Maintenance
9,405,205	9,421,670	9,108,477	10,275,083	9,975,330	Golf courses
25,327,192	23,404,559	26,373,145	26,077,168	25,355,723	Recreation centers
3,984,548	4,032,800	2,731,407	5,897,252	5,710,227	Lake parks
7,347,617	6,255,821	4,899,174	5,272,258	5,555,311	Other leisure services
10,764,788	10,181,094	9,192,733	8,901,308	8,314,760	Cultural enrichment
659,215	873,935	1,063,810	1,149,364	1,172,693	Interest on long-term debt
<b>98,935,073</b>	<b>89,797,211</b>	<b>88,609,765</b>	<b>88,428,883</b>	<b>95,106,943</b>	<b>Total governmental activities expenses</b>
					<b>Program Revenues</b>
					<b>Governmental activities:</b>
					Charges for services:
1,204,404	1,104,938	1,117,465	1,161,779	1,196,644	Administration
9,755,040	9,915,912	10,321,192	9,663,300	10,115,276	Golf courses
25,831,086	26,023,313	25,170,664	23,642,808	22,529,812	Recreation centers
2,798,220	2,586,099	2,799,689	2,787,336	2,919,675	Lake parks
1,314,874	1,467,166	1,671,093	1,733,561	1,849,597	Other leisure services
2,598,193	2,380,278	2,244,886	2,004,871	1,831,330	Cultural enrichment
14,151,467	13,504,787	13,811,586	13,182,612	27,036,755	Capital grants and contributions
<b>57,653,284</b>	<b>56,982,493</b>	<b>57,136,575</b>	<b>54,176,267</b>	<b>67,479,089</b>	<b>Total revenues</b>
<b>(41,281,789)</b>	<b>(32,814,718)</b>	<b>(31,473,190)</b>	<b>(34,252,616)</b>	<b>(27,627,854)</b>	<b>Net (expense) - governmental activities</b>
					<b>General revenues and other changes in net position</b>
					<b>Governmental activities:</b>
40,881,155	39,498,643	41,388,498	36,385,759	34,595,632	Intergovernmental
30,515	119,592	105,060	170,585	244,589	Investment earnings
678,644	720,682	593,169	500,040	774,041	Operating grants not restricted to specific programs
4,279,090	5,859,129	6,185,679	2,512,676	10,619,749	Capital contributions not restricted to specific programs
<b>45,869,404</b>	<b>46,198,046</b>	<b>48,272,406</b>	<b>39,569,060</b>	<b>46,234,011</b>	<b>Total governmental general revenues and other changes</b>
					<b>Change in net position</b>
4,587,615	13,383,328	16,799,216	5,316,444	18,606,157	Change in net position - governmental activities
<b>4,587,615</b>	<b>13,383,328</b>	<b>16,799,216</b>	<b>5,316,444</b>	<b>18,606,157</b>	<b>Total change in net position</b>

**Fairfax County Park Authority**  
**Table 3 – Fund Balances, Governmental Funds**  
**Fiscal Years 2010 to 2019 (Unaudited)**  
*(modified accrual basis of accounting)*

	Fiscal Year				
	2019	2018***	2017	2016	2015
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:					
Financed from County General Fund	85,999	-	-	-	-
Park Revenue and Operating Fund	212,898	328,782	310,169	-	-
Capital projects funds	1,546,677	1,507,926	1,507,926	1,507,926	-
Restricted, reported in:					
Park Revenue and Operating fund	578,519	-	-	-	-
Capital projects funds	23,996,112	18,677,741	16,093,772	13,374,921	11,269,952
Committed, reported in:					
Park Revenue and Operating fund	2,532,462	4,088,961	4,107,968	4,042,461	3,902,340
Capital projects funds	7,866,317	7,196,596	7,936,121	8,807,600	8,981,293
Assigned, reported in:					
Park Revenue and Operating fund	-	-	-	-	712,916
Unassigned reported in:					
Financed from County General Fund	(85,999)	-	-	-	-
Park Revenue and Operating Fund	(3,771,724)	(5,399,067)	(310,169)	-	-
Capital projects funds	(38,751)	-	-	-	(2,800,759)
Total Governmental Funds	\$ 32,922,510	26,400,939	29,645,787	27,732,908	22,065,742

Source: Fairfax County Park Authority, Financial Management Branch

Notes:

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

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

\*\*\*Fiscal Year 2018 amounts restated due to recognition of unearned revenue related to classes paid in FY2018, but rendered FY2019. See Note I on p.51 for more information.

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

Fiscal Year					
2014	2013	2012	2011**	2010	
					General Fund
-	-	-	-	425,498	Reserved
-	-	-	-	(425,498)	Unreserved
-	-	-	-	-	Total General Fund*
					All Other Governmental Funds
-	-	-	-	10,381,385	Reserved
					Unreserved, reported in:
-	-	-	-	3,913,936	Revenue fund
-	-	-	-	31,492,071	Capital projects funds
-	-	-	-	35,406,007	Total unreserved
					Non-spendable, reported in:
-	-	-	-	-	Financed from County General Fund
-	-	-	-	-	Park Revenue and Operating Fund
-	-	-	-	-	Capital projects funds
					Restricted, reported in:
-	61,115	1,972,833	1,944,916	-	Park Revenue and Operating Fund
13,481,359	21,862,061	17,367,971	14,163,670	-	Capital projects funds
					Committed, reported in:
3,812,237	3,264,773	3,204,470	-	-	Park Revenue and Operating Fund
12,035,451	13,912,719	12,096,172	14,079,770	-	Capital projects funds
					Assigned, reported in:
302,936	2,155,022	2,508,083	3,227,970	-	Park Revenue and Operating Fund
					Unassigned reported in:
-	-	-	-	-	Financed from County General Fund
-	-	-	-	-	Park Revenue and Operating Fund
-	-	-	-	-	Capital projects funds
29,631,983	41,255,690	37,149,529	33,416,326	45,787,392	Total Governmental Funds

**Fairfax County Park Authority**  
**Table 4 – Changes in Fund Balances, Governmental Funds**  
**Fiscal Years 2010 to 2019 (Unaudited)**  
*(modified accrual basis of accounting)*

	Fiscal Year				
	2019	2018*	2017	2016	2015
<b>Revenues</b>					
Intergovernmental	\$ 70,521,420	68,986,515	63,921,421	58,470,746	62,085,627
Charges for services	43,822,227	39,727,386	44,559,737	43,901,750	42,347,540
Revenue from the use of money and property	3,726,651	3,853,356	3,663,832	3,492,695	3,232,850
Gifts, donations, and contributions	4,581,442	4,874,368	2,940,467	1,881,095	1,439,712
Other	822,370	249,605	251,450	209,614	247,235
<b>Total revenues</b>	<b>123,474,110</b>	<b>117,691,230</b>	<b>115,336,906</b>	<b>107,955,900</b>	<b>109,352,964</b>
<b>Expenditures</b>					
Administration	12,867,216	12,191,691	12,487,902	11,389,563	9,797,277
Maintenance	18,055,172	19,212,228	18,561,625	16,913,220	18,004,301
Golf courses	9,559,434	9,932,150	10,076,218	9,430,079	9,226,050
Recreation centers	27,450,044	26,921,597	26,353,658	26,136,719	24,896,636
Lake parks	3,598,081	3,438,874	3,262,062	3,309,548	3,687,413
Other leisure services	7,391,034	7,297,004	7,491,838	7,245,413	6,540,166
Cultural enrichment	11,144,446	11,182,844	10,247,965	9,372,402	9,685,703
Intergovernmental expenditures	820,000	820,000	820,000	2,320,000	7,216,692
Capital outlay	24,249,800	28,295,658	22,798,746	14,566,708	26,285,077
Debt service:					
Principal	1,176,400	1,102,300	1,027,600	957,900	898,100
Interest and other charges	508,213	560,344	606,583	647,182	681,790
<b>Total expenditures</b>	<b>116,819,840</b>	<b>120,954,690</b>	<b>113,734,196</b>	<b>102,288,734</b>	<b>116,919,205</b>
<b>(Deficiency)/Excess of revenues over (under) expenditures</b>	<b>6,654,270</b>	<b>(3,263,460)</b>	<b>1,602,710</b>	<b>5,667,166</b>	<b>(7,566,241)</b>
<b>Other financing sources (uses)</b>					
Refunding bonds issued	-	-	-	-	-
Premium on refunding revenue bonds	-	-	-	-	-
Payments to escrow agent	-	-	-	-	-
Transfers in	160,000	350,000	580,000	1,170,349	-
Transfers out	(160,000)	(350,000)	(580,000)	(1,170,349)	-
<b>Total other financing uses, net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	\$ 6,654,270	(3,263,460)	1,602,710	5,667,166	(7,566,241)
Debt service as a percentage of noncapital expenditures	1.82%	1.79%	1.80%	1.83%	1.74%

Source: Fairfax County Park Authority, Financial Management Branch

\*Fiscal Year 2018 amounts restated due to recognition of unearned revenue related to classes paid in FY2018, but rendered FY2019. See Note I on p.51 for more information.

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



Fiscal Year					
2014	2013	2012	2011	2010	
					<b>Revenues</b>
54,039,922	52,498,642	54,765,904	47,589,052	46,768,880	Intergovernmental
41,056,459	41,207,304	40,915,997	38,540,752	37,895,041	Charges for services
3,238,489	4,802,604	3,766,395	3,549,584	13,368,009	Revenue from the use of money and property
1,974,296	3,057,876	1,717,321	2,384,049	902,634	Gifts, donations, and contributions
252,711	543,170	209,216	195,998	187,972	Other
<u>100,561,877</u>	<u>102,109,596</u>	<u>101,374,833</u>	<u>92,259,435</u>	<u>99,122,536</u>	<b>Total revenues</b>
					<b>Expenditures</b>
8,751,358	8,298,840	10,178,562	9,600,475	9,048,363	Administration
20,740,313	19,121,612	18,193,672	18,218,165	17,649,492	Maintenance
9,170,210	9,324,522	8,836,994	9,083,552	8,684,674	Golf courses
24,570,799	23,130,248	24,954,829	23,275,013	22,362,952	Recreation centers
3,288,472	3,307,668	2,269,336	5,231,393	5,037,360	Lake parks
6,142,834	6,682,515	4,652,938	2,526,452	3,247,056	Other leisure services
9,541,711	8,603,837	8,550,171	8,230,365	7,594,822	Cultural enrichment
2,060,000	-	-	-	-	Intergovernmental expenditures
26,996,547	15,957,766	16,578,119	26,572,982	19,290,945	Capital outlay
					Debt service:
243,700	935,000	2,652,800	820,000	775,000	Principal
679,640	967,217	774,209	1,072,104	1,100,770	Interest and other charges
<u>112,185,584</u>	<u>96,329,225</u>	<u>97,641,630</u>	<u>104,630,501</u>	<u>94,791,434</u>	<b>Total expenditures</b>
(11,623,707)	5,780,371	3,733,203	(12,371,066)	4,331,102	<b>(Deficiency)/excess of revenues over (under) expenditures</b>
					<b>Other financing sources (uses)</b>
-	4,800,000	-	-	-	Refunding bonds issued
-	701,735	-	-	-	Premium on refunding revenue bonds
-	(7,175,945)	-	-	-	Payments to escrow agent
1,500,000	1,849,882	-	800,000	160,000	Transfers in
(1,500,000)	(1,849,882)	-	(800,000)	(160,000)	Transfers out
-	(1,674,210)	-	-	-	<b>Total other financing uses, net</b>
<u>(11,623,707)</u>	<u>4,106,161</u>	<u>3,733,203</u>	<u>(12,371,066)</u>	<u>4,331,102</u>	<b>Net change in fund balances</b>
1.08%	2.37%	4.23%	2.42%	2.48%	Debt service as a percentage of noncapital expenditures

**Fairfax County Park Authority**  
**Table 5 - User Fee Revenue by Source**  
**Fiscal Years 2010 to 2019 (Unaudited)**  
*(accrual basis of accounting)*

<b>Fiscal Year</b>		<b>Admissions</b>	<b>Classes/Lessons</b>	<b>Golf Fees</b>	<b>Sales</b>	<b>Rentals</b>	<b>Total</b>
2019	\$	16,659,357	18,660,076	5,634,175	1,446,743	4,298,348	46,698,699
2018	*	15,976,983	14,855,366	5,644,155	1,521,823	4,282,725	42,281,052
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

Source: Fairfax County Park Authority, Financial Management Branch

\*Fiscal Year 2018 amounts restated due to recognition of unearned revenue related to classes paid in FY2018, but rendered FY2019. See Note I on p.51 for more information.

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

Fairfax County Park Authority  
 Table 6 - Outstanding Debt by Type  
 Fiscal Years 2010 to 2019 (Unaudited)

Fiscal Year End	Revenue Bonds(1)	Notes Payable County/EDA(1)	Total	Percentage of Personal Income (2)	Debt Per Capita (2)
2019	\$ 1,568,406	10,711,200	12,279,606	0.02 %	13
2018	2,336,984	11,182,600	13,519,584	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

Source: Fairfax County Park Authority, Financial Management Branch

Notes:

- 1) After fiscal year 2013, amounts for bonds are reported gross, excluding discounts and deferred amounts on refundings. See Note F in Notes to the Financial Statements for additional information regarding the Authority’s outstanding debt.
- 2) Per capita personal income for Fairfax County was used to calculate Percentage of Personal Income ratio and the Population of Fairfax County was used to calculate Debt Per Capita ratio. See Table 7.

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

**Fairfax County Park Authority  
Table 7 - Demographic and Economic Statistics  
Fiscal Years 2009 to 2018 (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)
2018	1,152,873	\$ 90,357,574	\$ 78,376	37.9	60.7 %	188,403	2.4 %
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

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 2018 is estimated using percent change in per capita personal income from 2017.
- 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.

**Fairfax County Park Authority  
Table 8 - Principal Employers  
Current Year and Nine Years Ago (Unaudited)**

Fiscal Year 2019 <sup>(1)</sup>				Fiscal Year 2010 <sup>(1)</sup>			
Rank	Employer	Number of Employees <sup>(2)</sup>	Pct. of Total County Employment <sup>(3)</sup>	Rank	Employer	Number of Employees (2)	Pct. of County Employment
1	Fairfax County Public Schools	24,936	4.02 %	1	Fairfax County Public Schools	22,852	3.99
2	Federal Government	24,371	3.93	2	Federal Government	17,370	3.03
3	Fairfax County Government	11,860	1.91	3	Fairfax County Government	11,184	1.95
4	Inova Health System	10,000-11,000	1.69	5	Inova Health System	7,000-10,000	1.48
5	George Mason University	7,000-9,999	1.37	9	George Mason University	4,000-6,999	0.96
6	Booz-Allen Hamilton	5,000-9,999	1.21	4	Booz-Allen Hamilton	7,000-10,000	1.48
7	Federal Home Loan Mortgage	5,000-9,999	1.21	7	Federal Home Loan Mortgage	4,000-6,999	0.96
8	Capitol One	5,000-9,999	1.21		Capitol One	-	-
9	Science Applications International Corporation <sup>(4)</sup>	5,000-9,999	1.21	9	Science Application International Corporation	4,000-6,999	0.96
10	Navy Federal Credit Union	2,500-4,999	0.60		Navy Federal Credit Union	-	-
	Northrop Grumman	2,500-4,999	0.60	8	Northrop Grumman	4,000-6,999	0.96
	Lockheed Martin	500-999	0.12	10	Lockheed Martin	4,000-6,999	0.96
Totals			19.08 %	Totals			16.75

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 2019, excluding data for Fairfax County Government and Fairfax County Public Schools, is from the 1st quarter of calendar year 2019 VEC. Employment information for fiscal year 2010 is as was presented in 2010 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 2019 is estimated at 620,309, based on Virginia Employment Commission. Average total county employment for fiscal year 2010 was estimated at 572,708.
- 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 2010 to 2019 (Unaudited)**

<b>Fiscal Year</b>	<b>Administration</b>	<b>Resource Management</b>	<b>Park Operations</b>	<b>Park Services</b>	<b>Planning and Development</b>	<b>Total</b>
2019	58	84	158	238	36	574
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

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 2010 to 2019 (Unaudited)**

Function	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Parks, Recreation and Cultural</b>										
Park Acreage	23,550	23,512	23,418	23,372	23,346	23,310	23,265	23,196	22,894	22,524*
Parks, Recreation and Cultural	427	427	427	426	426	425	421	420	418	415
Athletic Fields	266	269	263	268	268	275	272	274	273	284
Aquatic & Fitness Center	9	9	9	9	9	9	9	9	9	9
Dog Parks	11	9	9	9	8	8	8	8	7	7
Historic Sites	68	68	68	68	68	68	68	68	68	67
Hiking & Fitness Trails (in miles)	332	327	326	324	324	324	320	320	317	314
Indoor Gymnasiums	3	3	3	3	3	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	4	5	5	5	5
Multi-Use Courts	124	131	120	124	124	124	124	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	17	16	13	13
Picnic Shelters	59	44	62	54	54	41	41	40	40	38
Playgrounds	206	209	210	212	210	205	205	205	204	201
Regulation Golf Courses	9	9	9	9	9	9	9	9	9	9
BMX/Skateparks	2	2	2	2	2	2	2	1	1	1
Tennis & Raquetball Courts	257	254	254	254	254	252	252	227	229	229
Waterparks	2	2	2	2	2	2	2	1	1	1

Source: Fairfax County Park Authority, Financial Management Branch

Notes:

\* 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 2010 to 2019 (Unaudited)

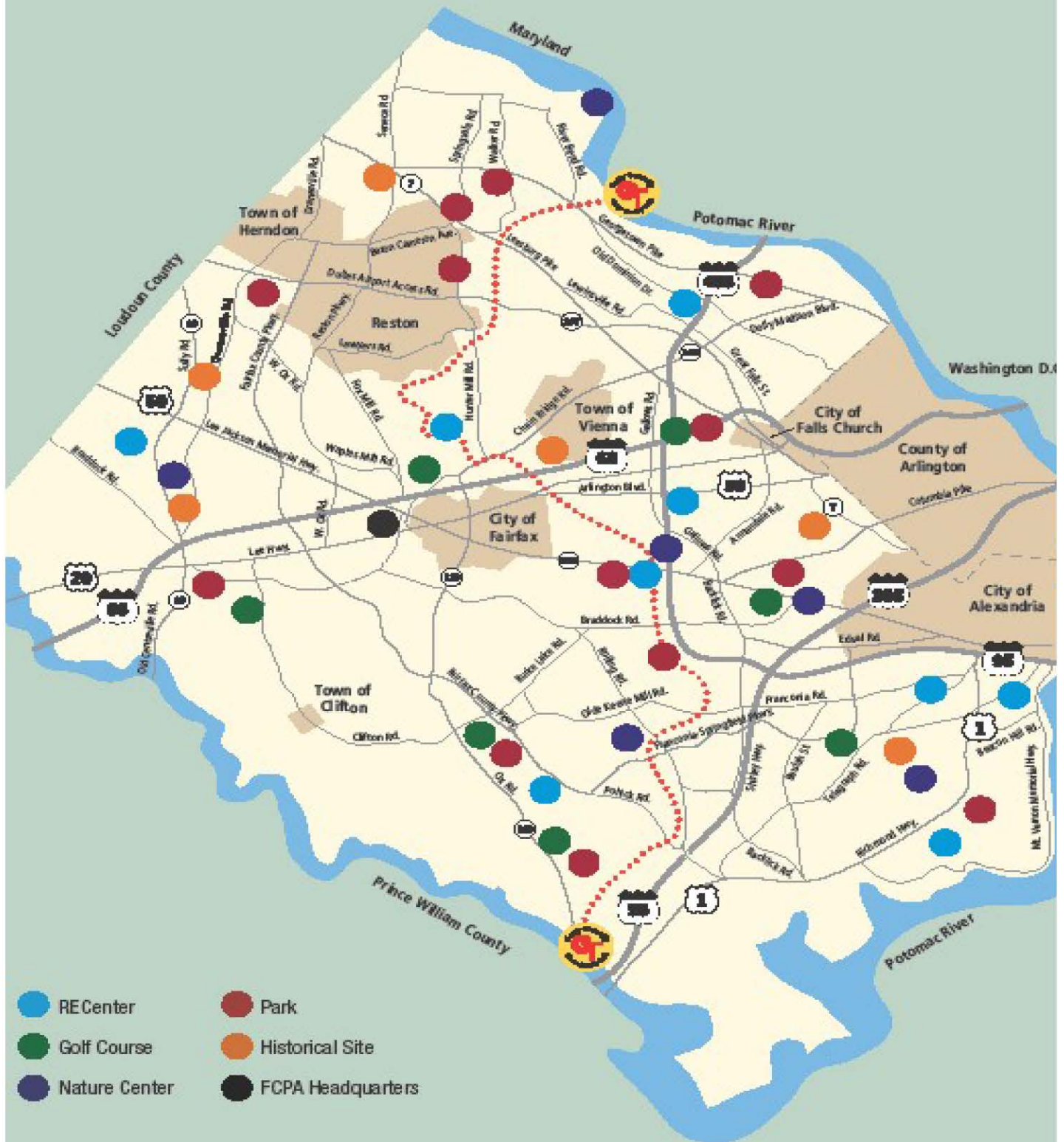
Fiscal Year	Acres of Park Land Acquired, Dedicated, Transferred or Proffered During the Year	Cumulative Acres of Park Land Acquired, Dedicated, or Proffered	Recreation Center Attendance	Golf Course Rounds	Visits to Natural, Cultural, Historic, and Interpretive Sites	Maintainable Linear Feet of Trail	Number of Park Athletic Fields Maintained
2019	37	23,550	1,646,581	226,602	1,609,067	1,755,347	266
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

Source: Fairfax County Park Authority, Financial Management Branch

\*Reduction 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 SITES





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